

# asset servicing times

The primary source of global asset servicing news and analysis

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00:00

## The final countdown

How will the Shareholder Rights Directive II impact your business?

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The Euromoney Awards for Excellence honoured Commerzbank as Germany's Best Bank for its strategic approach that is creating a 'stable, efficient and more profitable lender' amidst challenging times for the German banking sector. Euromoney, 07/2017 issue



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## Broadridge's global asset servicing solution live on AWS

Broadridge Financial Solutions' global asset servicing solution is now live on Amazon Web Services (AWS).

It also revealed that a global tier-one investment bank is in live operation while another is onboarding.

Broadridge's solution is designed to address key industry, business and operational challenges in global asset servicing, by streamlining corporate actions, dividend and coupon processing across multiple asset classes, business lines and regions.

By operating on AWS, it can add increased operational agility, improved and faster client onboarding, quicker deployments, and enhanced security, scale, and resiliency.

Samir Pandiri, president of Broadridge International, said: "Collaborating with AWS to leverage the latest in cloud technology will address the significant challenges of inefficient processes in asset servicing and reduced ability to control costs. This is another example of delivering real business value through leading technology-driven solutions that set the standard for the financial services industry."

Scott Mullins, head of worldwide financial services business development at Amazon Web Services, added: "Asset servicing is a vital component of the daily operations of banks and broker-dealers. By using AWS to power its industry-leading global asset servicing solution, Broadridge is providing its clients with increased operational effectiveness, resiliency and scalability, while providing the ability to effectively control costs."



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Canadian custody and sub-custody

Canadian correspondent banking<sup>1</sup>

Broker-dealer clearing

Securities lending<sup>2</sup>

Brokerage<sup>1</sup>

Investment fund services

MIS (Connect Workbench, STP scorecard, trade match report card)

Data analytics<sup>2</sup>

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<sup>1</sup> Provided by CIBC

<sup>2</sup> Provided by BNY Mellon

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## Murex extends connectivity to B-PIPE on AWS

Murex's MX.3 platform has been connected to the Bloomberg Market Data Feed (B-PIPE) hosted on Amazon Web Services.

The new connection will provide Murex customers, who also use B-PIPE, with access to Bloomberg's market data to configure, test and run MX.3.

Bloomberg's B-PIPE provides financial firms with global connectivity to consolidated, normalised market data in real time.

Arnaud de Chavagnac, head of cloud marketing at Murex, said: "We are delighted to be innovating with Bloomberg on the cloud. The ability to install MX.3 and

plug it with the B-PIPE feed on the cloud will bring significant savings in terms of both time and resources to our customers around the world."

Cory Albert, global head of cloud strategy for Bloomberg's data business, commented: "Cloud adoption in the front office is reaching a tipping point as applications require reliable, cost-efficient access to data."

He added: "With easier access to B-PIPE's quality market data on the cloud, Murex clients can focus on generating value from data rather than installing and managing dedicated infrastructure."

## NSD goes live on SWIFT gpi service

National Settlement Depository (NSD) has started to provide SWIFT global payments innovation (gpi) services.

NSD is the first central securities depository to provide its clients with the gpi service which lets them conduct cross-border real-time payments and track the status of payments.

Eddie Astanin, chairman of the executive board, NSD, said: "Implementing the SWIFT gpi service allows us to improve the quality and effectiveness of settlement processes. We are sure that this service provides an added value to our clients."

## Broadridge and FundsLibrary to provide regtech solution

Broadridge Financial Solutions has partnered with FundsLibrary to develop an offering to address the challenges posed by the second Markets in Financial Instruments Directive (MiFID II) ex-post costs and charges and Solvency II.

The collaboration comes in response to the growing demand from European wealth and asset managers, who are currently facing increasing regulatory pressure.

New rules around MiFID II's ex-post disclosure have introduced greater transparency for investors as well as generating scrutiny on the costs and charges that wealth and asset managers impose on clients.

In the initial phase of MiFID II Article 50, more than 1,300 firms informed the Financial Conduct Authority of inaccuracies in their reporting.

In addition, Solvency II is being enforced more aggressively in light of recent fund liquidity concerns. Alongside this, standards of completeness, quality and speed are also under scrutiny and reporting requirements are continually evolving.

Philip Taliaferro, head of strategy for Europe, the Middle East and Africa and the Asia Pacific at Broadridge, said: "At Broadridge, we are

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are first rate  
and second to none.  
Perfect for third  
party funds.

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Wealth Management  
Asset Services



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Building Responsible Partnerships



## SmartStream introduces AI to existing managed service offering

SmartStream Technologies has launched artificial intelligence into its existing managed service offering, which covers reconciliations, corporate actions, cash management and reference data. The offering is set to reduce operating costs and pricing, as well as improve operational efficiency and reporting.

The new AI service will increase the quality of managed services with new monitoring tools, tracing incoming messages for SLA's, ensuring data is delivered correctly.

Nick Smith, senior vice president of managed services, SmartStream, stated: "It's a very exciting time for our clients, the new AI function is taking the stress out of data reporting, a significant improvement to back-office efficiency, whilst helping to lower costs. In addition, it enables the bank to maintain a control team to

monitor performance and results on a daily basis."

In addition, SmartStream has also launched a new product to allow business users to reconcile complex sets of data instantly. SmartStream Air uses artificial intelligence algorithms to auto-configure the reconciliation of data structures. It is designed to eliminate time and effort, as well as making business users less reliant on support from teams of operations and IT staff.

Commenting on the launch of SmartStream Air, Haytham Kaddoura, CEO, SmartStream, said: "SmartStream Air is like having a highly skilled virtual operations team on hand that you can tap into on-demand. It is the only truly instant reconciliations solution currently available, producing accurate results within seconds."

focused on providing asset managers with innovative, data-centric solutions, and this new technology suite with FundsLibrary is a natural fit with our existing regulatory solutions capability. Leveraging FundsLibrary's Solvency II along with Broadridge's MiFID II ex-post costs and charges solutions will help clients drive more efficient and cost-effective processes in regulatory reporting."

Arun Sarwal, CEO of FundsLibrary, added: "FundsLibrary's aim is to continuously broaden and improve data, digital and regulatory services for the investment industry, either through our own research and development or through working with world-leading partners."

## Apex's Irish subsidiary gets green light

The European Depository Bank, an Apex subsidiary, has received full depository authorisation from the Central Bank of Ireland to operate in Ireland.

Apex, through the European Depository Bank, will offer independent banking, depository and custody services to institutional investors and asset managers for UCITS and alternative investment structures.

Apex has operated in Ireland since 2007 and has three offices.

David Rhydderch, global head of financial solutions, Apex Group, stated: "We are thrilled to be establishing a European Depository Bank branch in Ireland, which is already one of our largest service centres for the wider Apex Group."

He added: "The ability to deliver our banking, depository and custody capabilities locally in Ireland will enable us to offer clients our truly unique end-to-end solution across the whole financial service eco-system, and to cement our market-leading position in private equity and real estate depository."

"The Apex Group's firmly established reputation in Ireland means we are fortunate to have strong relationships locally, which will help support the rapid development of the business. We look forward to expanding



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### Deutsche Bank further automates custodial services

Deutsche Bank Securities Services has further automated its custodial services using distributed ledger technology (DLT).

The solution addresses the transparency requirements within many custodial services, such as around the tax processing of asset holdings at an ultimate beneficial owner level, and streamlines complex data and reconciliation processes for both the bank and its clients.

It also allows for sharing of the same information to authorised counterparts, removing duplication and, at the same time, allowing access to the beneficiary details to the relevant party only.

The first stage of implementation will help reform the shareholder information

disclosure in Europe for global and sub-custodians, as set out in the Shareholder Rights Directive II, followed by tax processing automation and further product build-out.

After initial implementation in Europe, the solution will be rolled out to other regions.

Jeslyn Tan, global head of product management, Deutsche Bank Securities Services, said: “We are very excited about the opportunities that this solution, and the underlying technology, can bring for our future service model. We continue to remain focused on delivering products that increase efficiencies in the value chain, providing relevant and tangible benefits for our clients.”

our presence in Ireland and to contributing to the further development of its financial services industry.”

### U.S. Bank selects BNP Paribas for global custody

BNP Paribas Securities Services has been chosen by U.S. Bank to provide global custody as well as local custody.

Global custody will cover Austria, Belgium, Cyprus, France, Germany, Italy, the Netherlands, Portugal, Spain and Switzerland while local custody services will cover the UK and Ireland.

Dale Smith, executive vice president, U.S. Bank Investment Services, commented: “We are pleased to launch this important relationship with BNP Paribas Securities Services. We selected BNP Paribas for its well-established custody services and extensive proprietary network, as well as its long-term, collaborative approach.”

Claudine Gallagher, head of BNP Paribas Securities Services Americas, added: “This prestigious new relationship demonstrates that our client-driven approach to asset servicing, together with our international reach and growing US presence, are a major draw for financial institutions in the US.”

Patrick Hayes, head of BNP Paribas Securities Services UK, the Middle East and South Africa, said: “Working with us, U.S. Bank will benefit from the efficiencies of a centralised, global custody set-up, which will be serviced from the UK, combined with local market expertise and client support in key markets.”

### SWIFT enables customer connectivity using the cloud

SWIFT has expanded its options for customers moving to the cloud.

The provider of secure financial messaging services revealed its initiative to smooth its migration to large public cloud providers such as Microsoft and Google Cloud.

# Combining the elements for highly responsive solutions



At SmartStream we believe that starting with a solid foundation of elements is vital when creating new operating models. As a result, it's never been easier for firms to access highly responsive, tailored solutions which can be deployed at speed and with immediate impact.

**Our innovative technology delivers an unparalleled range of reconciliation and exception management options to monitor and manage all transaction types; lowering cost, reducing risk and creating more agile operations.**

So, whether you are looking to replace legacy systems, build an internal processing utility, utilise the cloud or outsource your entire operation, partnering with SmartStream is the perfect chemistry.



## TCS launches SaaS platform for FIs to automate asset servicing

Tata Consultancy Services (TCS) has launched TCS BaNCs Cloud for asset servicing, which automates the servicing of all classes assets across all markets.

It is targeted at custodians, broker-dealers, asset managers, and investment and private banks.

The new platform provides end-to-end business operations management capability while enhancing business agility, simplifying operations and future-proofing the enterprise.

Institutions can subscribe to one or more services across the asset servicing value chain, including Golden Copy Announcement creation, processing of income, mandatory or voluntary events. In addition, the platform is available in a managed services model, with TCS running the operations on behalf of customers.

TCS BaNCs for corporate actions is part of the TCS BaNCs Cloud for asset servicing,

designed for event feeds, tax management and proxy voting from vendors, configured for optimised operating and service performance.

It automates the processing of all types of corporate events, across product types, including derivatives, across all markets.

R Vivekanand, vice president and co-head, TCS Financial Solutions, said: "By leveraging TCS BaNCs for corporate actions, the Quartz Blockchain solution, data analytics and workflow solutions, we have put together one of the most modern platforms for capital markets firms worldwide."

"Early adopters of our new platform, large multinational firms across different geographies, have expressed appreciation at how it helps them gain business agility and seamlessly access new product capabilities and technological innovations with minimal disruption."

Using the new cloud initiative, SWIFT will develop network architecture and automation templates for customers to ease deployment on "hyper-scale" public cloud platforms such as Microsoft Azure and Google Cloud.

SWIFT has also revealed its new private cloud platform, Alliance Cloud, which will provide a robust option for institutions that want to host their messaging operations on SWIFT-managed infrastructure.

Customer trials are set to begin on its Cloud Connect initiative later this year, with a community-wide service targeted for H2 2020. A phased rollout of Alliance Cloud will meanwhile launch in 2020, starting in Q2.

Craig Young, CIO, at SWIFT said: "Cloud computing is a key enabler of a faster, frictionless future and a powerful catalyst for innovative new services. Our community is seizing its potential, and we are committed to supporting them with a range of connectivity options reflecting their diverse approaches and breadth of needs."

He added: "These new developments highlight that commitment, while also underscoring our unwavering focus on security and resiliency as we continue to adapt to an evolving marketplace."

## CACEIS sees 95.3 percent of securities committed from KAS Bank

CACEIS and KAS Bank have revealed that at the end of the recommended public offer period, 95.3 percent of issued and outstanding securities have been tendered and delivered to the offer.

In July, CACEIS made a recommended public offer in cash for all the securities in KAS BANK, which is presented at a price of €12.75 per share, valuing KAS BANK at €187 million.

The offer period commenced on 29 July at 9:00 hours CET and ended on 23 September 2019 at 17:40 hours CET. At the time of the offer, the management board and supervisory board of KAS BANK unanimously recommend the offer.

# The only true Nordic custodian

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## KNØX launches new digital custody service with Marsh

KNØX has launched a digital asset custody service that includes insurance coverage.

KNØX's new custody platform offers insurance coverage up to the full asset value held under custody, a product interface for back-office teams and fund administrators, as well as internal control policies on transactions that can be defined by clients.

The new service will allow clients can access their KNØX custody account through a terminal via a secure end-to-end system.

Internal control policies—rate limits and the number of signatories—are set by firms as part of its governance model. KNØX's clients include asset managers, liquidity providers, and exchanges. The KNØX insurance programme was developed

in association with Marsh, an insurance broker and risk adviser.

Alex Daskalov, co-founder and CEO of KNØX, commented: "Entities who have their digital assets managed by a third party deserve the right to insurance."

He added: "Too often, insurance policies are purchased for marketing purposes instead of transferring the risks that matter. Our insurance programme is designed to help fiduciaries meet their obligations."

Commenting on the announcement, Brett Gibson, a KNØX board member, said: "One of the largest issues with the way digital assets are insured by custodians in the market today, is that third-party custodians tend to provide partial insurance, or shared insurance limits, for the assets they custody."

CACEIS has declared its offer for KAS BANK unconditional, all conditions having been satisfied or waived.

Settlement and delivery of the securities took place on 27 September.

Shareholders who have not yet tendered their securities will be able to do so, under the same terms and conditions as the offer, during the post-acceptance period, commencing at 9:00 hours CET on 24 September. The post-acceptance period ends on 7 October at 17:40 CET.

Jean-François Abadie, CEO of CACEIS, said: "I am delighted in the success of this recommended public offer. The staff from KAS BANK will soon join CACEIS and bring their expert knowledge of the servicing needs of their institutional investor clients. CACEIS now adds a high level of expertise in pension fund servicing to its offer."

"All clients of the CACEIS group stand to benefit from the services of one of the leading European asset servicing companies, our geographical footprint and our financial strength. Together with the staff and management of KAS BANK, we will leverage our extensive migration experience to ensure uninterrupted service for KAS BANK clients."

## Equiniti partners with SWIFT

Equiniti Business Payment Services has partnered with SWIFT to enhance its customer value proposition.

The partnership will provide its customers with the ability to stop and recall payments and speed up the turnaround time for resolving failed or pending payments.

As part of the collaboration, Equiniti Business Payment Services will be able to transform the services it provides to all of its customers, in the UK and throughout the world.

Mark Churley, managing director of Equiniti Business Payment Services, commented: "Payments is at the core of our business and as a group, we are responsible for processing over £100 billion in value each year. We

are delighted to be partnering with industry leaders SWIFT. This partnership provides us with new innovations which will transform our customer offering, domestically and internationally.”

He added: “There will be tangible benefits to our customers with the speed of payments increasing, an improved customer experience with real-time tracking, responsive validation and insights into payment requirements and reduced time to resolve cases of failed or pending payments.”

Cate Kemp, head of UK, Ireland and Nordics at SWIFT, commented: “We are delighted to extend our relationship with Equiniti in what is such an exciting time for our industry. With gpi, we are transforming the speed, transparency and traceability of cross-border payments across the globe.”

## BNY Mellon expands ESG Analytics

BNY Mellon has expanded its environmental, social and governance (ESG) Analytics offering by integrating fixed income scoring for corporate bonds.

BNY Mellon clients can now view ESG and United Nations Global Compact scores on equities and fixed income at a portfolio level. Clients also have the ability to view the ESG and global compact scores at the company-level.

An extension of BNY Mellon’s Global Risk Solutions Exposure and Structural analysis product, ESG Analytics is a service that helps clients manage and monitor ESG.

For ESG scoring, each company is evaluated on financially material information against similar companies in that sector.

The global compact score is an assessment of a company based on the framework defined by the United Nation’s Global Compact. In addition, BNY Mellon Risk View now provides ESG reporting using Arabesque S-Ray data.

Risk View supports clients risk measurement analysis to help them make more informed investment decisions.

Integrating ESG reporting into Risk View allows investors the ability to view their ESG ratings on their entire portfolio including traditionally opaque investments like hedge funds.

Fraser Priestley, managing director of global risk solutions in Europe, the Middle East and Africa at BNY Mellon, commented: “As institutional investors continue to demonstrate increased interest in incorporating ESG analysis to their investment process, we remain committed to providing our clients with a range of ESG products and continue to value the importance of sustainability.”

## Iberclear granted CSDR licence

Iberclear, BME’s Spanish central securities depository, has been granted authorisation to continue operating under the EU’s Central Securities Depository Regulation (CSDR), a new set of regulations aimed at improving the settlement of securities in the EU. Iberclear joins other European central securities depositories already operating under the new criteria.

CSDR seeks shorter settlement periods, higher security levels through the introduction of a settlement discipline and control regime and supervision of the governance and functioning of depositories.

Jesús Benito, CEO of Iberclear, said: “With this license Iberclear continues contributing actively to the efforts made to harmonise post-trade in Europe, taking another step forward to guarantee access to the capital markets for issuers and participants while BME delivers on another fundamental pillar of its strategic plan.”

## SmartStream launches new AI module for continuous digital payments

SmartStream Technologies has launched an artificial intelligence (AI) module that uses machine learning for continuous digital payments processing to maintain and improve matching rules.

The new module will enable match rates to be instantly updated, while at the

same time system reconfigurations will be done automatically, helping to reduce operational costs and minimise risk. The new module will help financial firms to keep maintenance costs down as well as lessening business users’ reliance on busy IT departments.

The technology operates in the background as the data flowing into the reconciliations system changes. It has been designed to work with SmartStream’s TLM Aurora Digital Payments Control solution.

Roland Brandli, product manager at SmartStream, said: “Sometimes, it can be tempting to let maintenance issues slide and not keeping a constant eye on such matters can be risky. If matching rules are not reviewed and reconfigured regularly, matching rates are likely to decrease. Investigating these can involve hiring extra operations staff and impose added expense.”

## Vermeg secures Santander as first Brazilian client

Vermeg has opened its first office in Brazil, with Santander Securities Services Brazil (S3 Brazil) onboarded as a local user of its securities and custody solution, Megara.

S3 Brazil began to utilise Megara in July as part of an expansion to Santander’s existing deal with Vermeg to access the post-trade processing software in several other territories.

The extension of the mandate makes S3 Brazil a founder client for Vermeg’s new office in Sao Paulo, which is led by general manager, Wagner Antunes.

Wagner, who joined Vermeg in January, brings experience from holding director-level positions at Ebix, IBM and DXC Technology. In his new role, Wagner will be responsible for building the team and client base for Vermeg in the region.

Wagner commented: “I am delighted that we have been chosen by Santander to provide post-trade processing solutions in Brazil, and to build on our existing relationship with this leading global bank.”



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Despite the challenges facing the German banking industry, there are bright spots, notably in serving the local and international needs of Mittelstand clients, and in the ability to provide more efficient and better service to retail and corporate clients through online channels. Germany's best bank, Commerzbank, is focusing on both these opportunities.

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## Is green the new gold?

As Ireland, like the rest of Europe, remains in the dark about Brexit, the Emerald Isle shows no signs of slowing down its growth across asset services, funds and technology

*Jenna Lomax reports*

From the streets of Dublin to the Ring of Kerry, Ireland has a rich and cultural history spanning thousands of years. However, looking at its progress in the 21st Century so far, the luck of the Irish has prevailed in the financial sphere.

After the 2008 financial crisis, Ireland experienced significant growth; a rise in total fund asset services, funds and sub-funds which continues to grow from strength to strength.

According to Pdraig Kenny, managing director, Ireland at RBC Investor and Treasury Services, Ireland is, and will continue to be, “the location of choice within the European Funds Industry with close to €4 trillion of domiciled and non-domiciled assets under administration”.

Ireland’s prominence in the asset servicing world is an envy to many other hubs across the globe, with many businesses moving to Dublin and other Irish cities in recent years.

Paul Kilcullen, head of custody and fund services at Citi Ireland, states: “Ireland is a leading location for the asset servicing industry with over 16,000 employed and around 14,000 funds under administration.”

Rachel Turner, Europe, the Middle East and Africa (EMEA), head of investment managers and insurance at BNY Mellon asset servicing, describes Ireland as a “significant centre for two growth industries: technology and financial services. That’s a perfect combination for creating the right skillset and dynamic environment for developing

solutions to drive efficiency and enhanced client service across the investment industry”.

But, with UK Prime Minister, Boris Johnson, heading toward a no-deal Brexit scenario, there has been much debate over whether Brexit will bring opportunities or challenges in regard to Ireland’s financial outlook, as well as the rest of Europe.

Whether you are an asset manager or an asset servicer, the uncertainty surrounding Brexit has and continues to be a troublesome aspect for industry participants, not to mention the political hardships it has brought to the fore.

### Brexit

Like the UK, Ireland stands on a cliff-edge with Brexit with both having the potential to suffer as a result.

Pdraig Kenny, managing director, Ireland at RBC Investor and Treasury Services, cites: “From a fund industry standpoint, Dublin has been able to provide the UK and other international asset managers a means to ensure minimum disruption in the event that Brexit reduces their ability to access European markets.”

“Ireland has been domicile of choice for many international asset managers well before Brexit emerged as a challenge. With the uncertainty of access to the EU, funds domiciled in or redomiciled to Ireland have proven to be an even more important distribution option.”

And as Paul Kilcullen, head of custody and fund services, at Citi Ireland, highlights: “It is true that, where businesses have to relocate



out of London as a result of Brexit, Dublin is proving to be a very attractive location because of the cultural similarities, common language and time zone, and is within an hour's flight of London."

"It will be important that post-Brexit, Dublin and London continue to work collaboratively to meet the requirements of the industry and its clients."

Despite the political disruptions, things have been looking good for Ireland in terms of the market share of fund domiciles.

The Association of the Luxembourg Fund Industry revealed in its 2018/2019 report that Luxembourg holds the largest market share (26.8 percent) out of the 10 leading European UCITS and alternative investment funds domiciles. Ireland comes in a respectable third place holding 16.3 percent of the market share (as of June 2019).

The association also reported some 16 countries attracted what is deemed as "positive" net sales in 2018, with four countries recording net sales larger than €10 billion. Ireland's net sales for the end of last year stood at a record €47.4 billion. Only time will tell if and how Brexit could affect these numbers, if at all.

### Technology

Advancements in technology, especially artificial intelligence (AI) are unprecedented, all over the world. But when we apply this to the context of the back-office, is asset servicing truly where it needs to be to meet the demands and operational challenges of today's world?

As aforementioned, Ireland, for one, is certainly making the most of the opportunities available to it.

Melíosa O'Caomh, country head, Ireland at Northern Trust, explains: "Demand for innovative technology solutions is top of the list. Ireland is a hub for financial technology and an important consideration for our existing and prospective clients in the country."

To understand the level of interest in Dublin's financial district, you've merely had to keep track of how many fintech companies and big banks have moved or expanded their offices to Ireland in recent years.

Colm Heffernan, COO at Fenargo states that in 2018, software was the most popular industry for business graduates in Ireland, with banking in third place.

Heffernan explains: "This combination has contributed greatly to the ongoing fintech revolution in Dublin."

There are many institutions who have recently opened up a technology hub, or expanded their offices within the capital or in smaller cities.

For example, Opus Fund Services set to open a new office in Wexford, Ireland, creating 100 jobs within the next five years.

It also revealed the official launch of its European fund administration business in Dublin earlier this year following authorisation by the Central Bank of Ireland under the Investment Intermediaries Act.

Elsewhere, FundRock has opened a new office in Limerick, marking the firm's second office in Ireland.

The new office will serve as a centre of excellence and operational centre to support FundRock's existing network of offices in Dublin, London and Luxembourg.

In September, Deutsche Börse and its post-trade services provider Clearstream, officially opened its new office in Cork.

Deutsche Boerse suggested that the new office in Cork has become a "vital and successful hub" for the investment funds operations and one of the major locations for Clearstream.

By 2020, Deutsche Börse Group expects around 600 employees to work in the Cork office. In addition, DTCC opened its new office in Dublin back in March.

On 1 March 2019, the European Securities and Markets Authority registered DTCC Data Repository (Ireland) as a trade repository, under the European Market Infrastructure Regulation. The registration came in response to a possible no-deal Brexit.

### The future

Uncertainty still clouds opinions regarding Brexit. But looking to the future, there still seems to be some optimism.

Heffernan expects to see companies making "a bigger effort" in balancing the gender gap by engaging more with universities and organisations to recruit women in engineering and technology roles.

He also predicts that more technologies like AI and machine learning "to have a significant impact on regulation".

Predicting what the next five years would look like, O'Caomh says Ireland will continue to be "well-positioned to support the evolving needs of our growing EMEA client base. As technology advancements continue to drive innovation in fund administration, the Ireland office will have a key role to play in supporting the rollout of these technologies and implementing best-practices".

According to Turner, there will be continued growth, but "a change of emphasis in the skillsets required, away from core processing and towards risk management, compliance and technology. Private equity, real estate and exchange-traded funds are likely to continue to expand and Ireland is well placed as a leading hub for servicing these asset classes."



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## The final countdown

Industry participants discuss the importance of the fast-approaching Shareholder Rights Directive II, which aims to increase the transparency of communications and drive shareholder engagement levels

*Jenna Lomax reports*

With the Shareholder Rights Directive II (SRD II) implementing regulation transposition deadline now less than twelve months away, those in scope should already have an understanding of their obligations, and should already be planning how they will meet requirements.

SRD II is a revision of the original Shareholder Rights Directive (SRD I), first introduced back in 2007. It aims to improve long-term engagement between shareholders, concentrating on asset owners and asset managers and the companies in which they invest.

Dean Little, co-founder of the Proximity Platform at Citi, suggests that there are a number of issues needed addressing from SRD I, such as “a lack of overview and influence over directors pay and there was an increasing need to reduce strategies focused on short-term investment”.

Little explains: “One big failing with the previous directive was that there were no penalties for failing to comply with

the rules. These and many other issues have been addressed in SRD II.”

The regulation applies to firms across the retail and institutional securities services spectrum including retail banks, private banks, investment banks, brokers, custodians, wealth managers and equity advisors.

As part of the requirements, information must be shared more efficiently, accurately and clearly, including meeting information, vote processing and confirmation, both pre- and post-meeting.

Demi Derem, general manager, investor communications solutions international, Broadridge, suggests the updated SRD II represents “the biggest shift in European corporate governance standards and processes for many years”.

Derem says: “Throughout the investor communication chain, the directive aims to increase the transparency of communications and drive shareholder engagement levels, while also aligning to the wider trend of investors seeking to take a more active stewardship role in the companies in which they invest.”

## The importance of SRD II

Since the financial crisis, the financial industry has faced a wave of regulation, but what makes SRD II so important? Why hasn't it been talked about and why hasn't it been given the same air time at conferences as the second Markets in Financial Instruments Directive and General Data Protection Regulation have been given in the past few years?

Mariano Giralt, global head of tax and regulatory at BNY Mellon, explains that the directive "is part of a broader regulatory agenda to improve transparency and stewardship in capital markets".

He adds: "It is one of the first pieces of legislation that sets out detailed obligations with respect to operational processes in the custody chain."

A key aspect of a firm's planning is to be aware of their new rights and obligations, especially around voting and shareholder disclosure, according to Derem.

He states: "Intermediaries such as wealth managers and retail brokers that do not offer any form of proxy voting service now need to focus on this area and plan for facilitating their clients' rights as shareholders to participate in meetings of EU-registered issuers."

"Those already involved in voting should be looking at their client base and operating model to ensure coverage is extended to all shareholders and changes are executed before the deadline."

Little explains that SRD II is important because the investor communications industry is "essentially in the dark ages, for example, some of the most critical votes are still cast by a paper card or reliant on in-person physical attendance at a meeting hall".

Giralt comments that a key driver of this regulation is to standardise core custody processes for which "successful compliance depends on all impacted stakeholder communities—issuers, central securities depositories, custodians and shareholders—agreeing to and adopting new practices".

He adds: "The scale of this task and compressed timelines for implementation present a significant challenge."

In addition, unlike some other regulations, SRD II strongly advocates the use of technology.

Little adds the advocacy of technology "suggests that new platforms and technologies may not only help upgrade existing processes to meet new SRD II demands, but could also be the most efficient and effective means of complying and avoiding penalties".

Giralt explains that the directive "obliges custodians and all stakeholders in the custody process to invest in technology

solutions that deliver the required automation and straight-through processing. SRD II mandates a new shareholder disclosure process; all intermediaries will have to build capabilities to manage this new process in an automated manner."

SRD II also introduces a new set of obligations on institutional investors and asset managers, including requirements to produce and publicly disclose an engagement policy, as well as information as to how their investment strategy is consistent with the profile and duration of their liabilities.

According to Giralt, it is also important because it will lead to changes in operational processes relating to corporate actions and general meetings and institutional investors and asset managers will have to manage these changes.

However, Little explains that the outcomes aren't fully known yet, but the additional administrative burden will likely have an impact on how issuers, intermediaries and investors operate.

Little says: "Institutional investors and asset managers shall comply with SRD II or publicly disclose a clear and reasoned explanation why they have chosen not to comply. If an asset manager invests on behalf of an investor, the investor publicly discloses the information regarding its arrangement with the asset manager related to the terms of engagement and outline the incentives."

## The final stretch

As the deadline for the transposition of SRD II into member state law was 10 June 2019, Giralt explains that it is urgent that institutional investors and asset managers understand the new obligations contained in SRD II.

He says: "The SRD II changes to operational processes will take effect from 3 September 2020. Several of the industry associations are working hard to develop market standards that will help market participants to adapt."

The world has become globalised, and so have the investment portfolios of investors. Derem explains that voting is a "complex business, not by design but out of necessity".

He comments: "With each market having its own unique set of data, legal and compliance rules, careful consideration will need to be given to all the exceptions and nuances that will continue to exist. Therefore those not experienced in proxy will need to navigate their compliance obligations carefully. Local banks have an opportunity to work with their peers and should be lobbying local legislators to understand the practical implications of how voting and shareholder disclosure processes will change following transposition and help define the most efficient processes. Global intermediaries should be working with their local agents to help facilitate this process."



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14-16 October 2019

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Hong Kong

[bit.ly](https://bit.ly)

16 October 2019

### CorpActions 2019

London, UK

[capitalmarketsevents.com](https://capitalmarketsevents.com)

21-22 October 2019

### The Network Forum - Middle East Meeting

Muscat, Oman

[thenetworkforum.net](https://thenetworkforum.net)

13-14 November 2019

### The Network Forum - Asia Meeting

Hong Kong

[thenetworkforum.net](https://thenetworkforum.net)

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### Comings and goings at Northern Trust, Societe Generale, and more

**Northern Trust has appointed Howard Rapley, Kate Webber and Benjamin Bobroff across its institutional product and business development teams, all based in London.**

Rapley has been appointed global product lead of securities services.

Bringing more than 25 years of asset servicing experience, he will be responsible for the strategy and capabilities supporting client assets held by NorthernTrust, including safekeeping, settlement, income, corporate actions and tax reclamation services.

Webber has been named global product lead of fund services, also bringing more than 25 years of experience in asset servicing. She will be responsible for developing the firm's capabilities supporting asset manager and fund company clients as well as the global alignment of fund administration, fund accounting, transfer agency and fund distribution services.

Bobroff will take on the role of senior technology sales consultant for Europe, the Middle East and Africa.



In his new role, he will engage with asset owners and asset managers to support their investment decision-making and oversight, including the use of data, analytics and Northern Trust's technology solutions. He has over 10 years of asset servicing experience, focusing on client relations, technological solutions and business development.

Hollis Otero, global head of product management, corporate and institutional services at Northern Trust, commented: "The appointments of Howard Rapley and Kate Webber underscore Northern Trust's commitment to driving global alignment across our product suite—enabling us to further evolve and differentiate our capabilities, while providing clients with exceptional service and thought leadership."

Griff Ehrenstrom, global head of technology sales consulting at Northern Trust, added: "Northern Trust views technology innovation as a means of delivering exceptional experiences and leading capabilities for clients, and Benjamin Bobroff's role will be pivotal to achieving that."

## **Societe Generale Securities Services has appointed Matthew Davey to the newly created role of head of coverage, marketing and solutions for the UK.**

Based in London, Davey will report to Christophe Baurand, global head of coverage, marketing and solutions and Bertrand Blanchard, head of Societe Generale Securities Services. He will be responsible for implementing and driving the growth of the Societe Generale Securities Services business in the UK.

Davey previously worked as head of business solutions at Societe Generale and will maintain these responsibilities in addition to his new ones.

Commenting on Davey's appointment, Baurand said: "Matthew Davey's strong expertise gained during 25 years in senior management positions within the securities services industry, as well as his deep knowledge of Societe Generale Securities Services gained in his previous role, will ensure that we can further strengthen the Societe Generale Securities Services business in the UK for the benefit and development of our clients' businesses."

## **Motive Partners has appointed Fabian Vandenreydt to enhance the company's reach in Europe and the Middle East.**

Bringing over 25 years of experience in capital markets post-trade, financial market infrastructures and strategic partnerships, Fabian will join the Motive Partners team on 1 October.

Vandenreydt will also be responsible for aligning areas of innovation for Motive Labs. He was previously global head of securities and treasury, markets, the SWIFT Institute, Innotribe and partner management at SWIFT.

In addition, he was a managing principal at Capco, the consultancy with a focus on post-trade market infrastructures, investment and transaction banks across Europe.

## **Estera has appointed Sonal Patel as managing director, head of sales for the Americas, Bermuda and the Caribbean.**

Patel will be responsible for implementing Estera's regional growth strategy, developing relationships with US clients and intermediaries for Estera Bermuda, the British Virgin Islands and the Cayman Islands.

Patel has more than 20 years' experience at BNY Mellon in business development, sales and relationship management.

Most recently, Patel was the managing director of business development for the US and Americas at BNY Mellon where she was responsible for the company's global client relationships.

Commenting on her new role, Patel said: "This is an incredibly exciting time to be joining such a dynamic business. Estera has an exceptional track record, provides outstanding client service and I can see many opportunities across jurisdictions to help build Estera's profile in the Americas."

Farah Ballands, group CEO at Estera, commented: "The wealth of experience that Sonal Patel has will be invaluable to Estera, and her appointment will help take us to the next level, particularly in servicing US clients."

## **Jamel Thomas has been appointed as assistant vice president of international settlements at BNP Paribas.**

Thomas was previously a senior associate at Broadridge, where he was responsible for collateral training during and after the firm's transition from onshore operations to offshore operations as well as securities lending education.

Prior to serving at Broadridge Thomas was an international equity finance associate at Jeffries.


## **SS&C Technologies Holdings has appointed Craig Schachter as managing director and head of relationship management for DST Financial Services, Americas.**

Schachter, who will report to Mike Sleightholme, senior vice president and general manager of DST, has more than 25 years of experience in the financial technology industry.

Schachter joins SS&C from Finastra, where he most recently served as global head of its fintech ecosystem. He has also held senior roles at FIS, SunGard and Xcitek.

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