asset servicing times

The primary source of global asset servicing news and analysis

ISSUE 228 13 November 2019

A decade of change

Broadridge's Samir Pandiri discusses how the market has changed over the last 10 years and how the next decade will compare

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Euroclear Finland set to join T2S in 2022

Euroclear Finland is to join the European securities settlement platform TARGET2-Securities (T2S) in November 2022. The timing is set to coincide with the launch of European Collateral Management System (ECMS), ensuring that access to collateral eligible securities in Euroclear Finland's safekeeping continues.

In addition, Euroclear Finland deployed its new central securities depository (CSD) system, Infinity, in May 2018.

The most recent new features of Infinity include Partial Settlement, introduced in September 2019, and Equity Savings Accounts, which will become available for retail investors in Finland in January 2020.

Hanna Vainio, CEO of Euroclear Finland, said: "The roadmap of joining T2S has been agreed in close collaboration with market participants, Bank of Finland and the European Central Bank. Just like in the previous stages of the Infinity programme, we will work together with clients to ensure a smooth transition to T2S for the whole market. With our Central Securities Depositories Regulation license and renewed infrastructure, we are now well-positioned for better serving our Finnish, Nordic and global clients."

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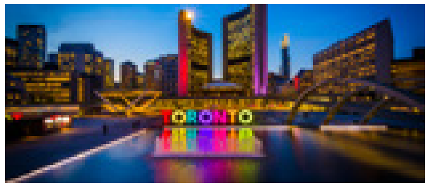

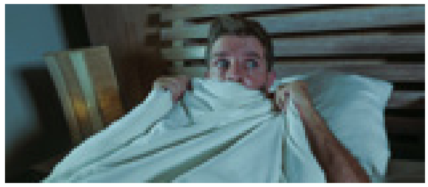

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MarketAxess acquires LiquidityEdge

MarketAxess has acquired LiquidityEdge LLC to continue its innovation within the US Treasury market.

LiquidityEdge connects primary and regional dealers, professional trading groups and buy-side clients.

The platform offers bilateral and customisable peer-to-peer streaming on a fully disclosed basis, featuring relationship-based peer-to-peer trading between known and trusted counterparties. It also provides pre-and post-trade attribution, face counterparty at point of the match and prime brokers/self clearers at point of settlement and allows liquidity providers to tier streams to individual consumers.

Chris Concannon, COO of MarketAxess, said: "We're thrilled to welcome the LiquidityEdge team to MarketAxess and look forward to the expansion of our fixed-income trading capabilities to include US treasuries."

"We see a strategic opportunity to grow LiquidityEdge's existing dealer-to-dealer business by building custom, dealer-to-client connections."

Deutsche Bank granted SEBI approval for commodity custody services

The Securities and Exchange Board of India (SEBI) has granted approval to Deutsche Bank to commence commodity custody services to support domestic financial institutions that are looking to trade commodity derivatives.

The approval will enable participation of institutional investors, such as mutual funds and alternative investment funds into the commodity derivatives segment.

Deutsche Bank in India is the first and only custodian to have received SEBI approval.

Deutsche Bank's securities services business recently marked 25 years of custody service presence in India.

Sriram Krishnan, head of securities services, India at Deutsche Bank, said: "We are delighted to be able to provide commodity custody services to domestic financial institutions, who are now able to add commodities as an asset class to their investment proposition. This development not only addresses a long-standing demand from institutional investors, but it is also in line with SEBI's objective to open up the commodities market by enabling asset managers to participate in this important sector, for a start."

First State Investments selects Euroclear for settlement services

First State Investments has selected Euroclear UK & Ireland's Crest Investment Fund Service to automate settlement for its UK investment funds.

The Crest Investment Fund Service delivers end-to-end automation from order placement to settlement and asset servicing.

According to Euroclear, clients can now benefit from clear visibility of their settlement obligations and are able to manage cash flow effectively and efficiently.

Terry Yodaiken, head of distribution business support and governance of First State Investments, said: "As well as improving

operational efficiencies, Euroclear's Crest automated settlement service will provide clients with an additional channel to access straight through processing."

He added: "This system will not only ensure that clients enjoy a better customer experience through a fully automated, end-to-end settlement service but also reduce settlement risk for both subscribing and redeeming investors and fund investors."

Stephan Pouyat, global head of capital markets and funds of Euroclear, commented: "We are extremely pleased to welcome First State Investments to our service."

He added: "The Crest Investment Fund Service has experienced significant momentum due to a market need for automation efficiencies. Our service offering reduces operational and counterparty risks to improve liquidity management and ensure certainty of settlement."

Alpha Real Capital picks SGSS for custody services

Alpha Real Capital has selected Societe Generale Securities Services (SGSS) to provide custody and depositary services for its new UK Property Authorised Investment Fund.

Alpha Real Capital's index-linked income fund invests in portfolios of UK ground rent assets to provide a long-term inflation-linked income stream with associated capital growth.

Alpha Real Capital is an investment services group focused on income security from real assets, investing in asset-backed income from real estate, infrastructure and lending.

Bertrand Blanchard, head of SGSS UK, commented: "We are very pleased to welcome Alpha Real Capital as a client onto our fund services offering, which aligns with our overall global strategy."

He added: "This is a significant step as the first real estate client for the UK, and signifies an extension of our depositary product into real estate. We look forward to supporting Alpha Real Capital and their ambition for growth."

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Zedra Group acquires LJ Fiduciary from Alvarium

Zedra Group has acquired LJ Fiduciary from investment firm, Alvarium. LJ Fiduciary will be rebranded and merged into the existing Zedra network, subject to local regulatory approval.

The deal adds almost 50 new staff to Zedra's 500-strong team across 13 countries, spanning Asia, the Americas and Europe.

Total staff in Switzerland will now exceed 70, while in the Isle of Man staff numbers will exceed 100.

Commenting on the acquisition, Ivo Hemelraad, director of Zedra Group, said: "This acquisition will give us an important opportunity to fast track our growth by diversification into different client segments in Switzerland and the Isle of Man. It will reinforce mutual strengths and strong existing market positions."

He added: "LJ Fiduciary has a first-class client and staff base and we look forward to welcoming both into the ZEDRA Group."

Robert Burton, head of trust and fiduciary, LJ Fiduciary, said: "By joining forces with Zedra we believe our clients will benefit from the enhanced global reach and a very positive cultural fit in a combined firm which will continue to focus on delivering high-quality services to meet client needs."

Karl Devon-Lowe, chief financial officer, at Alpha Real Capital, said: “We are very pleased to be working with SGSS at this important juncture in the fund’s development and growth.”

Torstone Technology opens new Toronto office

Torstone Technology has opened a new office in Toronto to support its growing base of North American clients.

The announcement comes after Credit Suisse Canada selected Torstone’s post-trade processing platform to replace its existing third-party outsourced operations to support its institutional equities business.

Torstone’s platform covers trade capture, confirmation, settlement, accounting, risk management, corporate actions, reconciliation and regulatory reporting. It provides a fully integrated user experience for risk managers, middle- and back-office staff.

According to Torstone Technology, the platform increases straight-through processing and reduces manual effort.

Brian Collings, chief executive of Torstone Technology, said: “Our Toronto office will allow us to expand our capacity to help Canadian banks and brokers to reduce their total cost of ownership, minimise risk, and drive operational efficiency while achieving regulatory compliance.”

He added: “We will also leverage our Toronto team to support our overall North American business expansion and augment our global client support model.”

Confluence acquires StatPro Group

Confluence Technologies has acquired StatPro Group, a global provider of cloud-based portfolio analytics, asset data services and data management tools.

StatPro’s reach, with 10 global offices, will enable Confluence to expand its market presence in the UK, Europe, Asia and South Africa.

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Vauban Technologies selects PFS-PAXUS for fund services

Vauban Technologies, a digital fund structurer and administrator, has selected Pacific Fund System’s (PFS) PFS-PAXUS software for its third-party fund accounting, share registry and reporting operations.

Founded in London in 2017, Vauban is an online platform that lets its clients’ set-up various investment vehicles such as funds and special purpose vehicles (SPVs) from a laptop.

More than 60 fund managers rely on Vauban to set-up, deploy and maintain their funds and SPVs. Pacific Fund Systems platform is used by administrators of both traditional and alternative funds, including hedge funds, private equity and real estate.

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Citco extends partnership with Solovis

Citco has extended its partnership with Solovis, a multi-asset class portfolio management, analytics and reporting platform for asset owners and allocators.

The partnership spans business, technology and services and includes an equity investment in Solovis. The partnership also gives Solovis access to Citco's Æxeo platform which provides clients with accounting, treasury and wire management capabilities, alongside reporting and performance.

The investment in Solovis is part of Citco's wider strategy of partnering with and investing in third-party financial technology companies that provide solutions to the firm's current technology offering.

Josh Smith, co-founder and CEO of Solovis, said: "Citco's investment in the company is a testament to the strength of our technology and will be valuable to us as we continue to grow Solovis and deliver on our vision of enabling a comprehensive solution ecosystem and being the go-to portfolio management platform for asset owners and allocators worldwide."

Nick Eisenlau, head of Citco institutional services, commented: "Citco's strategic business relationship with Solovis reflects a shared vision, providing multi-asset class, self-service reporting that will complement Citco's core record-keeping and operations environment."

He added: "Citco and Solovis have a rapidly expanding group of common clients that can now benefit from an improved operating model, service capacity and reporting capabilities."

In addition, the transaction will create a leading supplier of front-, middle- and back-office solutions to asset managers and administrators.

Justin Wheatley, founder of StatPro, commented: "We couldn't be happier to be joining a like-minded firm in order to provide asset managers and fund administrators with an even greater range of support services and analytics."

Mark Evans, founder and CEO of Confluence, said: "StatPro's performance and attribution, portfolio analysis and other data and risk support services are deeply complementary to Confluence's offerings and will allow us to better help our clients achieve their goals."

He added: "Both companies are founder-led with cultures of innovation, integrity, imagination, discipline and service and we are pleased to welcome the employees of StatPro to the Confluence team."

GoldenSource launches data connection to support ANNA and GLEIF initiative

GoldenSource has launched a new data connection to support the Association of National Numbering Agencies (ANNA) and Global Legal Entity Identifier Foundation (GLEIF) initiative to link International Securities Identification Numbers (ISINs) and Legal Entity Identifiers (LEIs).

The combined ANNA and GLEIF initiative, set up to increase the transparency of trading exposure by connecting the issuer and issuance of securities, allows market participants to aggregate the data required to gain a clear view of their securities exposure within a given issuer and its related entities.

According to GoldenSource, the LEI, relating to any ISIN, can now easily be identified, removing any uncertainty as to whether the LEI relates to the correct entity within a financial institution.

Commenting on the connection, Volker Lainer, vice president of product management at

GoldenSource, said: "Reporting the incorrect LEI for the issuer is now no longer acceptable from a transaction reporting perspective."

He added: "Beyond the second Markets in Financial Instruments Directive, more and more market participants are using the LEI as the foundation for how their entity master is established."

"By supporting the ANNA initiative through our new connection, firms will not only be able to validate the information they receive from their data provider but crucially ensure that they no longer match dozens of LEIs with the wrong entity level."

Paxos launches new settlement service for listed US equity securities

Paxos Trust Company has launched Paxos Settlement Service, a settlement platform that will process transactions for a limited number of broker-dealers for certain listed US equity securities.

Credit Suisse and Société Générale will be the first in a group of early adopters to use Paxos Settlement Service.

Paxos Settlement Service is a private, permissioned blockchain solution designed to allow two parties to bilaterally settle securities trades directly with each other.

The platform, which will be the first live application of blockchain technology for US equities, enables settlement of securities trades more cost-effectively and securely than the legacy system.

It allows for the simultaneous exchange of cash and securities to settle trades and is backward-compatible with current processes, simplifying integration.

The announcement comes after Paxos received no-action relief from the US Securities and Exchange Commission.

Charles Cascarilla, CEO and co-founder of Paxos, said: "The US equities business continues to face unprecedented consolidation and economic pressures, requiring a comprehensive transformation of market structure. This is an important first step on our journey to reimagine the entire post-trade infrastructure, and one that creates immediate benefits for market participants."

He added: "We look forward to working with our early adopter partners to further develop the ecosystem. Together, we'll create financial benefits and achieve operational efficiencies with blockchain technology that will facilitate an open financial system."

Emmanuel Aidoo, head of digital asset markets at Credit Suisse, commented: "We believe the process of securities settlement can be greatly optimised using blockchain, and with Paxos Settlement Service we will benefit from these efficiencies first hand."

Jeffrey Rosen, COO of global markets, Americas at Société Générale, said: "This service has the ability to deliver meaningful benefits to our operations and business and we are excited to be on board."

CDP picks Murex's SaaS for capital markets activities

Cassa Depositi e Prestiti (CDP), the Italian national promotional institute, has selected Murex's software as a solution (SaaS) for capital markets activities.

CDP is modernising and outsourcing its capital markets IT to support new business and a changing company strategy.

Murex's private SaaS solution will allow CDP to customise business processes, increase innovation and configure user preferences.

The SaaS also includes new financial products and risk monitoring tools, while keeping existing business customisation.

In addition, CDP is to expand its use of the MX.3 risk control capabilities and additional packaged interfaces.

Paul-Alexandre Lourme, head of SaaS services at Murex, commented: "We are delighted to be collaborating with CDP, helping them to simplify their system landscape while also reducing the total cost of ownership with our SaaS solution."

He added: "By outsourcing the maintenance and day-to-day running of the software to Murex, the team at CDP can now focus on developing their core business, while benefiting from the full functionality of the MX.3 platform."

Bravura acquires FinoComp

Bravura Solutions is set to acquire FinoComp, an Australian software company, for AUD $25 million.

FinoComp provides software for data analytics, client reporting, performance reporting and regulatory compliance built on a microservices architecture.

According to Bravura, the acquisition opens significant cross-sell opportunities between FinoComp and Bravura clients.

Bravura is aiming to expand FinoComp's software into adjacent markets and geographies in the future, including financial advice, funds administration and private client wealth management.

The founders and senior management of FinoComp are expected to remain a core part of the business. FinoComp has 35 employees in Australia and the UK.

Commenting on the acquisition, Tony Klim, CEO of Bravura, said: "The combination of Bravura and FinoComp unlocks a strategically compelling opportunity for Bravura's marketleading technology to drive more of our clients' mission-critical operations. Combined with FinoComp's cutting-edge technology, the acquisition extends Bravura's wealth management offering."

Ray Tubman, managing director of FinoComp, commented: "Bravura has an outstanding reputation in the marketplace. We share common values and are delighted to join Bravura in the pursuit of delivering world-class solutions for our clients."

A decade of change

Broadridge's Samir Pandiri discusses how the market has changed over the last 10 years and how the next decade will compare

Becky Bellamy reports

How do you think the market has changed since joining the industry? And what are the biggest drivers behind those changes?

There have been a lot of different changes over the years and various different factors, such as technology, driving that change. The biggest change in the industry is the way business is being done—as an example, 15 years ago a service provider or vendor would typically bring its products together to create a solution for a client. That whole concept is now completely changing to looking at outcomes. If you're going to be in the asset servicing industry, the most important questions that you should be thinking about are: who are the clients that I serve, what are the outcomes that are important to them and how can I enable my clients to achieve those outcomes? This transformation is the biggest change that I am seeing in the industry.

The second thing that is changing is the interaction between the client and the service provider. The client and user experience is significantly more important now than it ever was; people are now really fighting to get their mind space through that client experience. Beyond this, there are of course cost pressures on the industry and I think that will continue, as well as regulatory change—both are important factors driving change.

In addition to technology and the client experience, business models are also changing depending on what type of business you are. As an example, if you are a very large asset servicer you will be competing on scale and technology; if you're a small asset servicer you will likely have a niche strategy and focus on one or two specific types of solution which will be your differentiating factor. The firms that are in the middle—that are not big enough to compete with the scale players but not small enough to be in the entrepreneurial space—are the ones that really have to think about what their future strategy is, and how they're going to be part of the changing industry.

Samir Pandiri joined Broadridge in June as president of Broadridge International. At Broadridge, he is responsible for the firm's post-trade technology, global proxy, and asset management data and technology businesses outside of North America with a special focus on Europe and Asia.

Prior to his role at Broadridge, Pandiri was global CEO of BNY's asset servicing division and a member of BNY Mellon's senior leadership team. He also served as CEO of BNY's shareowner services division where he was responsible for the turnaround and sale of the equity administration services business.

Pandiri has also worked 11 years at JPMorgan Chase, where he lived in both Hong Kong and London for extensive periods.

His early career was spent with Bankers Trust in New York City, US.

What are the biggest challenges firms are currently facing and how do these compare to the challenges firms were facing over the last 10 years?

The biggest challenge is fee compression on the asset servicing and asset management side. There is also a shift in preference, for example, a lot more going into exchange-traded funds where there are lower fees to be had. In addition, having a good data strategy is something that is also really important—there is a whole revolution around data, enabling data for your clients or for your customers.

If you are a firm in today's world you need to think about technology, specifically your legacy technology and how you integrate your legacy technology with the newest creations such as artificial intelligence, blockchain, digital or cloud. It's about figuring out the optimal combination of these and bringing them together to meet your strategic goals.

In this current environment, what should firms in the asset servicing space be looking at/working on?

You have to start with your business strategy, and the most fundamentally important question you need to ask yourself is who you want to be when you're older. Once you have answered that question, there are two things that are going to drive what you do. The first is technology and data which are closely linked—so you need to have a comprehensive market-leading data strategy and this is critical. The second, and most important, is the client experience. In a commoditised industry, there are many people that can provide this service, but the differentiator is the quality of service. If you can distinguish yourself on those two fronts, I think that is a powerful combination for an asset servicer.

Do you think it is difficult for firms to plan too far ahead with their strategy because of factors such as regulation?

Every firm should have a strategy, as well as a view and a conviction around that strategy. However, great firms every year or every 18 months will go back and test their original hypothesis to see if the assumptions made a year ago remain true and valid. You need to have a strategy and a view, but you also need to have a feedback mechanism so you can continuously build and test. It needs to be agile so you can reposition yourself at any time.

What were the hottest topics at Sibos this year?

At this year's Sibos, Broadridge's theme was 'Ready for Next'. We focused on how firms prepare for the future because the way business is done today or was done five or 10 years ago is not going to be the same in the future. If you're an asset servicer are you ready for what's next? You need to think ahead to plan where you want your business in five to 10 years and the road map to help you achieve that.

From my conversations with clients and those attending the conference, firms are thinking about what the future road maps look like and what they're doing between now and then to be successful and have good outcomes.

How are you expecting the market to change/develop over the next 10 years? How do you think it will compare to the previous 10 years?

If you think about life before smartphones and life now with smartphones, I think someone that was there when smartphones didn't exist would have no way of predicting what the industry would be like in a decade. I feel like that; I'm not in the guessing game to know what it might look like in a decade, however things that will be steady and constant as well as universal, including people and relationships—these really matter. It mattered 10 years ago, it matters now and it will matter in the future. Having great relationships with your clients, vendors and regulators is the most important thing.

The second is that you need to have a culture where you have the ability to look at yourself, look at the market and continuously keep disrupting yourself in a constructive way. Having the ability to disrupt yourself, redefine and rethink will be important.

The third is being mindful of changing business models. The model that you have now, may or may not be the same way in 10 years' time. Meaning that you have to constantly be thinking about which other business models are available that your firm can tap into, and use to bring advantage to your clients. It is all about outcomes. I think if that's your mission, you will be in good shape in 10 years' time.


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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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The bank at your side

What is keeping the industry up at night?

Representatives from industry institutions discuss their worries and honest concerns within an industry that has faced its fair share of regulatory and data compliance hurdles

Jenna Lomax reports

Insomnia, trouble sleeping, or tossing and turning, what is keeping institutional banks asset servicers awake at night?

Financial services have met many challenges, particularly since the 2008 Financial Crisis, whether it be navigating the second Markets in Financial Instruments Directive, or keeping up with data compliance with the General Data Protection Regulation. The regulatory framework for financial services dramatically changed in the wake of the 2008 crisis. But what has kept the big financial institutions counting sheep these past few months, in particular? Is it keeping up with its competitors when it comes to technology or maybe its more to do with getting to grips with upcoming central securities depositories rulings?

Keeping up with the competition

A running theme is keeping up with the latest trends and keeping up with the competition, with budgets and revenues constantly stretched and under pressure. Eric Derobert, group head of communications and public affairs at CACEIS, says that it's "anticipation of guessing future trends can keep this industry awake at night".

Derobert notes: "If they are sleeping well, they'll go on working with us and will ask for more products from us. Our customers want processes to be seamless and easy, while not being too expensive."

He adds: "We have to be abreast of what is coming, it's not easy to predict the trends of five to ten years from now, but we need to know the next route and invest a lot. We need to make sure that our customers aren't awake at night worrying about whether we understand what they asked us to do and what they count on us to do."

Daron Pearce, CEO, Europe, the Middle East and Africa, asset servicing at BNY Mellon, explains: "Clients and markets rely on BNY Mellon's critical business services. That's a major responsibility and the expectations from both inside and outside BNY Mellon are extremely high."

He suggests that competition is tough and with revenues and budgets under continual pressure, clients are demanding more for less from their service providers.

Pearce states: "To remain successful, we have to look constantly for ways to be more efficient as well as help clients become more efficient and effective themselves."

What has changed since 10 years ago then? In what areas do the most worries stem from?

Mike Tae, senior vice president, corporate strategy, at Broadridge Financial Solutions, explains that the days of asking operations and technology for another 10 percent budget reduction and the tactical changes are "nearing their end".

Tae says: "Increasingly, firms recognise that enterprise-level changes are required and this is a real concern for many practitioners."

SRD II

One regulation creeping up on the asset servicing industry is the updated Shareholder Rights Directive (SRD II). The directive represents the biggest shift in European corporate governance standards and processes for many years. 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.

As the deadline of September 2020 fast approaches, Tae outlines the three primary challenges that Broadridge has identified through conversations with clients.

One of those challenges includes transmitting event notification to clients—including retail investors—on a same-day basis, requiring near real-time calculation of entitlements, which needs to incorporate not only same-day trades but securities lending activity as well.

Tae also revealed that same day notification also raises the bar on client communications, which increasingly need to be executed in the communication channel of choice for each investor and in their local language.

He also explains that SRD II provides issuers with the right to request detailed disclosure of their shareholders on the same day.

Tae says: "This disclosure also has specific electronic transmittal requirements plus the added panic of effectively safeguarding sensitive client data."

He adds: "As legacy platforms are challenged in the pursuit of agile product development, more and more firms are turning to vendors both to mutualise the cost of compliance and to make the strategic leap to modern technology."

"Critical in the selection for SRD II is finding a partner that can not only assist in meeting next September's deadline but also one that can lay the foundation to global solutions which eliminate the current redundancies of having multiple platforms for each geographical region or business line."

Rest easy

With all this in mind, what can the industry do to reach for the hot cocoa at night, instead of a strong espresso? What can make life easier and allow customers and clients more peace of mind?

Pearce suggests that through sustained investment in resiliency and automation, "BNY Mellon is dedicated to providing the highest standards for the robustness of our systems and processes. It is as an aspect of our business for which we have to remain ever vigilant."

Over 20 years ago, the industry used to just be bonds, funds, equities, but Derobert explains that now the industry works across so many more facets, such as private equity and real estate.

Derobert says: "Now our clients, the asset managers, they consider us as partners. They ask us to work with them, to anticipate their future needs. The market expects us to offer a full range of services, you just can't tell your customer: 'we don't offer that'."

He explains that the mindset towards the back-office has changed: "We don't simply respond to customer's needs, but we try to anticipate them, finding joint solutions."

He adds: "What keeps us awake is the need to be creative and to anticipate needs and anticipate what our future products need to be. Our customers depend on us to fulfil their obligations and to help grow their businesses."

The changing perception of crypto

Alexandre Kech of Onchain Custodian discusses the current trends in the crypto space and how the perception of crypto is altering

Jenna Lomax reports

How is the digital asset space expanding and are you seeing a growing interest from institutional investors?

Currently, the digital assets space is very much crypto-based and most of the institutions are coming from the crypto industry: crypto exchanges, funds which are generally managed by asset managers who have moved from traditional capital market to the crypto space. You also have family offices and high-net worth individuals. You do have interest expressed from the more conventional asset managers who must still conform to compliance rules built for traditional finance.

Some are told not to touch crypto, as it is seen by some as too dangerous, but that perception is changing. Traditional foreign exchange providers are also now beginning to provide crypto services to customers, so infrastructures and services providers are entering this space to facilitate the angle of more traditional institutional players–many have changed from only servicing fiat to fiat and crypto.

And what trends are you seeing in the digital asset sector?

It all started with bitcoin 10 years ago and it has significantly expanded. Utility tokens came next which were the product of Initial Token Offerings; then stable coins, which are mostly used in the crypto space as a way to hedge the volatility risk.

We are also seeing more and more discussion around security tokens, more in the space of private investment such as private equity tokenisation. The use cases we're seeing are around real estate investment in a tokenised form; fine art and fine wine also in a tokenised form–trying to leverage the benefit of tokenisation and increase the value in those types of investments.

Tokenisation and digitisation make these assets more liquid. When an institutional invest in real estate, for example, it's very difficult to exit that investment or, if so, through an expensive pay back to the issuer.

The idea of tokenisation is to allow that to happen on a secondary market such as a digital token exchange.

What is Onchain Custodian currently working on in this space?

We are a custodian, so one of the major challenges of managing tokens is securing private keys given access to these cryptocurrencies and private tokens.

Many exchanges are hacked on a regular basis, crypto practices are at risk of losing millions sometimes.

So what a custodian is there for is to focus on security and custody and build the right technological and operational environment to ensure that the assets of the customers are safe—they won't be hacked, or won't be lost—meaning their investors can sleep at night.

We also give single window access to tokens on multiple blockchains. So we take care of the integration and the security around blockchains as well as the protocols they use. This is so our customers can focus on their investment strategy, or their projects, for example when they're a start up.

We take care of the management of tokens and we also provide–via partners—access to value-added services, like lending and staking platforms. We have a network of players that they can trust.

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Digital assets can present challenges to custodians, what are these challenges? Are you seeing the number of specialised custody services increase?

Yes, definitely, third-party custody is a new trend. Customers want an independent custodian who can hold assets safely, it's all about security and transparency.

Our job is to create an environment that will not be hackable and can be trusted.

Technology evolves with time, security will improve as technology gets better and better.

We're constantly working with different providers to see how their solution can help us strengthen our cybersecurity, as well as working with competitors through the Global Digital Finance (GDF) to build codes of conduct for the industry.

We need to ensure that we are all working toward the same objective–safekeeping the assets of our customers.

What opportunities and additional capabilities have the recent onboarding of including Ontology Foundation, Tembusu Partners and Timestamp Capital brought ONC?

These are firms that operate a blockchain, or they are venture capitals that have invested in companies through tokenisation. It's all about the same thing, it's all about security.

One of the services we provide them with, when they have long holdings they don't actively manage, is access to partners to lend part of their holdings out and earn interest.

We are in partnership with firms who actively manage assets through arbitrage, we are also working with market makers who are often in demand of liquidity for their operations. It's another lending capability that we can offer our customers–to not stand still with their holdings and earn interest.

How do you see the digital asset space expanding in the next five years?

I see more involvement of traditional players. In the custody space, we will probably collaborate with some of the well-known names, the ones I've previously worked with when at SWIFT, actually.

I want to understand more about where custodians stand with crypto as well as tokenised assets.

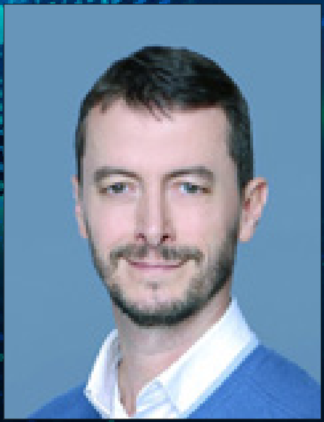
I want to see whether they have an appetite to build in-house or maybe use Onchain Custodian as a sub-custodian. We can help from a know-how and technological point of view, to manage those assets they do not know about.

We're already talking to private banks who have that appetite because they typically serve family offices and HNWI who want to know more about crypto. Sometimes they don't have anyone internally who knows how to go about it.

They start talking to technology providers and service providers like us to help them serve their customers while not being exposed to the operational and technological complexity of it all.

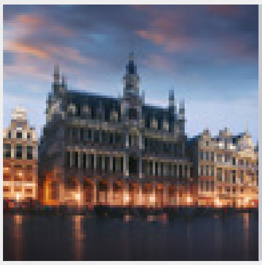
I think the up-take will take some time. More appetite will come with security tokens because it is a regulated space. Crypto is not always regulated everywhere. But with security tokens, I think we could see some synergies in the near future between players like us and more traditional ones.

Customers want an independent custodian who can hold assets safely, it's all about security and transparency



Alexandre Kech
CEO
Onchain Custodian

Upcoming Events

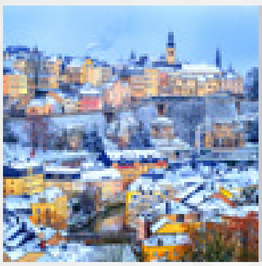


20 November 2019

ESCDA Annual Conference 2019

Brussels, Belgium

ecsda.eu/conference2019

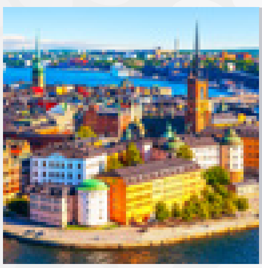


26-27 November 2019

ALFI PE & RE Conference

Luxembourg

cvent.me/r54EZ



5-6 December 2019

Trade and Transaction Reporting - Nordics

Stockholm, Sweden

finance.knect365.com

Comings and goings at Goal Group, Citi, IQ-EQ and more

Goal Group has appointed Joe Connor as client services manager.

Based in New York, Connor will report to Vicky Dean, COO and vice president of sales and relationship management, Americas.

Connor most recently served as director of client relationship management at Equiniti Trust Company, where he was responsible for creating new products and services.

Prior to that, he was vice president of client relationship management at Wells Fargo Shareowner Services from 2008 to 2018.

He has also held senior roles at both J.P. Morgan and JPMorgan Chase.

Cappitech has appointed Mark Kelly to its board of advisors.

Kelly, who has more than 30 years of financial industry experience, has held senior roles for firms such as PWC and Grant Thornton.

He has also held senior audit and compliance roles in large investment banks including Lehman Brothers, Salomon Brothers and Barclays Capital.

Kelly has spent the last 10 years focusing on the needs of financial firms subject to the second Markets in Financial Instruments Directive and the European Market Infrastructure Regulation.

Commenting on his new role, Kelly said: “Cappitech’s approach, which looks at the practical realities of reporting requirements and aims to lessen the burden while maximising the re-use of collected data is one I fully support. I’m looking forward to engaging with their business as they further enhance their already comprehensive suite of reporting products.”

Ronen Kertis, CEO and founder of Cappitech, commented: “We are pleased that Mark Kelly has agreed to join our board of advisors and believe his highly specialised insight into the regulatory environment will have an important impact on the development of new products as well as engagements with customers.”

Citi has appointed Elree Winnett Seelig as head of environmental, social and corporate governance (ESG) for markets and securities services, a newly created role.

Seelig will be responsible for ESG-related markets and securities services strategy, thought leadership and product development and ESG client engagement.

Working with Olga Sviatochevski, Europe, the Middle East and Africa (EMEA), head of strategy, Seelig will also work with Citi’s corporate sustainability team as well as other teams across the ICG.

Based in London, Seelig will report to Jim O’Donnell, global head, investor sales and relationship management and locally to Leo Arduini, regional head, EMEA markets and securities services.

O’Donnell and Arduini will co-chair a newly-formed ESG markets and securities services steering committee, which will provide strategic direction and guidance for the development and integration of this initiative within markets and securities services.

Seelig was previously head of strategy for commodities at Citi.

Prior to joining Citi, Seelig was head of energy client management for commodities at BNP Paribas, and worked in Natural Resources Investment Banking at Lehman Brothers and Project Finance at Bank of America.

Previously, Sviatochevski was a strategy consultant at Booz & Company with experience across oil and gas and financial services sectors.

IQ-EQ has appointed Hiroki Allen as director of funds for Japan.

Allen has an understanding of the Japanese asset management sector, with expertise in alternative investments, including private equity, real estate and hedge funds, as well as client relationship management.

Prior to joining IQ-EQ, Allen served at Bloomberg LP and BNY Mellon.

He also spent two years managing the Tokyo office of Superfund Asset Management.

Commenting on his appointment, Allen said: “It is a very exciting time to be joining IQ-EQ as the firm has expanded significantly over the past two years following an ambitious buy and build strategy to reinforce its presence in key markets. IQ-EQ is extremely well placed to accompany Japanese fund managers in their growth strategy.”

J.P. Harrop, head of sales at IQ-EQ, commented: “I am delighted to welcome Hiroki Allen to our Asia funds team. The alternative assets industry is growing in Asia and we are building our team and expertise in all key Asian markets to facilitate both inbound and outbound investment.”