asset servicing times
The primary source of global asset servicing news and analysis
ISSUE 252 28 October 2020

Ahead of the game

SmartStream's Andreas Burner discusses the development and launch of the firm's new artificial intelligence solution

Data Focus

The industry should take full advantage of the opportunities around data

Sibos 2020

Find out the big talking points of this year's virtual event

Q3 Results

The latest figures from State Street, BNY Mellon, J.P. Morgan and Citi


SmartStream
The trusted solutions partner for today's financial services
Built on more than 40 years of industry experience with over 2,000 customers across the globe, we work with 70 of the world's top 100 banks, insurance firms, and telco operators. SmartStream solutions streamline operations, deliver cost-efficiency and enhance risk management through on-premise, cloud and managed solutions.
Discover what real middle and back-office transformation can mean for your business.
info@smartstream-stp.com
smartstream-stp.com
DIGITAL PAYMENTS & INVESTIGATIONS
CASH & LIQUIDITY MANAGEMENT
FEES & EXPENSE MANAGEMENT
RECONCILIATIONS
COLLATERAL MANAGEMENT
CORPORATE ACTIONS PROCESSING
REFERENCE DATA ENRICHMENT

EC agrees to new CSDR delay until 2022

The European Commission has adopted an additional 12-month delay to the implementation of the Central Securities Depositories Regulation's (CSDR) technical rules on settlement discipline.

CSDR's settlement discipline regime, which was originally due to go into force in September, and then February 2021, will now come into effect on 1 February 2022.

The regime covers measures to address settlement fails including rules for the trade allocation and confirmation processing, along with cash penalties for failed transactions and mandatory buy-in requirements.

The regulation will affect a wide range of market participants including central securities depositories (CSDs), central clearing counterparties, trading venues, investment firms and credit institutions and will require significant IT system changes, market testing and adjustments to legal arrangements between the parties concerned.

A commission spokesperson told AST that the delay aims to give industry sufficient time to finish the development of the "essential IT projects needed for the implementation of EU rules on settlement discipline".

"We recognise the negative impact of the COVID-19 pandemic on the implementation of IT projects necessary for industry's compliance with EU rules on settlement discipline," the commission states in its report on the new timeline. "The pandemic

continued on page 7

W: www.assetservicingtimes.com
T: @ASTimes_

Editor: Becky Bellamy
beckybutcher@blackknightmedialtd.com
+44 (0)208 075 0927

Reporter: Maddie Saghir
maddiesaghir@blackknightmedialtd.com
+44 (0)208 075 0925

Contributor: Maria Ward-Brennan
mariawardbrennan@blackknightmedialtd.com

Contributor: Rebecca Delaney
rebeccadelaney@blackknightmedialtd.com

Designer: James Hickman
jameshickman@blackknightmedialtd.com
+44 (0)208 075 0930

Associate Publisher: John Savage
johnsavage@assetservicingtimes.com
+44 (0) 208 075 0931

Publisher: Justin Lawson
justinlawson@blackknightmedialtd.com
+44 (0)208 075 0929

Published by Black Knight Media Ltd


BOV Fund Services
your one-stop fund services shop in Malta

Citi provides securities services for first REITs ETF in Hong Kong

Citi has been appointed by Samsung Asset Management to provide custody, fund administration and trustee services for the first pure real estate investment trusts (REITs) exchange-traded fund (ETF) to be set up and listed in Hong Kong.

Samsung launched its S&P High Dividend APAC ex NZ REITs ETF (HKD Counter 3187) on the Hong Kong Stock Exchange on 15 October.

Citi explained that this first-of-its-kind ETF in Hong Kong invests in a selection of regional Asia Pacific REITS.

According to Citi, this type of REITs ETF has proven to be very popular in other markets, especially among investors seeking a high yield from their portfolio.

Stewart Aldcroft, chairman of Cititrust Limited, the provider of trustee services to the ETF, said: "The initial yield for the ETF is expected to be around 5.7 percent net, which should prove very attractive to retail investors."

"Citi was pleased to work with Samsung Asset Management to achieve this launch, which expands our successful partnership with them in South Korea where we provide fund administration services for several of their ETFs."

"Samsung Asset Management has been delighted to work with Citi on getting this new ETF launched. It is a continuation of our strong and valued relationship with Citi in the Asia Pacific region," added Carmen Cheung, head of ETFs, Samsung Asset Management (Hong Kong).

continued from page 3

has stretched IT resources; this postponement gives market participants sufficient time to make the final preparations to ensure compliance with EU rules."

The delay was recommended to the commission by the European Securities and Markets Authority in August where it highlighted the "severe impact" of the pandemic on the overall implementation of regulatory and IT projects by CSDs and their participants, as well as by other financial market infrastructures.

ESMA explained that it would be "extremely difficult" for market stakeholders to comply with the requirements of the regulatory technical standards on settlement discipline by the 1 February 2021 deadline.

Confirmation of the delay will not be a surprise to the market participants in CSDR's orbit.

The regime has garnered considerable criticism from multiple areas of the market and the delay is widely seen as an opportunity to re-open the rule book and potentially amend the mandatory element of the buy-in regime, among other issues.

A public consultation on CSDR, including the regime, is expected to begin in the coming weeks followed by an official review of the regulation as part of the EU's Capital Markets Union action plan, which will inspect a narrower aspect of the framework.

Clearwater Analytics teams up with J.P. Morgan

Clearwater Analytics has entered into a strategic alliance with J.P. Morgan securities services to provide global insurance clients with the ability to bundle multi-basis investment accounting and regulatory reporting with custody and fund services.

The solution will use technology to automate investment accounting and regulatory reporting for both insurance separate account and general account portfolios.

Through the partnership, J.P Morgan and Clearwater Analytics clients are set to benefit from the full integration of data and reconciliation processes in receiving automated investment accounting and regulatory reporting.

"The combination of J.P. Morgan's securities services and Clearwater's innovative technology allows us to continue to deliver innovative solutions to the global insurance industry," said Tim Fitzgerald, global head of fund services, J.P. Morgan.

Sandeep Sahai, CEO at Clearwater Analytics, commented: "For a decade-and-a-half, Clearwater has partnered closely with J.P. Morgan. Our companies complement one another well, to the benefit of our customers. We are excited to start this new venture with securities services, and to create a joint solution for the insurance industry."

Earlier this week, J.P. Morgan revealed its markets and securities services revenue for Q3 this year totalled $7.8 billion, a 29 percent increase from its Q3 2019 figure of $6 million.

Markets revenue was up 30 percent compared to last year's Q3 figure while securities services revenue was $1 billion, flat to the prior year, as deposit margin compression was offset by balanced growth.

Thomas Murray partners with Luxembourg-based fund platform

Thomas Murray has entered into a new partnership with International Fund Services & Asset Management (ifsam), a Luxembourg-based fund platform.

The partnership will see Thomas Murray work with ifsam to enhance its transfer agency monitoring programme, initially covering ifsam's portfolio of 300 transfer agents.

David Dickinson, Thomas Murray's global head of client relations, commented: "We are delighted that ifsam has chosen to partner with Thomas Murray. As the first fund platform to do so, ifsam is demonstrating its proactive approach towards risk management and an intention to set the standard for third-party risk in the sector."

Dickinson continued: "We are confident that Thomas Murray will deliver an outstanding solution, bringing value to ifsam and its clients and creating a blueprint for fund platforms' third-party risk management."

Danny Stutz, ifsam's head of business management, said: "We are excited about our strategic partnership and the opportunity for Thomas Murray to be helpful to ifsam and its clients and to shape the future of the financial risk management industry."

"By bringing together the best of both Thomas Murray and ifsam, we look forward to creating new standards leveraging transfer agent monitoring, data analytics and regulatory compliance," Stutz added.

Driehaus Mutual Funds selects Northern Trust as fund administrator

Northern Trust has extended its relationship with Driehaus Capital Management and its affiliated family of mutual funds following its new appointment as fund administrator. As fund administrator, Northern Trust will provide fund accounting, fund administration, regulatory administration, transfer agency and global custody services to the Driehaus Mutual Funds.

Northern Trust was appointed in 2009 to provide global custody and related services to Driehaus entities, including the Driehaus Mutual Funds and The Richard H. Driehaus Foundation.

According to Bob Kurinsky, chief operating and financial officer of Driehaus Capital Management and treasurer of the Driehaus Mutual Funds, the Northern Trust team allowed them to "successfully consolidate" multiple service provider relationships into a single provider model.

"Through the combination of administration, fund accounting, transfer agency and custody with Northern Trust, we were able to reduce operational risk and further scale expenses to the benefit of our shareholders," said Kurinsky.

AxiomSL set to launch solution for IFR regulatory requirements

AxiomSL has planned to launch a new solution to address the EU requirements defined in the Investment Firms Regulation (IFR) and Investment Firms Directive (IFD), followed by UK requirements from the Financial Conduct Authority (FCA) that have yet to be finalised.

AxiomSL's IFR/IFD solution will enable investment firms to address the significant shift from the current rules, including new category classifications, and to better manage the potential increase in regulatory capital requirements that most investment management firms will be subject to across jurisdictions.

While the deadline for IFR/IFD is 26 June 2021, AxiomSL suggested investment firms in Europe should prepare to implement the IFR's complex new data collection, categorisation, capital calculation, and reporting requirements now.

IFR will be initiated under a five-year transition period beginning in 2021 and it is expected that the regulator will provide ongoing updates to requirements, categorisations, and data needs over the transition period.

As the regulation evolves, investments firms will need to monitor changes and adapt particularly if their category classification changes.

Edward Royan, head of global products, AxiomSL, commented: "There will be many challenges in complying with the IFR/IFD regimes since the implications of the new rules are complex and extensive. In our discussions with investment firms, we have noted the expected impact on capital and liquidity requirements."

"The challenge here is to juggle between previous requirements still in place and the new requirements, in addition to dealing with one set of calculations for Europe and another set for the UK our data integrity and control platform will enable firms to seamlessly integrate source data across functional silos including – treasury, finance, risk, and others – with the proper controls to deliver accurate reporting and ensure that clients' submissions satisfy regulators' requirements and withstand scrutiny across jurisdictions," added Royan.

FSB: increase in suptech and regtech

The Financial Stability Board (FSB) has reported an increase in the use of regulatory technology (regtech) to help institutions meet their regulatory requirements and supervisory technology (suptech) to improve firm's supervisory capabilities.

In a report by the FSB, it explained that opportunities offered by both suptech and regtech have been created by a combination of factors that have come to the fore in recent years.

These factors include the substantial increase in availability and granularity of data, and new infrastructure such as cloud computing and application programming interfaces (APIs) which allow large data sets to be collected, stored and analysed more efficiently.

According to the report, authorities and regulated institutions have both turned to these technologies to help manage the increased regulatory requirements that were put in place after the 2008 financial crisis.

It was noted that suptech and regtech could have important benefits for financial stability.

For authorities, the use of suptech could improve oversight, surveillance and analytical capabilities, and generate real-time indicators of risk to support forward looking, judgement based, supervision and policymaking.

Meanwhile, for regulated institutions, FSB explained the use of regtech could improve compliance outcomes, enhance risk management capabilities, and generate new insights into the business for improved decision-making.

For both authorities and regulated institutions, the efficiency and effectiveness

Apex reveals FundRock acquisition

Apex Group, a global financial services provider, is set to acquire FundRock Management Company SA and FundRock Partners.

Expected to be complete in Q1 2021, the acquisition will complement the group's 2019 acquisition of Luxembourg-based ManCo LRI.

Apex said it will reach close to $1 trillion in combined assets across administration, custody, depositary and under management once the transaction is complete.

The acquisition will see FundRock clients benefit from Apex's international presence and will be able to access new markets through its operating model across 45 offices.

Peter Hughes, founder and CEO of Apex Group, commented: "We are committed to continually enhancing our service model and enriching our client experience. The FundRock business adds weight to our ManCo capabilities and further strengthens our single-source model, enhancing our ability to support clients across all aspects of their business, no matter where they are in the world."

Xavier Parain, CEO of FundRock, added: "We are excited to become part of the Apex Group, one of the strongest providers in the industry that, crucially, shares our commitment delivering to the highest levels of client service. This transaction will enable us to draw on Apex's international network, density of product and innovative solutions, such as its environmental, social, and corporate governance ratings and advisory and digital banking, to support sustainable growth for our clients in a highly competitive market."

gains, and possible improvement in quality arising from automation of previously manual processes, is a significant consideration, FSB revealed.

The report identified that suptech is a strategic priority for an increasing number of authorities.

Based on a survey of FSB members, the majority of respondents had a suptech, innovation or data strategy in place, with the use of such strategies growing significantly since 2016.

Authorities are also vigilant to possible risks that could arise from the use of suptech and regtech technologies.

Survey responses indicated that the risk reported to be of greatest concern was around resourcing, followed by cyber risk, reputational risk and data quality issues.

FSB found that a particular risk is over-reliance on methods built on historic data, which could lead to incorrect inferences about the future, and the potential for limited transparency of suptech and regtech tools.

Looking to the future, the potential catalytic role of data standards and the importance of effective governance frameworks for the use of suptech and regtech were also emphasised.

The report summarised that technology and innovation are transforming the global financial landscape, presenting opportunities, risks and challenges for regulated institutions and authorities alike.

FSB explained the opportunities offered by suptech and regtech have been created by the substantial increase in availability and granularity of data and new infrastructures such as cloud computing and application programming interfaces.

According to the report, these allow large data sets to be collected, stored and analysed more efficiently.

"Authorities and regulated institutions have both turned to these technologies to help them manage the increased regulatory requirements that were put in place after the 2008 financial crisis," FSB noted.

Citi to provide securities services for Elmes Advisors' ETF

Citi has been appointed by Emles Advisors, a New York-based asset management firm, to provide securities services for its new family of exchange traded funds (ETFs).

As part of the mandate, Citi will provide fund administration, global custody, transfer agency and ETF services.

Elmes' CEO and founder Gabriel Hammond explained Citi was chosen as its ETF servicing agent because of their "proven track record supporting innovation and their ability to bring new products to market quickly".

Dominic Crowe, North America head of custody and fund services at Citi, commented: "We are proud to have been selected by Emles as their partner for growth as they bring their first ETFs to market."

"This is the beginning of a new journey for Emles, and we look forward to supporting their progress as they expand their business."

A round up of results

The latest figures from State Street, BNY Mellon, J.P. Morgan and Citi

State Street

State Street's Q3 results revealed investment servicing of assets under custody and/or administration has increased by 11 percent from the same period last year to $36.6 trillion. Q3 2020 report.

The increase was primarily put down to higher period-end market levels, net new business growth, and client flows.

The Q3 figures showed that investment servicing mandates totalled $249 billion with approximately one-third of wins driven by State Street Alpha.

Quarter-end servicing assets remaining to be installed in future periods totalled $486 billion.

In addition, results revealed that Charles River Development new bookings reached $17 million with a strong front-to-back State Street Alpha pipeline.

Investment management assets under management as of quarter-end increased 7 percent to $3.1 trillion, mainly driven by higher period-end market levels and net inflows from exchange-traded funds, partially offset by institutional net outflows.

Revenue for servicing fees was up 2 percent compared to Q3 2019, which the Boston-based bank said was primarily driven by higher average market levels, net new business and client activity, partially offset by moderating pricing headwinds.

Servicing fees were up 2 percent compared to Q2 2020, largely due to higher average market levels, partially offset by lower client activity.

Further highlights from the Q3 report found foreign exchange trading services increased 4 percent compared to Q3 2019, reflecting higher client foreign exchange volume and volatility.

Meanwhile, securities finance decreased 28 percent compared to Q3 2019, primarily driven by lower balances and spreads, State Street revealed.

Securities finance decreased 9 percent compared to the previous quarter, which the bank explained was primary driven by lower agency reinvestment rates.

BNY Mellon

BNY Mellon has revealed a total revenue of $3.8 billion for Q3 2020, a decrease of less than 1 percent compared to the same period last year, according to its Q3 report.

Of the total revenue, BNY Mellon's asset servicing Q3 revenues dropped 4 percent from Q3 2019 with $1.3 billion.

BNY Mellon explained the year-over-year decrease primarily reflects lower interest rates, partially offset by higher client deposits and client volumes.

The asset servicing revenue for Q3 was also 7 percent lower than the previous quarter. BNY Mellon noted the sequential decrease primarily reflects lower foreign exchange volumes.

It also represents lower net interest revenue, a one-time fee recorded in Q2 2020 and lower securities lending revenue driven by tighter spreads.

For comparison, BNY Mellon's asset servicing Q1 revenues came in at $1.5 billion, a 9 percent increase from year-end 2019.

Meanwhile, assets under custody and/or administration of $38.6 trillion, increased 8 percent, primarily reflecting higher market values, net new business, higher client inflows and the favourable impact of a weaker US dollar.

J.P. Morgan

J.P. Morgan has revealed its markets and securities services revenue for Q3 this year totalled $7.8 billion, a 29 percent increase from its Q3 2019 figure of $6 million.

Markets revenue was up 30 percent compared to last year's Q3 figure while securities services revenue was $1 billion, flat to the prior year, as deposit margin compression was offset by balance growth, according to J.P. Morgan.

Fixed income markets revenue in Q3 stood at $4.6 billion, up 29 percent, which the bank said was driven by strong performance across products, particularly in commodities, credit and securitised products.

Meanwhile, equity markets revenue was $2 billion, up 32 percent. J.P. Morgan explained this was driven by strong performance across products.

Despite significant uncertainty in the environment, Jamie Dimon, chair and CEO of J.P. Morgan, said: "The firm is unwavering in its commitment to driving an inclusive economic recovery, advance sustainable solutions to address climate change and improve the lives of our customers, especially those in underserved communities."

Citi

Citi has reported markets and securities services revenues for Q3 2020 as $5.2 billion, a 16 percent increase compared to Q3 2019, which stood at $4.5 billion.

Fixed income markets revenues of $3.8 billion increased 18 percent compared to $3.2 billion in Q3 2019, which Citi said was driven by strong performance across spread products and commodities.

Equity markets were also on the up with revenues tapping $875 million compared to $760 million during the same period last year, marking a 5 percent increase.

According to Citi, this boost in equity markets was driven by a solid performance in cash equities and derivatives.

Securities services revenues of $631 million experienced a decline of 5 percent on a reported basis and 4 percent in constant dollars.

Citi explained that this was as higher deposit volumes were more than offset by lower spreads and increased 15 percent, as solid performance in cash equities and derivatives was partially offset.

Elsewhere, overall revenues decreased 7 percent from the prior-year period, primarily reflecting lower revenues in global consumer banking and corporate/other.

This was partially offset by growth in fixed income markets, investment banking, equity markets and the private bank in the Institutional Clients Group.

Net income declined 34 percent from the prior-year period, largely driven by the lower revenues, an increase in expenses and higher credit costs. Results include a $400 million civil money penalty in connection with consent orders recorded in corporate/other. Business concept. Business people discussing the charts and graphs showing the results of their successful teamwork.

Looking at upcoming CFTC Part 45 changes

Cappitech discusses the Commodity Futures Trading Commission's changes coming to Part 45 of the swap data reporting regulation

In September, the Commodity Futures Trading Commission (CFTC) published their finalised rules to improve swap data reporting regulation. Expected to go into effect within the next 18 to 30 months, the new rules cover updates to part 43, 45 and 49 of the swap reporting regulation.

According to the CFTC, the goal of the update is to improve the data quality of the report submissions and provide the commission with the ability to better monitor the over the counter swaps market for risks.

In this month's Cappitech Compliance Corner, we take a look at changes coming to Part 45 of the regulation. Of the different parts of the swap regulation, Part 45 currently requires the most information to be reported. For those unfamiliar with US reporting, Part 45 is similar to that of other T+1 derivative reporting regimes such as European Market Infrastructure Regulation (EMIR) in the EU and over-the-counter (OTC) derivative reporting in Singapore and Australia.

Format changes

In addition to field-specific changes, the CFTC update creates a few new high-level changes to the regulation. Currently, Part 45 is composed of primary economic terms (PET) and confirmation data. This is being replaced with a single report called 'Swap Creation Data'.

Also changing is the timeliness of reports to a T+1 format where 1 equals end of business day following the transaction. Non-financial firms received additional reprieve with their reports required in T+2.

What are the new fields?

As part of the update, the CFTC published a proposed new Appendix 1 of data fields to Part 45 with their final comments.

The approved version will replace the current Appendix 1 information required by the regulation. The new Appendix is divided into 14 sections and includes 128 proposed fields.

The final appendix to be published in the future by the CFTC will include additional product identifier fields which weren't finalized yes as well as remove a number of fields that were deemed unnecessary following consultation feedback.

Overall, many of the changes take into account the critical data elements (CDE) Technical Guidance published by the Bank for International Settlements (BIS) and OICU-IOSCO in 2018, global standards being accepted by other similar reporting regimes and information already being collected by swap data repositories (SDR).

Taking a look at some of the fields that are changing:

Action type

The terminology of lifecycle events is being adopted to be similar with that required by the European Securities and Markets Authority (ESMA) and will now include new, modify, correct, error, terminate, revive, transfer out, valuation, and collateral as accepted formats.

Notional amount

The CFTC added a new field of notional amount schedule. This will allow for referencing scheduled changes in the notional amount of swap during the duration of the contract.

Packages

Despite some pushback from market participants, the CFTC decided to add fields related to package swaps where multiple transactions are packaged together as a single unit and price.

According to the CFTC, the package fields are important for monitoring the impacts of prices on individual products that may not be identified when a swap is reported as a sum of its parts.

Payments/fields/product

A few small format changes were applied but overall data is consistent with information SDRs are currently receiving.

Settlement

Being added are final settlement date, settlement currency and settlement location. The first two additional fields align the regulation with similar data collected in other derivative reporting regimes. The latter location field was recommended by the the Global Financial Markets Association (GFMA) exchange division and International Swaps and Derivatives Association (ISDA)-Securities Industry and Financial Markets Association (SIFMA) groups to assist with providing more information relating to trades with offshore currencies.

Transaction-related

The big change here is the inclusion of a unique trade identifier (UTI) field. The UTI is aimed at aligning transaction identifiers with the format used by ESMA and virtually every other similar global derivative reporting regulation.

Transfer

The CFTC added a new field called 'new SDR identifier'. This field is used to identify when an existing report is being transferred for reporting to a different SDR.

Valuations

Despite pushback from a number of groups answering the CFTC's consultation paper, being added are six new valuation fields. They are last floating reference value, last floating reference reset date, valuation amount, valuation currency, valuation method, and valuation timestamp. According to the CFTC, the rationale behind including these fields is that they comply with standards from the CDE Technical Guidance and are also currently supported fields by SDRs.

Collateral and margins

According to the CFTC, gathering collateral and margin data of swap transactions is a key part of the Part 45 update. This was seen with new fields being added around initial and variation margin collected and posted between counterparties.

Some of the fields currently exist in other regimes such as EMIR with the CFTC explaining that "when other jurisdictions implement the CDE Technical Guidance, sharing this information with other regulators will permit regulators to create a global picture of swaps risk".

The Cappitech Compliance Corner is a monthly feature submitted by RegTech firm Cappitech, that focuses on recent regulatory updates taking place.


Total Visibility, Automation & Control
Take back control of your securities settlement process with intuitive technology and flexible, faster time to market.
Find out more at
bottomline.com/uk/financial-institutions/securities-management
Bottomline

From acorns into oaks

Maddie Saghir reports

The quality of data is continuing to grow and mature allowing the asset servicing industry to take full advantage of the opportunities it can offer

The data quality in the financial services industry is not super mature however, more people are waking up to its use cases.

Its ability to drive efficiencies and improve decision making can help firms garner clearer insights into their business and it comes as no surprise that data is integral to a financial institution's success — it always has been.

Data began driving the asset servicing market around 30 years ago but the difference is that technology is now able to support it in an extremely effective way.

Harmonate's CEO Kevin Walkup suggests the only thing that's changed is the means by which data and information in financial services are handled has massively accelerated with cloud-based software-as-a-service (SaaS), and now with machine learning.

In addition, data stream subscriptions and insights for investing decisions, the information that moves around a firm is also valuable. However, experts say that if it's being moved around manually and it isn't put into context on where it can be used faster, in a repeatable fashion, and repurposed, then the operation is moving too slow. It is also important to note that there are two types of data; front-office data and back- and middle-office data. Walkup highlights "the smartest firms are the ones that connect the two".

Meanwhile, data warehouses and data lakes are increasingly becoming the norm. In addition to conversations around moving data to the cloud, the talk is turning increasingly to sharing data that already resides in the cloud.

"A lot of improvements in technology are making data models easier to train and they are producing results that we find can be used with a high degree of confidence," says Frank Servidio, head of client reporting product, Citco.

You don't want to just shore up how you have traditionally kept information in your company from straying to far off the mark. With cloud-based software tailored for private funds, and new machine learning approaches, you might as well just have more accurate data and automation

Getting the model right

Creating a process that will correctly harness the data is crucial. Inefficient operating models can create a handful of problems such as duplicated data, repetitive processes and increased cost of operation.

"The more manual and convoluted, the higher the risk of operational risk and systemic failure," affirms HSBC's Duncan Cooper, director, head of data products strategy, markets and securities services digital and data.

"That's not to say that everyone should use the same process, but that a firm should challenge itself and ask the question 'What is the risk of doing this? What is the cost of working in this way?' There is a cost for every operational and processing decision."

According to Cooper, sometimes that impact may not be felt by the customer themselves, but by the asset servicer.

As a customer-focused industry, Cooper says "we are always aiming to please, but sometimes being a good partner to our customers is through not always saying 'yes', but more accurately asking 'why?'. That honest discussion should lead us all to improve."

Storms make the oaks grow deeper roots

The importance of data operations and transparent communications has been even further heightened with the ongoing pandemic. Most of the industry continues to work from home and the pressure has been ramped up to ditch manual data processes, such as an Excel sheet.

"Firms are trying to develop digital crutches in terms of virtual collaboration. And that's valuable. But it treats a symptom, not the disease," comments Walkup.

He explains: "You don't want to just shore up how you have traditionally kept information in your company from straying to far off the mark. With cloud-based software tailored for private funds, and new machine learning approaches, you might as well just have more accurate data and automation."

The rise of cloud and SaaS is becoming increasingly significant in the industry. The foundations of sound data quality coupled with infrastructure in cloud technology set up institutions in a good position to scale the exciting technology like artificial intelligence (AI) and machine learning.

Despite the hot demand in data spurred on by the storms of the pandemic, the challenges around data still remain; if it isn't trustworthy then the decisions made based on it will be inaccurate. Likewise, feeding 'bad data' into an AI machine will render the fancy technology useless.

However, HSBC's Cooper highlights that we are dealing with a pandemic that is forcing us to make decisions based on the absence of data.

For example, a firm estimating the number of their users connected to a portal before the crisis is probably quite different to the reality post the pandemic hitting and everyone having to work remotely.

"The more 'absent' the data, then the more extrapolation is required and the greater the potential for error. There is always a tradeoff in data between the completeness and accuracy of data. The natural tension between those two viewpoints has moved because of the pandemic and the appetite for such a change in ratio has also adapted because of the pandemic," comments Cooper.

Innovation acceleration

In addition to showing the importance of data operations and transparent communications, the pandemic is also encouraging innovation. The financial services industry is already slowly but surely lowering the barriers of entry and increasing competition and innovation from within and outside the industry. However, it can be argued that there is still some way to go with innovation within asset servicing.

"It can be challenging due to option fatigue. There are also a lot of players in the industry moving into this space and it can become a bit overwhelming to constantly evaluate and re-evaluate solutions. We find that it is best to take actions sooner rather than later. We commit to the market as we go; as the market evolves, and as our customers' needs evolve so do we," says Servidio.

Another challenge in innovation in data is measuring benefit when dealing with an operational silo which occurs when departments or management groups do not share information, goals, tools, priorities and processes with other departments. This can negatively impact operations.

A lack of education and training around data is also a challenge. Experts have observed a phenomenon of people finding it easier to work harder and ask for more people when they're under pressure rather than face up to something they have less experience with.

Walkup notes: "There is an attitude, that's not unjustified, among many in fund administration that folks in software have to convince them the software is worth it."

While that may be fair, there are also still quite a few fund administrators that are taking too long getting comfortable with data operations.

"The later you finally rip off the band-aid and learn how to integrate data operations, the more you have to play catch-up from behind. That distance becomes harder and harder to close," he says.

Continuing to grow

The future of data will be to deliver quicker with a more comprehensive universe. Cloud has been around for a while now, but being able to store masses amounts of data for a lower price to allow for in-depth analysis to support AI and machine learning will be pivotal.

Costs are a major challenge for the industry right now but the cloud can allow for the reduction in costs as well as minim management of cost. It also allows for virtually unlimited storage.

Applying machine learning to the ingestion and contextualising of more and more kinds of data is where we're seeing a lot of attention being devoted right now. And that's not just true in fund services, that's true across professional services' industries that move around high volumes of statements and documents

"We think there is a major opportunity in the barriers of usage when it comes to data science. There is a software opportunity in making data technology more accessible and easier to use," comments Servidio.

But while data and technology continue to grow, the people and processes used to deliver the services will still be key.

"You can give great tools to people, however, if they don't adapt the processes that they have in place for using those tools, you are unlikely to release the full benefits," Cooper says.

Walkup reminds us that going forward "ingestion of data is where the work needs to be done".

The data has to be accurate in order to work and to be fed into AI machines. Building a new process that ensures clean data is coming in from the front end can potentially be time-consuming and costly, but it is easier than going back into a flawed process and trying to clean it up after it's already deeply embedded in the organisation.

"Applying machine learning to the ingestion and contextualising of more and more kinds of data is where we're seeing a lot of attention being devoted right now. And that's not just true in fund services, that's true across professional services' industries that move around high volumes of statements and documents," concludes Walkup.

Time is ticking

Becky Bellamy reports

Point Nine's Alan Dzhanaev and Afroditi Anthi discuss the biggest challenges for third country firms under MiFID II and how ready they will be for 31 December transition date

How will ESMA's draft technical standards for third country firms under MiFID II have an impact on the industry?

The proposed amendments to regulation (EU) No 600/2014 introduced by regulation (EU) 2019/2033 of the European Parliament and of the council require third-country firms providing investment services or performing investment activities in accordance with Article 46 of regulation (EU) No 600/2014 to report annually to the European Securities and Markets Authority (ESMA). This is the new step forward in order to harmonise and standardise practices not only in the EU but around the world, bringing more confidence to the market practice.

The requirements on third countries are based on the annual reporting flow, but it does not mean that throughout the year, the regulator will not cooperate with an investigation or an on-site inspection carried out by ESMA in accordance with Article 47(2) of Markets in Financial Instruments Regulation (MiFIR).

The regulator will also have much better availability to the required information from all of the parties involved in the trade.

Nevertheless, many of the third country firms will have an issue with the implementation of the proposed annual report due to the lack of experienced personnel within the firms.

For these firms, it is recommended that they use third party vendors who are providing regulatory reporting services. Although this may seem the easier route to take, it will increase the operational expenses in compliance and IT departments which means that firms would need to decide which implementation technique they will use.

How will Brexit impact MiFID II transaction reporting for third country firms?

The Financial Conduct Authority (FCA) states that "firms and approved reporting mechanisms (ARM) should comply with the changes to their regulatory obligations by the end of the transition period on 31 December 2020". The technical challenges moving into a new reporting regime should not be a big issue, but it will take some operation expenses to implement. In some cases due to the changing status of EU countries in UK and UK in EU countries there will be a dual reporting obligation. For example, if an EU firm executes translation via UK branch they would need to report both a UK ARM as well as an EU ARM.

What will be the biggest challenges around MiFID II and Brexit?

The upcoming challenges are mainly correlating with switching the reporting hubs in the ARMs facilities and to adjust internal systems to work in a new processing flow.

Additionally, firms would need to have two separate reconciliations on products in scope for reporting purposes. The FCA Financial Instruments Reference Data System (FIRDS) tried to make a reportable list of instruments to be as similar to ESMA's system as possible, however, some difference remains and will require some extra IT resources for the implementation. Recently we witnessed the closure of regulatory reporting businesses in CME Group/NEX Abide and Deutsche Boerse, so some reporting firms will be searching and switching for the new regulatory service providers. The compliance team would need to make a strategic decision for the regulatory obligation to be fulfilled in accordance with the best practices available on the market and will look for the indirect reporting process via third party services.

Are there any opportunities for UK firms or the EU that could come from this?

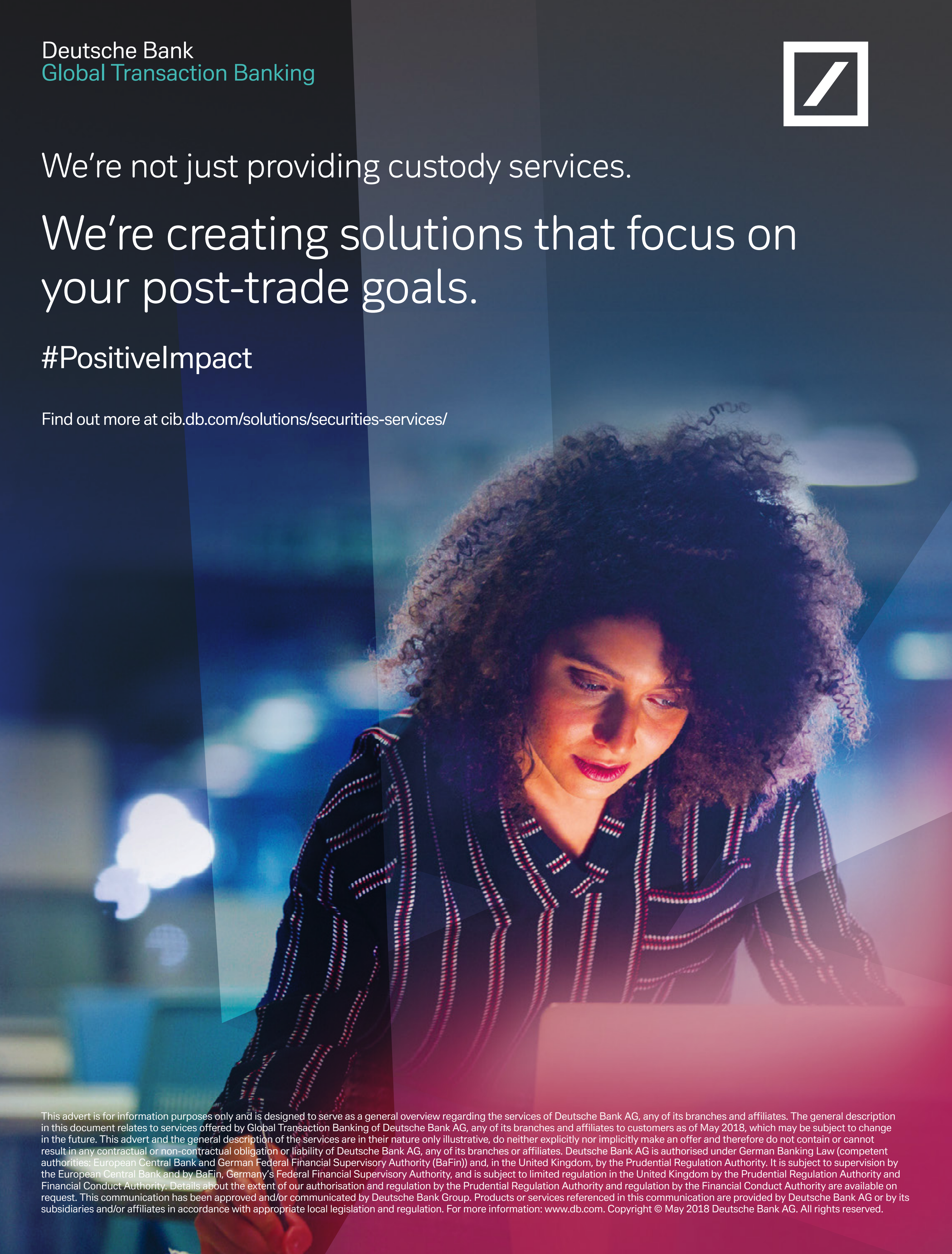
There will not be many opportunities from the proposed changes for EU firms as they would need to make dual reporting only in some circumstances. Although, UK firms are going to have a switching task to be ready by 31 December 2020. The FCA Market Watch peridiotically reminds and highlights reporting firms where the weakest parts are of the reporting quality of the report and highlight where it is incorrect.

Do you think UK-based firms will be ready for the transition on 31 December?

It is hard to say for sure what readiness we are going to see on 31 December, but our team presumes that we won't see a huge spike of firms failing to make a transition and probably the main part will succeed. However, a reporting firm must be aware that a submitted and accepted report by an ARM or national competent authority does not mean that it is accurate and should take reasonable steps to fulfil their regulatory obligations.

Afroditi Anthi
Business and data analyst
Point Nine

Alan Dzhanaev
Head of client success
Point Nine


Deutsche Bank
Global Transaction Banking
We're not just providing custody services.
We're creating solutions that focus on your post-trade goals.
#PositiveImpact
Find out more at cib.db.com/solutions/securities-services/
This advert is for information purposes only and is designed to serve as a general overview regarding the services of Deutsche Bank AG, any of its branches and affiliates. The general description in this document relates to services offered by Global Transaction Banking of Deutsche Bank AG, any of its branches and affiliates to customers as of May 2018, which may be subject to change in the future. This advert and the general description of the services are in their nature only illustrative, do neither explicitly nor implicitly make an offer and therefore do not contain or cannot result in any contractual or non-contractual obligation or liability of Deutsche Bank AG, any of its branches or affiliates. Deutsche Bank AG is authorised under German Banking Law (competent authorities: European Central Bank and German Federal Financial Supervisory Authority (BaFin)) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available on request. This communication has been approved and/or communicated by Deutsche Bank Group. Products or services referenced in this communication are provided by Deutsche Bank AG or by its subsidiaries and/or affiliates in accordance with appropriate local legislation and regulation. For more information: www.db.com. Copyright © May 2018 Deutsche Bank AG. All rights reserved.

Remaining resilient

Sibos 2020 was unlike any other, with people attending virtually from their offices and home desks from all over the world. Find out the big talking points of this year's event

Maddie Saghir reports

Since starting out as a banking operations seminar in 1978, Sibos has grown into the premier business forum for the global financial community. The annual conference is organised by SWIFT and encourages debate and collaboration in areas such as payments, securities, cash management and trade.

Sibos takes place in many fantastic different locations each year around the world including London, Toronto, Sydney and Singapore. However, this year was like no other, with people attending from their offices or from their homes globally.

Indeed, the disruption of the ongoing pandemic meant that this year's event took place digitally with the aim of reaching a broader audience.

This year's theme was 'Driving the evolution of smart finance'. Each day looked into the interconnected sub-themes including delivering digital value, responsible innovation, banking for humanity, and the future of finance.

During the welcoming and opening keynote remarks, Yawar Shah, chair of the board at SWIFT, discussed the last 12 months, the industry challenges ahead, and SWIFT's role in addressing them.

Shah noted that as well as the human impact, COVID-19 is also having a toll on the economies around the world.

Jamie Dimon, chair and CEO of JPMorgan Chase & Co, suggested that banks did great and they were able to work from home and serve their clients.

Dimon commented: "April through to July marked some of the most active months we've had in terms of the biggest bond issue, biggest investment banking months and things like that. In terms of the additional vulnerabilities created from working from home, that would probably be control or surveillance but it was an amazing lesson. It was already heading that way with digitisation but the pandemic has speeded it up."

During the opening welcome and keynote remarks, panellists were asked about their thoughts on the cloud. Dimon said: "We need to move everything to cloud because it allows you to be a lot more agile. Artificial intelligence (AI) and machine learning are even more superior to the cloud, it can do marketing management and it already does so much more. AI allows you figure out stuff that human beings will never be able to figure out."

He explained that blockchain has been around for 10 to 12 years but it hasn't actually done much, describing it as a "complicated technology" that has to be rolled out by use case.

images by bongkarn/adobe.stock.com

Fintech competitors such as PayPal, was also a topic for discussion, panellists discussed what banks have to do to compete with such companies.

Dimon noted that fintechs are great for looking at pain points and figuring out problems. He said: "Fintechs are not cheaper, safer or better per se but they do get rid of those pain points and banks are always good at creating paypoints."

Collaboration

The conversation on collaboration between fintechs and banks continued into the panel discussions. One panel suggested that there is a lack of collaboration and lots of different actors but if as an industry, some standards could be agreed on at points in the supply chain then competition could focus on where it adds value, such as innovation and scale.

Hannah Elson, head of global custody, Europe, Middle East and Africa (EMEA) at J.P. Morgan, explained that competition is not just about price but it is also about choice and "there is no shortage of choice".

Experts believe that a good balance can be struck in the collaboration between fintechs and banks as each has different strengths and weaknesses that are complementary to one another. Rather than being rivals, the partnerships can be seen as the winning combination that will "deliver a superior end customer experience".

"Banks have large customer bases, expertise, capital and scale. But they have been product-focused and product-centric and now the focus needs to shift more onto customers," said Michael King, Lansdowne chair in finance, Gustavson School of Business at University of Victoria.

"Fintechs are better at focusing on customers; they use technology to fix pain points. Fintechs are customer-centric and not product-centric, if we bring these two together [banks and fintechs] will provide a better experience and the customer will benefit," King added.

There was a time, however, when the industry was quite sceptical towards fintechs. R. Jesse McWaters, global head of digital policy, Mastercard, explained this was because they couldn't acquire the necessary scale they needed, and prior to 2008 they were unsure they could meet the complexity around regulation.

"We have seen that regulators are surprisingly keen to engage with fintechs to bring them in as a new source of innovation. This provided the seeds for individuals to invest more trust in these institutions," McWaters said.

COVID-19

A dominating topic in any industry or situation right now is COVID-19. Speakers were keen to discuss how the industry behaved during lockdown with many agreeing that the financial services industry coped "remarkably well".

One particular panel shared their views on how the industry coped with major workforce disruption during the pandemic, and how leader behaviours changed.

Greg Keeley, executive vice president, chief information officer, TD Bank Group, highlighted that speed and agility were "paramount" during the pandemic.

During the lockdown, Keeley explained that TD Bank Group had "a team-based approach which was very focused on protecting colleagues and supporting customers and the community in which they operate."

"Focus and clarity of mission allowed us to do some amazing things during this period".

Addressing the disruption caused by COVID-19, Keeley noted that the impact was significant. He said: "We had business continuity plans and then we had to change those. The business continuity plan was to work from one environment and have a backup in case of a certain type of incident but that was thrown out the window with the realisation of the need to go virtual."

"We rapidly focused on building capacity for over 90,000 employees to work from home. We created a clear environment and protected infrastructure and made sure we tripled the capacity from a digital environment. It was about serving large volumes online. A real shift happened in the early days of the pandemic," Keeley explained.

Also on the panel, Claire Calmejane, group chief innovation officer, Societe Generale, highlighted than one of the main priorities was to ensure colleague safety and to ensure everyone is protected in the pandemic.

Calmejane also highlighted the shift that took place overnight, where around 50,000 colleagues moved to a work-from-home setup.

"It was not the first time that the finance industry was going through so much disruption and resilience was needed," she added.

SmartStream's Andreas Burner discusses the development and launch of the firm's new artificial intelligence solution

Becky Bellamy reports

Can you tell us about SmartStream's new AI and machine learning capabilities?

Last year, SmartStream announced the launch of SmartStream Air. Since then we have been working on SmartStream Air version 2, which is the latest artificial intelligence (AI) technology to transform data quality and reconciliation processes that would usually be measured in weeks and months, to just seconds. In addition, with cloud-based technology accessed via a new user interface, it manages large volumes of data, in any format, to achieve even higher match rates.

AI is only accepted if it is bringing value to the business users. In the financial industry, there is a lot of potential to bring real value to the business user, however too frequently we see financial institutions just adopting cloud strategies

SmartStream Air version 2 has been launched to enable organisations with more complex data scenarios to instantly compare all types of data sets, regardless of format and complexity.

The latest version features inbuilt observational learning capabilities, this new AI technology is called 'Affinity'.

Affinity observes the manual actions of a user and, once trained, supports the user and reduces the effort in the business workflow. It is an observational learning solution that aims to meet the technical demands and business agility for operational data management and data quality processes.

To explain how it is used, imagine there are three packs of poker cards, and I threw all the cards into the air and they land randomly on the floor. I then ask you to sort them by number. This task would be difficult, especially at the beginning, because the cards are everywhere and completely distributed. This task is very similar to reconciling data. Records come in unsorted and they need grouping and sorting to verify if there are disputes.

This is where Affinity comes into its own. The AI technology observes you, for example, which card you are picking up and how you are sorting the cards and after short periods of time it would become confident enough to organise the cards for you, so you can collate them without searching for them.

Affinity observes the users' actions and establishes its own understanding of how records correlate. It will then assist the user and significantly reduce the time it takes for matching complex data sets. Once the neural network is trained, Affinity acts as a virtual user to support businesses dealing with large amounts of data – the more it observes, the more efficient it becomes, boosting matching rates – delivered to the end-user with high-quality results.

There is a big efficiency gain by using this technology.

The banks have recognised that they need to roll out AI and machine learning technologies to realign resources, increase straight-through processing (STP) and optimise costs.

In our projects, Affinity has outperformed matching rates of anything else available on the market today. Client projects have been very successful and they are estimating 20 percent cost savings for their reconciliation business. It is very gratifying that after 12 months of working with clients on our AI solutions, the technology has matured and we are now at a stage to deliver real value.

How can banks ensure the new AI solution is secure?

SmartStream Air version 2 carries the PCI-DSS label, which is the most recognised data security standard, and has been certified at the highest level of security standards when hosting digital payments data. SmartStream's solutions are also certified with SOC 1, SOC 2, SOC 3, attestation, and ISO 27001 and ISO 27002 standard. This ensures robust security controls across the whole organisation, including physical security, personnel security, fraud control mechanisms, IT and data security and data privacy.

What are the main challenges when deploying AI for data management?

AI is only accepted if it is bringing value to the business users. In the financial industry, there is a lot of potential to bring real value to the business user, however too frequently we see financial institutions just adopting cloud strategies. There is a strong movement of firms moving to the cloud but they yet do not develop an AI strategy. Other industries already have developed and deployed AI technology, but in the financial services industry, SmartStream is one of the first and is seen as an early adopter and often we are asked to coach our clients how to set up an AI infrastructure. SmartStream Air has the major benefit that it can be deployed with our AI services as a well configured and packaged SaaS offering, so clients do not have to worry – they can simply subscript and use it.

Do you think the global pandemic has seen an increased amount of industry participants move to the cloud?

We have seen in the SmartStream managed services organisation that there is a big change. Data centres and other companies are deciding to move to the cloud in light of the COVID-19 pandemic.

Although having a cloud strategy in place is seen as positive, many firms are lacking an AI strategy yet, which would benefit users more than a cloud strategy alone.

For example, during the pandemic, payment settlement times were taking longer. With SmartStream and its AI functions, when the settlement times change within our cash and liquidity system, the system will adapt its cash predictions automatically. AI and machine learning are both very strong products in disruptive times, such as a pandemic, because they can adapt quickly, compared to older software that needs a lot of reconfiguration and manpower to allow it to adopt and adapt.

Do you have any further plans to develop AI and machine learning within your business?

We are currently starting five new feasibility studies to confirm AI business cases, the demand for new technology is huge and the team is extremely pleased to be partnering with our clients to make this happen.

Also, we are just starting to understand what Affinity can do for us, and it is one of the innovations of SmartStream where we are at the beginning to see its full power and benefit for our clients. The applications are endless and we have already seen extraordinary results.

With Affinity, it was interesting to see that we as humans are typically looking for correlations of data. However, machine learning can work by exclusion and it learns by excluding hundreds and thousands of records and identifies the right record. For a human that is impossible, for a machine that is doable and the results are amazing. There is a lot to learn with this groundbreaking technology and we will run further client projects and explore how we can use AI components in different scenarios.

“The industry has so much data and we need to utilise it to empower users and business. It really needs to improve the user experience to stay competitive and AI/ML technology is an essential component to achieve this”

What changes do you see within the asset services industry in terms of AI and machine learning?

The whole industry needs to provide a better user experience and there is so much to learn from the user experience that people have come to expect from Netflix and Amazon. For example, if you buy trousers, the Amazon website will recommend matching shoes for you or when you watch a movie on Netflix it recommends another film you probably will like.

The financial services industry needs to act and create a similar experience for users. For example, if somebody is looking to buy shares, the application should be able to recommend a product or service to that person.

The industry has so much data and we need to utilise it to empower users and business. It really needs to improve the user experience to stay competitive and AI/machine learning technology is an essential component to achieve this.

Rapidly changing market

Maddie Saghir reports

NSD provides an update on the current challenges and opportunities within the asset servicing space

Russia is very mobile, and our models, including regulatory ones, are rapidly developing using the experience of developed markets.

The development we see is evidenced by the reform of corporate actions, when we dynamically changed the laws with the support of the regulator and introduced the appropriate automated technologies, as a result, a chain of information exchange was built from the issuer to the final investor.

The reform includes the topic of e-voting, simplified disclosure of information about owners, and avoidance of double taxation.

The exercise of owners ' rights to Russian securities, especially for foreigners, has always been a painful process.

Now a lot of that has become a thing of the past and, accordingly, has led to lower costs, financial losses from the possibility or impossibility of participating in corporate actions.

There has also been an increase in the volume of foreign securities. We have always sought to expand our expansion into foreign markets.

Now our investors are actively using NSD's opportunities to integrate into global markets.

The COVID-19 pandemic has affected the economy of all countries but as Russian infrastructure, we do not observe a critical influence.

We see investors' worries, but they have now reached a level similar to the beginning of the year.

For example, in August 2020, the share of non-residents, calculated as the share of a coupon-bearing federal loan bond issued by the Russian government (OFZ), on the accounts of foreign nominee holders was 28.52 percent (current nominal value) and 28.26 percent (initial nominal value).

As of 31 December 2019, the share of non-residents in the current nominal value was 31.5 percent, and in the initial one, 31.21 percent. The figures represent a small difference.

We see the growing demand for services that help reduce costs while ensuring cybersecurity and being technologically advanced are at the forefront. We see the demand from the market for the expansion of serviced assets (for example, structured bonds) and the demand for reliable market information.

As a critical element of the market infrastructure, NSD has been involved in a number of large-scale projects that required setting new standards and launching new platforms.

Along the way, NSD has gained unique expertise that we can now offer not only in the securities market but also beyond.

Today, our expertise is much needed in such regulator's projects as the pension industry reform and the launch of the marketplace as part of which NSD is planning to act as Registrar of Financial Transactions (RoFT). The market is rapidly changing and in the future, some players will leave the market.

Service and product providers and end consumers will stay and, infrastructure with all its competences such as capability to handle big data, data protection, cybersecurity, high system performance, and operational interaction with the regulator will also remain in place as a key element.

You recently onboarded AIX CSD, giving them access to clearing and settlement services in the Russian market, what opportunities has this provided?

We provided the Astana International Exchange (AIX) Central Securities Depository (CSD) and its clients with a reliable and technological infrastructure for working in the Russian securities market.

Direct depository links mean simplified market access for investors, convenience, and, no doubt, risk and cost reduction for all parties.

In that respect, we fully live up to our mission as the infrastructure and the foreign nominee holder concept itself came around at the same time when the CSD was established, and we believe offering that opportunity to more clients is our crucial mission.

Elsewhere, Raiffeisenbank and Slavneft have initiated cooperation through your Transit 2.0 platform. Could you please explain a bit more about the NSD Transit 2.0 platform?

Transit 2.0, one of our major projects, has evolved from the existing service designed to enable securities market participants to communicate via NSD's electronic data interchange system, but now offers a new, wider functionality.

Thanks to Transit 2.0, banks and their clients, large corporations, may use common messaging formats to communicate with each other, which contributes to cost reduction and greater convenience.

Moving forward, we seek to integrate Transit 2.0 with the SWIFT Service Bureau and the Bank of Russia's Financial Messaging System, so that different participants could use a single, user-friendly interface to communicate via different channels, thus reducing their operating costs and risks.

At the moment, our partners include a variety of banks and corporations, such as Raiffeisenbank, Slavneft, Sberbank, and Gazprombank, and the list is growing.

George Cornick, Vince Small and Corinne Weidner have all been elected as partner for the provider of outsourced fund administration services, FD Fund Administration (FD-FA).

Cornick is a member of FD-FA's Philadelphia office with 25 years of corporate accounting and finance experience, including 20 years in real estate. Prior to joining FD-FA, he held the position of controller for a multi-billion dollar real estate family of funds where his responsibilities included oversight of the accounting functions of a commercial real estate portfolio.

Small is also a member of FD-FA's Philadelphia office with 25 years of experience in the financial services industry and partnership accounting, with the last ten years focused on real estate. Earlier in his career, he was chief financial officer and chief compliance officer for an investment advisor with over $800 million in assets under management. He spent six years with PwC as an audit manager in their financial services group, where he focused primarily on audits of large mutual fund companies and alternative investment clients.

Meanwhile, Weidner, a member of FD-FA's Philadelphia office with 17 years of experience in the asset management industry. Prior to joining FD-FA, Weidner held the position of controller for First Round Capital overseeing accounting operations, including financial reporting, cash management, compliance and investor communications. She began her career spending nearly ten years with KPMG, focusing primarily on coordinating and executing audits of registered mutual fund companies and non-registered funds, including investment partnerships, fund of funds, collective trust funds and hedge funds.

Ocorian has appointed Jason Gerlis as its new regional head of Americas.

Based in the US, Gerlis will oversee all aspects of Ocorian's business in the region. His remit will include operations, client service delivery, business development and also encompasses product and market development.

Working collaboratively with the teams in Bermuda, BVI, Cayman, Hong Kong and New York, Gerlis will help to set the strategy and identify opportunities for growth throughout the whole of the strategically important Americas region.

During his career, Gerlis has gained considerable experience in the region, having spent nearly six years based in Miami working for TMF Group.

Most recently at TMF Group, he served as global head of consultancy solutions, and before that, he was regional director, North America and Caribbean.

Farah Ballands, CEO of Ocorian, commented: "Our clients always come first and Jason Gerlis will ensure that we continue to deliver exemplary client service in this crucial region. We work with some of the leading asset managers and owners in the region and support their global business. Gerlis' experience will prove invaluable in helping to drive Ocorian's business in the Americas forward and I look forward to working with him."

Gerlis added: "Ocorian's reach and scale provide tremendous opportunities for clients who are looking to administer structures and transactions seamlessly across multiple jurisdictions. Our team has a long-term commitment to delivering outstanding client service and I firmly believe that we add value to our clients and the wider market. I'm very excited to be joining Ocorian and look forward to really growing our presence in this key region."

Tom DiEdgio, partner of FD-FA, commented: "We are excited to name this group of individuals to our partnership. George Cornick, Vince Small and Corinne Weidner will play a critical role in enhancing our growth and our focus on client experience."

Mainstream Fund Services has made two senior promotions within its Ireland and Cayman Islands business following the retirement of John McCann, formerly CEO of Europe and Cayman.

The promotions will see Barbara Purcell take on the role of CEO for Mainstream Fund Services' Ireland operations, while Angela Nightingale has been appointed CEO of the firm's Cayman business. Purcell, who has more than 27 years of experience in fund administration, will also replace McCann as the anti-money laundering compliance officer on client mandates. Previously, she worked as COO of the group's Ireland operations and has worked at Mainstream since 2018.

Nightingale, the former country manager of the Cayman Islands, has over 15 years of fund administration experience.

Both Purcell and Nightingale will report to Mainstream's group CEO and co-founder Martin Smith. Commenting on the promotions, Smith said: "Both Barbara Purcell and Angela Nightingale have been a key part of the success of our Irish and Cayman operations and we are pleased to be able to promote talented people from within our organisation into senior leadership roles."

Mainstream also revealed its plans to bolster its relationship management and business development in Europe through the creation

Christian Goossens has been appointed as director, head funds issuers and asset owners at Euroclear Bank.

In this role, Goossens will lead Euroclear Bank's new unit within its commercial division, which focuses on fund issuers and asset owners within Europe, Middle East, and Africa (EMEA).

Euroclear explained the new unit has been set up in response to increased inflows into mutual, alternative and money market funds as well as exchange-traded products within the global funds industry.

The increase has resulted in a need to have a closer dialogue with funds issuers to enable easy and global access to the investor community while also removing the operational burden from the settlement process and increasing the need for true automation, according to Euroclear.

Goossens will continue to report to Bernard Ferran, general Manager, EMEA and the Commonwealth of Independent States.

He began his career at Euroclear in 1988 and most recently served as director, sales, relationship and account management, Europe.

of a new Dublin-based client services manager role, with details to be announced soon.

Elsewhere, Mainstream Fund Services recently bolstered its services by bringing its US private equity solution to Asia Pacific. This will allow general partners to benefit from one complete system for accounting, customer relationship management, investment, and a configurable limited partner investor portal.

Nick Yeates has been appointed as chief financial officer at Kneip, replacing Ken Sommer who has decided to go into semi retirement.

In his new role, Yeates will be based in Kneip's London office as well as its Luxembourg headquarters.

Prior to joining, Yeates served as the group chief financial officer at Akinova, an electronic marketplace for insurance risk. He has also worked as the finance director for Xchanging's Xuber insurance software division.

Sommer, who has been the firm's group chief financial officer since June 2018, will continue to have an active role in the company by remaining engaged as an adviser.

Enrique Sacau, CEO of Kneip, said: "I'm delighted that Nick Yeates is joining Kneip as chief financial officer. He brings a wealth of commercial experience in the financial services sector, which will be key to Kneip and the plans we are putting in place for 2021 and beyond. Our key priority is growth and of course, finance will play a fundamental role in that."

Sacau also thanked Sommer for the role he has played at the company. He commented:

Gen II Fund Services has recruited Robert Caporale as head of strategic business development.

In his new role, Caporale will focus on developing strategic client partnerships and acquisition opportunities.

Caporale joins Gen II Fund Services from Exchangelodge, a software company that provides mission-critical data solutions to the alternative investment industry, where he was CEO.

Prior to Exchangelodge, he spent 12 years at J.P. Morgan where he held various senior positions within the securities and fund services business, including head of US sales, head of alternative investment services, CEO and founder of private equity fund services, and head of strategic business development.

Additionally, he spent six years at Deutsche Bank and eight years at IBM prior to his tenure at J.P. Morgan.

Caporale commented: "I'm extremely pleased to be joining the Gen II team. I am excited to join them at a time of significant growth for the firm. The Gen II team is a world class group of professionals that have an outstanding reputation in the private equity fund administration industry."

"Although I only joined a few months ago, Ken Sommer has become a trusted colleague, so I'm pleased that he will continue to play a role at Kneip while getting to enjoy more time with his family."

Kneip appointed Sacau in July after Neil Ward announced he would be stepping down from the role.

Caroline Hwang has been hired by Northern Trust to lead client services for its asset servicing business in Hong Kong, Macau and Taiwan.

Based in Hong Kong, Hwang will be responsible for managing Northern Trust's client service team for institutional asset owners as well as developing and implementing the bank's strategy across these markets.

In her new role, she will report to Michael Wu, country executive for the Greater China region at Northern Trust.

Prior to joining the Chicago-based bank, Hwang led teams servicing North Asia private bank clients as head of client services at JPMorgan Chase. She also previously held key management roles within securities services at Citi. Hwang's past financial services experience also includes positions at Deloitte, PwC Consulting, Standard Chartered and HSBC where she led teams, building her expertise in risk management and service support.

Commenting on Hwang's appointment, Wu said: "We're delighted to appoint Caroline Hwang to help drive our capabilities. Her substantial experience in client service across Asia will enable us to continue to support our clients in reaching their goals."

Chris Perkins and Sabrina Wilson have been appointed as Citi's new global co-heads of futures, over the counter clearing (OTC) and FX prime brokerage (FCX).

Reporting to Okan Pekin, global head of prime, futures and securities services, Perkins and Wilson will look to grow Citi's client franchise in FCX and articulate a new risk framework.

The duo will also focus on increasing electronic distribution, continue to optimise Citi's capital footprint and partner closely with other markets and securities services businesses.

Perkins joined Citi in 2008 and founded Citi's global OTC clearing business. In 2018, he took charge of global FX prime brokerage and led its remediation and integration into FCX.

Prior to Citi, Perkins ran the derivatives intermediation business at Lehman Brothers and served as a captain in the US Marine Corp. He also serves on the board and executive committee of the Futures Industry Association.

Meanwhile, Wilson joined Citi in 2017 as the European head of FCX and global head of FCX Electronic Execution.

She has 20 years of experience in the clearing industry, having held a variety of leadership roles in New York, London and Singapore across sales and product development at J.P. Morgan, Goldman Sachs and Deutsche Bank.

Wilson is a member of the Futures Industry Association European Advisory Board.

Members of the FCX management team will now report to Perkins and Wilson in addition to their regional or functional lines.