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Moving at pace

Asset servicers in the US are being forced to adopt new technologies on an accelerated basis amid the rise of new digital entrants

Transfer Agency
The sea of regulatory change has impacted transfer agents, but data will be key to navigating the tides

Grey Costs
TSSAG board members discuss grey costs and the changes expected in the near future

R&M Survey
Many respondents commented on how well the industry coped with the challenges that the pandemic caused

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DTCC: Fragmentation is creating 'contagion risk' in US treasury market

There is an increased need for the US treasury market to adopt central clearing to reduce risk and improve resiliency, as Depository Trust & Clearing Corporation's (DTCC) suggests in a new paper that fragmentation is creating contagion risk.

Treasury market activity is split between two disparate clearing processes: bilaterally cleared transactions, and centrally cleared transactions via DTCC's Fixed Income Clearing Corporation (FICC). The paper, 'More Clearing, Less Risk: Increasing Centrally Cleared Activity in the US Treasury Cash Market', examines growing concerns around the increased adoption of bilateral clearing for Treasury activity and details the benefits of unifying the market under a central clearing model.

According to DTCC, if a non-FICC member defaults, there could be larger systemic impacts. Interdealer brokers (IDBs) are frequently executing transactions between FICC members and non-FICC members, in which one side of the trade is centrally cleared and the other is bilaterally cleared. The white paper highlights that the issue of fragmentation has taken on greater urgency due to ongoing market volatility, prompting discussion among industry participants and regulators on the need for an ideal market structure. Prior to 2000, all outright purchases and sales of treasuries through IDBs were centrally cleared. The Federal Reserve estimates that up to 60 per cent of outright purchases and sales of Treasuries through IDBs involve principal trading firms (PTFs), who generally don't participate in central clearing.

According to the white paper, greater use of central clearing in the US treasury market would deliver industry-wide benefits, including reduced market risk through margin processing, which is collected twice a day.

DTCC says this promotes orderly control, wind-down and liquidation in the event of a member default, reducing the risk of liquidity drain and fire sales in a stress event. Further benefits include added liquidity by allowing trades to be netted across all CCP members, lowering net settlement exposures and freeing up capital.

DTCC suggests that the market could also see improved financial stability by increasing transparency in this important area of the treasuries market. FICC does not have visibility into its members' treasury market activity that clears bilaterally away from FICC. The US treasury market is the largest in the world, and its performance is critical to the strength and stability of the overall US economy, according to Murray Pozmanter, head of clearing agency services and global business operations at DTCC.

However, Pozmanter notes the bifurcation of treasury clearing activity, where a part is bilaterally cleared and part is centrally cleared, is introducing greater risk into this growing market.

"DTCC continues to engage the industry to encourage further adoption of central clearing, to lower this risk and better protect the industry," he says.

Pozmanter affirms: "Central clearing would allow greater transparency into the bilateral treasury cash market while lowering counterparty and systemic risk and increasing resiliency."

He adds: "However, we believe many firms will not adopt this critical risk management capability unless there is a mandate from the official sector, such as a regulatory requirement for firms that make markets in US Treasury securities to centrally clear their cash activity."

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6 **News Focus**
Citi to provide custody and fund services for Fuboun's first two Hong Kong ETPs

8 **News Focus**
Universal-Investment boosts plans to become the leading European ManCo

9 **News Focus**
Deutsche Boerse completes acquisition of Clearstream Fund Centre

10 **News Focus**
Northern Trust to provide asset servicing to UK coal pension schemes

11 **News in Brief**
ESMA releases final report on market data obligations under MiFID II and MiFIR

12 **US Update**
Asset servicers in the US are being forced to adopt new technologies on an accelerated basis

16 **Transfer Agency**
The sea of regulatory change has impacted transfer agents, but data will be key to navigating the tides

20 **Grey Costs**
TSSAG board members discuss grey costs and the changes expected in the near future

28 **R&M Survey**
Many respondents commented on how well the industry coped with the challenges that the pandemic caused

Citi to provide custody and fund services for Fuboun's first two Hong Kong ETPs

Citi has been selected by Fubon Fund Management (Hong Kong) to act as a service provider for their inaugural exchange-traded products (ETPs) launched in Hong Kong. As part of its mandate, Citi will act as a trustee and will provide Fubon with fund accounting and custody services.The ETPs consist of Fubon FTSE Taiwan Daily (-1x) and Inverse Product and Fubon FTSE Taiwan Daily (2x) Leveraged Product. They are the first Taiwan Index Leveraged and Inverse Products to be launched in Hong Kong, according to Citi.

Citi's custody and fund services team regularly provide services for ETPs and has achieved a number of firsts in Hong Kong, including being the first to provide OFC custodian, fund administration and ETF services to OFC ETFs. Citi is now the first service provider to provide trustee, custody and fund administration services to a Taiwan-related ETP in Hong Kong.

"We are incredibly honoured to be selected by Fubon as a service provider for their inaugural ETPs to be launched in Hong Kong," says Julie Kerr, Citi's Asia Pacific head of custody and fund services.

Kerr continues: "Citi is a leading provider of custody and fund services in the APAC region and we continue to invest in our ETP service offering with the ultimate goal of being the provider of choice for ETP issuers."

"Launching our first ETP in the Hong Kong market is an important milestone for Fubon, equally important is working with the right service provider with a proven track record and for us that is Citi," said Alan Ng, managing director of Fubon Fund Management (Hong Kong).

"Hong Kong represents a very important market for Fubon and we hope to continue to work with Citi as we bring more ETPs to market," adds Ng.

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Digivault gets FCA's approval to become custodian wallet provider

Digivault, the digital asset custody business of Diginex, has received approval from the Financial Conduct Authority (FCA) to become a custodian wallet provider under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations (MLR).

The move marks Digivault as the first stand-alone digital asset custodian to receive the FCA's approval.

It also represents a key milestone for Digivault's strategy to provide compliant and secure custody services to corporate and institutional investors in crypto assets.

Digivault's cold solution includes a network of secure third-party vaults owned by vault services provider Malca-Amit.

The warm custody solution combines the best of cold and hot custody by incorporating a physical break on the internet through a series of hardware and software firewalls.

Digivault also provides custodial services for assets in Bitcoin, Ethereum and USDC, as well as other assets that are hosted on ERC-20 and ERC-1400 protocols.

Rob Cooper, CEO of Digivault, says operating within the FCA's MLR framework provides our clients with the assurance that their assets are being custodied within the highest possible standard of governance, control and oversight.

Richard Byworth, CEO of Diginex, comments: "The FCA approval is continued validation of our strategy to deliver fair, transparent and compliant crypto products for institutions. Digivault's market leading custody solution is a foundational pillar of the Diginex ecosystem and acts as a key enabler to the EQUOS Exchange, over-the-counter and lending business lines."

The FCA registration follows a recently announced partnership with Torstone Technology to deliver post-trade settlement and digital asset custody to institutional clients via Torstone's settlement platform.

Digivault will leverage the Torstone Technology cross-asset platform including cryptocurrencies and tokenised assets, giving clients the flexibility to handle all of their crypto trading in a single post-trade solution leveraging Digivault for digital asset custody.

State Street to service ETFs for Aberdeen Standard Investments

State Street is set to service two exchange-traded funds (ETF) for Aberdeen Standard Investments (ASI). These two ETF funds have converted from being serviced by another provider to State Street in order to better control costs and maximise efficiencies, explains ASI.

Through the conversion of the two ETF funds, State Street will now provide the full scope of ETF servicing, including custody, fund accounting, basket creation/settlement, order-taking, transfer agency and regulatory reporting to ASI.

State Street says this milestone builds on its reappointment as ASI's complete back-office servicing provider which includes global custody, accounting and fund administration for ASI's fund ranges in the US and Canada.

"Our growing relationship with Aberdeen Standard Investments underscores State Street's differentiated leadership in the ETF space," comments Frank Koudelka, global ETF product specialist at State Street.

According to Koudelka, State Street's innovative approach to ETF servicing will empower ASI to not only expand its ETF franchise domestically and globally, but also create new efficiencies through provider consolidation.

Chris Demetriou, CEO for UK, Europe, the Middle East and Africa and Americas at ASI, explains: "We view State Street as not only a service provider, but as a partner, because of its industry leadership and demonstrated expertise in servicing ETFs."

"We are pleased to continue to grow our partnership with State Street through their support of our ETF franchise," Demetriou adds.

Last month, State Street Australia was appointed servicing agent for a marquee AllianceBernstein ETF that now offers the dual access option.

Universal-Investment boosts plans to become the leading European ManCo

Universal-Investment Group has gained approval from the Central Bank of Ireland to complete the acquisition of Irish fund management company Metzler Ireland as part of its plans to become a leading European management company (ManCo).

The new group company, which will trade as Universal-Investment Ireland, will be the group's third ManCo and fund service hub, alongside Luxembourg and Germany.

Universal-Investment says it is fully committed to the Irish market and will maintain and develop the significant level of substance currently existing in the Dublin-based company by bringing in more expertise and people as the business grows. Meanwhile, Keith Milne will remain CEO of Metzler Ireland and will serve as country head of Universal-Investment Ireland.

Milne comments: "With the combination of our long-standing Irish heritage and experienced team, supported by the powerful open architecture platform built by Universal-Investment in Germany, where assets with a volume of more than €660 billion are serviced, we will be able to offer our clients the best possible service as a SuperManCo for Irish domiciled funds."

Michael Reinhard, CEO of Universal-Investment, states: "We aim to become the leading European ManCo and fund service platform for all asset classes and this means that being present in the growing Irish funds hub is absolutely essential for us."

"We plan to invest in the experienced local team to support their needs. The Irish operation will also be able to leverage the support of both, our staff of more than 1,000 experts and our innovative technical infrastructure which provides a strong backbone to all clients," Reinhard adds.

Metzler will remain the initiator of its Irish funds and will continue to use its former fund platform.

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Deutsche Boerse completes acquisition of Clearstream Fund Centre

Deutsche Boerse has finalised its purchase of Clearstream Fund Centre and has now become 100 per cent shareholder of the Zurich-based distribution platform.

This concludes a deal first announced in January 2020, through which Clearstream took ownership of a 51 per cent stake in Fondcenter from UBS. This first tranche of the transaction, which was completed in September 2020, provided an option to acquire the remaining 49% at a later point.

On 6 May 2021, Deutsche Boerse announced that it will acquire these remaining shares in Fondcenter for CHF390 million (US$435 million). UBS indicated that it will remain a long-term strategic partner of Clearstream across the full fund services value chain.

This deal builds on Clearstream's earlier moves to ramp up its presence in the fund distribution services sector through its purchase of Swisscanto Fund Centre London (SCFL), which was announced publicly in April 2018 and completed six months later.

This added distribution contract management and trailer fee processing to its long-established expertise in execution and fund custody. Its Vestima funds solution is designed to serve as a "one-stop" service for order routing, cash management and consolidated position reporting.

Clearstream has subsequently migrated its erstwhile Fund Desk business (established following its purchase of SCFL) into Clearstream Fund Centre, creating the latter as a "centre of excellence" for global fund distribution support within Deutsche Boerse Group with more than €300 billion assets under administration.

This now serves more than 350 fund distributors and more than 430 asset managers, covering over 72,000 investment funds, according to information sourced from Clearstream.

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Northern Trust to provide asset servicing to UK coal pension schemes

Northern Trust is set to provide asset servicing solutions to Coal Pension Trustees Services (CPT), the in-house executive company owned by the British Coal Staff Superannuation Scheme and the Mineworkers' Pension Scheme.

Northern Trust is providing CPT with securities lending, valuation reporting, performance measurement, foreign exchange and global custody services. This includes operational and data solutions to support the oversight and governance models such as specialist fund administration and analytics for its private markets portfolio.

The combined assets of the British Coal Staff Superannuation Scheme and the Mineworkers' Pension Scheme equate to $26 billion.

CPT invests these assets on behalf of the two schemes, with the objective of delivering sustainable long-term returns for their members' retirement provision.

Mark Austin, head of UK, institutional investor group at Northern Trust, explains: "Northern Trust's technology, global scale and knowledge of the retirement industry all equip us in delivering services to support CPT's long-term objectives and future requirements."

"While the current environment is driving significant complexity and challenge for UK pensions, we are well-placed to help administer their evolving mix of investments and help clients meet their obligations around governance, reporting and risk management," he says.

Janka Unsworth Deckerova, head of financial operations at CPT, comments: "As we work to deliver retirement provision to members of our two schemes, Northern Trust's capabilities support the investment activities and broader decision-making of teams across our organisation."

"Its ability to provide high-quality data to support our public and private market investments, as well as our evolving operating model and data strategy, were among the reasons for this appointment," Deckerova adds.

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ESMA releases final report on market data obligations under MiFID II and MiFIR

The European Securities and Markets Authority (ESMA) has published its final report on MIFID II and MIFIR obligations relating to market data.

This final report builds on a consultation process that ESMA, the EU securities market regulator, ran from 6 November 2020 until 11 January 2021.

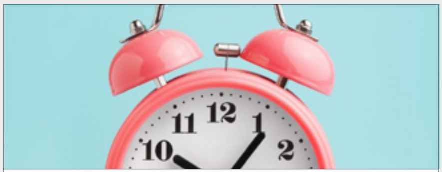
Read the full article online

JTC completes INDOS Financial acquisition

JTC has completed the acquisition of INDOS Financial, a specialist in the provision of depositary, environmental, social and governance (ESG) and anti-money laundering (AML) oversight services for alternative investment funds.

Following the announcement in February earlier this year, INDOS Financial builds on JTC's fund services capabilities.

Read the full article online

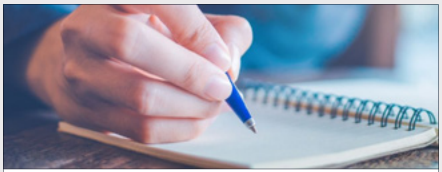


Gresham nears completion date of Electra acquisition

Gresham Technologies, real-time solutions for data integrity and control, banking integration, and payments and cash management provider, is set to acquire post-trade automation specialists, Electra Information Systems.

The transaction is expected to complete on 22 June 2021, and Gresham says it represents a significant milestone in Gresham's growth strategy.

Read the full article online



SIFMA urges SEC to take principle-based approach to regulate digital assets

SIFMA has filed a letter to the SEC commenting on the framework to allow broker dealers to custody digital asset securities in a way that meets the requirements of Rule 15c3-3 under the Securities Exchange Act of 1934.

SIFMA believes that the SEC should take a principle-based approach to regulate activities related to digital asset securities.

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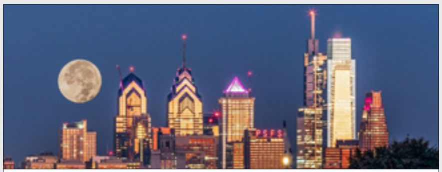

Aztec Group opens its first office in the US

Aztec Group has opened its first office in the US, representing a key milestone for the group as it seeks to establish itself as a leading global provider of administration services to the alternatives industry.

Located in Philadelphia, the office is the group's first outside of Europe, and it further enhances its service proposition for existing clients while meeting continued demand for its services internationally.

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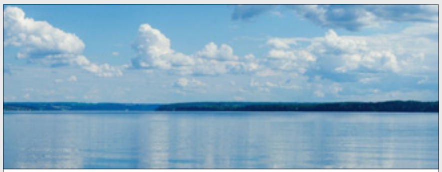

SIGTech integrates with IHS Markit Data Lake

SIGTech, the provider of next-generation quant trading technology for global investment managers, has become the first quant platform to integrate with IHS Markit Data Lake.

The integration facilitates access to over 1,500 proprietary datasets curated by IHS Markit, which enables quantitative fund managers to access these financial and alternative datasets in making the best investment decisions.

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Moving at pace

Maddie Saghir reports

Asset servicers in the US are being forced to adopt new technologies on an accelerated basis amid the rise of new digital entrants like Robinhood providing free trading to retail investors on gamified platforms in the US

It was an unusual start to the year for the US asset servicing industry when Robinhood had to restrict trading in stocks including Gamestop because of the volatility caused by retail traders.

Traders were determined to squeeze hedge funds that have short positions in the companies.

While the stock price of GameStop stock increased, Robinhood, along with other brokers in the market, had to put up money with the Depository Trust & Clearing Corporation (DTCC) to back those trades during the two days it took for them to settle.

Since then there has been a surge of debate around the settlement structure in the US, and also in other countries too.

The settlement date for stocks used to be T+5 or five business days after the transaction date before moving to T+3. While every country has its own settlement cycle, a number of countries operate on T+2 or two business days after the transaction date.

DTCC has called for a move to a T+1 settlement infrastructure whereas others, such as Robinhood's CEO Vladimir Tenev, have gone that one step further and have called for real time settlement, T+0.

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Back in February, Tenev said he was pushing for the settlement infrastructure to be modernised. He noted that the events that occurred were not uniquely a Robinhood issue but an industry issue where many broker dealers and trading platforms prevented their customers from opening positions in these stocks.

Tenev suggested that solving the problem for the system will require "systemic change" and fixing of the "antiquated settlement structure".

That same month DTCC launched a two-year industry roadmap to shorten the settlement cycle for US equities to one business day (T+1) with the aim of completing this vision by 2023.

The corporation has since collaborated with the Securities Industry and Financial Markets Association (SIFMA), and the Investment Company Institute (ICI) to help accelerate the move of the US securities settlement cycle to T+1.

The move towards an accelerated settlement structure has been criticised by a number of industry participants who say that moving to T+0 will be costly and will remove the invaluable benefits of netting.

Same day settlement is a huge stretch target that would require immediate settlement of all transactions, no netting, no end of day processing and no overnight cycle. The current settlement cycle model allows large amounts of trading to take place. For example, you can trade as much as you like in a particular stock — buys and sells — with the relative certainty that your net position is ok at the end of the day, or at the end of T+1 or T+2.

Moving to T+1 has caused some concerns too. According to experts, while T+1 makes sense domestically within the US, it may present challenges for non-US investors, not least of which is foreign exchange (FX) because T+1 doesn't leave much room for a delayed order of confirmation.

Another expert has highlighted that T+1 isn't free and carries risks of its own despite the aim to reduce risk in the market.

Aside from this, the start of the year also kicked off with the inauguration of the US' new president Joe Biden.

With the new administration, experts expect regulatory engagement to increase and there are already early signs of this in asset classes such as crypto.

"We are sure the Elon Musk/SNL and bitcoin volatility will not go unnoticed. We also see the focus on environmental, social and governance (ESG) take a front seat. However it is still early days, there is a lot that the administration will have to get through before it gets to US custody," observes Uday Singh, head of Broadridge Consulting Services.

It is against this backdrop that the US' asset servicing industry is operating against right now.

Uday Singh, head of Broadridge Consulting Services, puts it like this: "With the rise of new digital entrants like Robinhood who are providing free trading to retail investors on gamified platforms, the asset servicers behind these companies need to move to a new cost paradigm."

"This is forcing them to adopt new technologies on an accelerated basis as well as eliminate the dirty secret of manual processing that has lived on for so many years."

Acceleration to technology transformation

Experts say technology is going to play a major role in enabling the US to boost its asset servicing industry and bring greater access to the US capital markets and eliminate manual processing.

"The US asset servicing industry has had the luxury of not having to reinvent itself in decades. However disruption is coming – just as payments, currency, and retail investing have been disrupted, so will the middle and back offices," says Singh.

According to Singh, technology will drive this disruption, especially distributed ledger technology and artificial intelligence (AI). Asset servicing is one of the primary sectors where these technologies can really move the needle, and the main driver behind using technology for business improvement is digital transformation.

George Ralph, global managing director, RFA, suggests that this captures a number of different areas as digital transformation are essentially the "process of reviewing business operations with the view of automating to improve efficiency".

The two main focuses from a technology standpoint driving business change are data management and collaboration.

Experts believe that a comprehensive data management strategy promotes better business and deal flow, and in the new working environment data has had to be handled in a different way to before.

"Moving towards a centralised data strategy, where each pool of your data is effectively poured into a central location, allows that data to then be extracted via a central dashboard negating the need for lots of spreadsheets, apps and platforms," comments Ralph.

This is said to be a far more effective way of keeping sensitive data safe as you are working within a controlled environment where users can have different levels of authority for data use.

Additionally, Ralph highlights "You are also able to monitor your network, using AI and behavioural analysis tools, to keep your users and data safe but also track any anomalies in data usage from your team, helping you avert any issues in terms of data abuse".

Most firms now have platforms in place that offer collaboration tools, like Microsoft Teams and Sharepoint, as part of their package. This marks a significant move forward in business IT functions and also a secure way to communicate.

The next iteration of these tools will come as firms understand just what level of ability these apps have: voice and message recording, secure file transfer, live file working and so on.

"So, now the dust has started to settle around our day to day business set up and function, training on the tools now already in wide use will take collaboration to the next stage of business function," adds Ralph.

Scream if you wanna go faster

Enhanced technology will have to be deployed to move to T+1. Experts say the technology for this is already there, the problem is that it is costly and a lot of processes will need to be reviewed.

Indeed, the move to T+1 is a double-edged sword and industry participants are divided on whether this move is appropriate.

DTCC, SIFMA, and the ICI believe moving from T+2 to T+1 will benefit investors and market participant firms by reducing systemic and operational risks.

In a May 2021 whitepaper, SIONIC highlighted that legacy mainframe-based infrastructures, green screens, manual workarounds and duplicative processing are still very much alive in the back offices of some of the largest global banks and in many small regional fully disclosed brokerage firms.

Broadridge's Singh views the move to T+1 as a great opportunity for the industry to reduce risk in the marketplace.

"However this is not without significant one-time cost and ongoing revenue erosion for some players. Boards must ensure that they understand the financial impact of T+1 to their balance sheets and profits and losses early. Many seem like they have not quantified the financial implications yet," adds Singh.

One opportunity, according to Singh, is counterparty risk reduction and associated capital that will be freed up at the depositories, but there is also an impact on funding, collateral management, and trade break resolution.

Regarding challenges, some industry experts have identified that changes to the existing settlement convention will require tremendous industry-wide testing. Additionally, there are a lot of other things going on in the industry that need to be balanced with this.

"The biggest challenge is time, we will have to rethink processes --- timelines in some will have to crash by as much as 100 per cent. Firms that have made investments in real time capabilities driving operational efficiencies will be better positioned. There will be winners and laggards!" Singh exclaims.

Meanwhile, the US Securities and Exchange Commission (SEC) is working to make changes to mitigate the risks of similar future events such as Gamestop.

During the House Financial Services Committee on 6 May on the GameStop saga, Gary Gensler, chairman of the SEC, argued that while entities such as GameStop, Melvin Capital, Reddit, and Robinhood have garnered a significant amount of attention, the policy issues raised by this winter's volatility go beyond those companies.

Gensler stated: "One thing that I've come to believe is that technology can bring greater access to our capital markets. Our central question is this: When new technologies come along and change the face of finance, how do we continue to achieve our core public policy goals and ensure that markets work for everyday investors?".

Weighing in on how the SEC will broach the subject going forward, Singh muses: "This is a tough one. The SEC will have to figure out how to balance the integrity of the free market with investor protection. The sad truth of the markets is that someone is always left holding the bag. We will wait and see what the SEC can do…I do not envy their challenge on this topic!"

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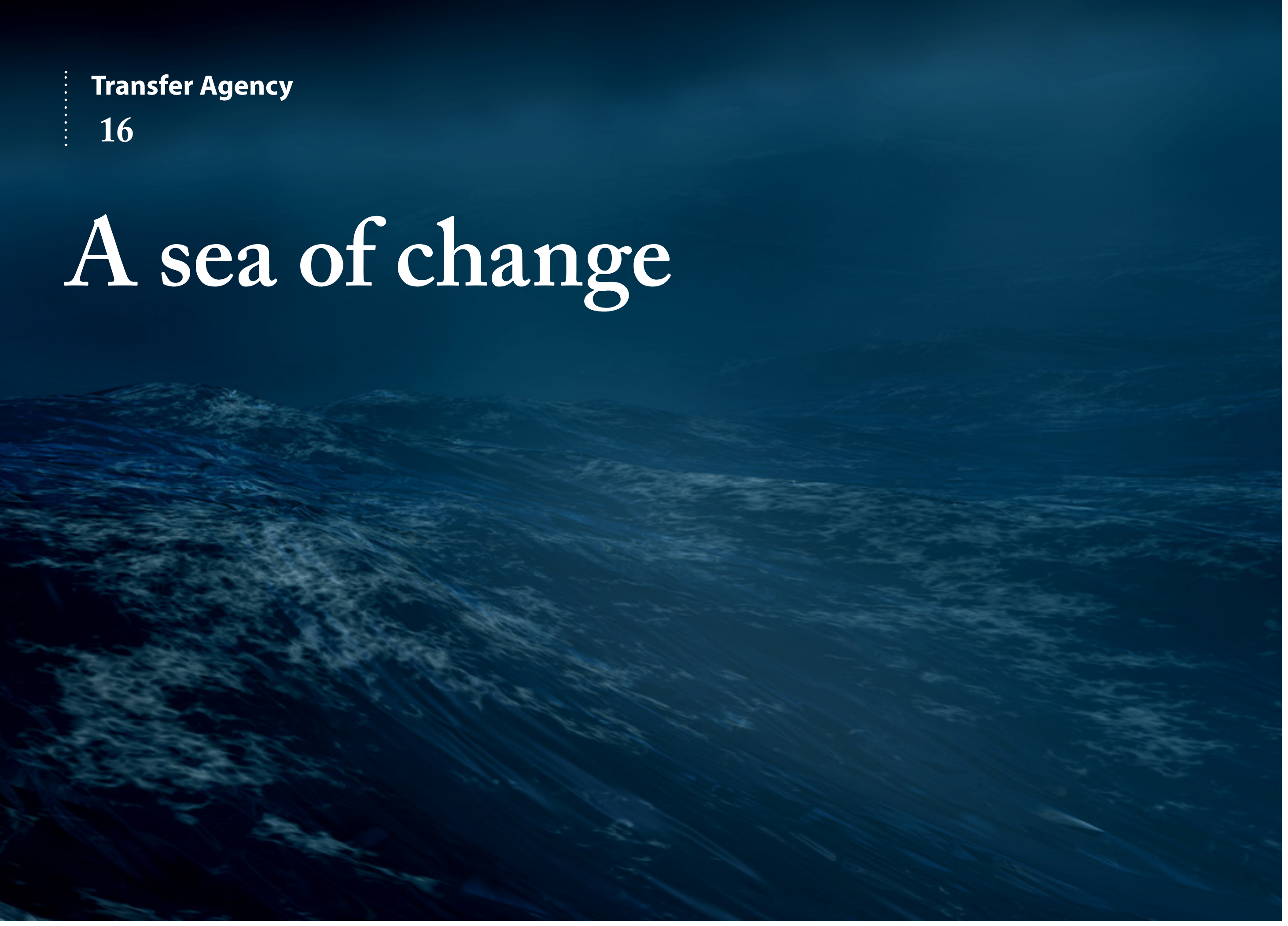

A sea of change

Maddie Saghir reports

The sea of regulatory change in the industry has impacted transfer agents from all angles, but experts say technology and data will be key to navigating the tides

Since the financial crisis, transparency of information is now more important than ever and so the service that transfer agents provide is crucial. Transfer agents record changes of ownership, maintain the issuer's security holder records, cancel and issue certificates, and distribute dividends. By standing between the issuing companies and security holders, their operations are critical to the successful completion of secondary trades on behalf of the fund(s). Transfer agents must fulfil regulatory and legal requirements for end investors by providing them with the servicing that is required by the applicable regulations and offering a memorandum.

They also play a vital role in acting as a liaison between a company's registrar and an investor.

"The role of the transfer agent is critical as it is servicing and supporting the clients of the asset manager and is often the only one interacting with the investor," affirms Nick Wright, CEO international, head of global investor and distribution solutions at SS&C.

Experts say transfer agency has changed considerably in the last 25 years and has become extremely competitive, with new fund types coming into the arena and existing fund types growing in complexity, and investor experience – once an afterthought – now at the forefront. Justin Hayes, global product manager, transfer agency, Linedata, suggests that while some asset managers might be able to handle this in-house, many don't have the resources to keep up with increased regulation and rely on outsourcing to Third Party Administrators (TPA's).

Jon Willis, global head of transfer agency, markets and securities services, HSBC, highlights that the functionality provided by the transfer agent is important because it acts as an enabler to sell into specific countries or client segments.

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Additionally, the 'client experience' of a fund's shareholder will largely be dependent on the quality of service of the transfer agent, and this can make all the difference on the retention of clients.

"The new generation of investors will demand ever-increasing levels of service and connectivity to their investments," predicts Willis.

With all of this in mind, experts say data and technology is key to success in this space.

Financial crisis and regulatory impacts

The financial crisis of 2008 added expense pressure to asset managers as well as other participants in the financial services industry, which caused some managers to review their service models and re-evaluate the transfer agency function. However, HSBC's Willis argues that transfer agency has long since moved on from the financial crisis, when you look at the level of investment in recent years.

"There will always be a drive from fund managers for lower cost, but what we have also seen over the last few years is more of a move to a higher quality of service, investment in technology, and a focus on the overall customer experience. The transfer agent has become a differentiator for fund administrators' overall offering," Willis affirms.

Kate Webber, lead product manager, global fund services at Northern Trust, states: "The financial crisis created a sea change in how regulators approach our industry, with rapid increases in the pace and scope of regulatory change."

Where this presents a particular challenge is that many of the operating models used by institutions across our industry are based on legacy architecture, which is functionally rich but complex to change, explains Webber.

This is coupled with digital transformation. As an industry, the reliance on legacy architecture often makes the process of accommodating the requirements of regulatory change a challenging task.

"The services being provided are constantly under evaluation because of heightened regulation, to ensure that they are the best they can be," says Linedata's Hayes.

While it has been observed by Hayes that some clients, such as private equity firms, want more granular details than just the opening and closing balance and activity, they still want as much information on why the investment is going ahead and the details behind it.

From that point of view, Hayes suggests transfer agents need to make sure fund administration is in line with their workflows and ambitions.

Meanwhile, an enhanced regulatory oversight on processes can create additional controls that need to be evidenced — this can occasionally take away the gains transfer agents achieve through technology improvements.

Modernisation of some existing regulations is therefore required to reduce the impact they have on the transfer agent's ability to maximise technology advancements.

According to Steve Farlese, head of investor solutions, BNY Mellon, with the industry focus on digital solutions, regulations need to adapt to support critical, costly processes such as eDelivery vs. traditional mailed documents, and wet signature vs. eSignature.

In addition, Farlese states that the increased need for privacy and data protection requires us to carefully balance the needs of clients.

"Transfer agents want to give their clients transparency but must focus on making sure they are protecting their clients' data and privacy at the same time by maintaining good processes and controls," explains Farlese.

Enhanced portals

Technology has had to keep up with the complex regulatory requirements that have come in since the financial crisis and portals are becoming an increasingly popular option for transfer agents.

Experts observe that transfer agents are continuing to work on enhancing their portals and are developing more functionality online for self-service. Experts say it is important for transfer agents to ensure investors are adapting to this new digital environment.

However, the new digital environment brings challenges within itself. Cybersecurity has been particularly prevalent in recent years especially over the course of the pandemic.

"Transfer agents are responsible for maintaining and protecting shareholder records and information. These records are highly confidential and are the subject of the ongoing fraud and cybersecurity threats occurring in multiple forms," Wright states.

The challenge is to strike a balance between keeping technology transformative and innovative but also regulatory compliant.

Wright stipulates that technology like a distributed ledger is demonstrating value in multiple applications. SS&C expects the utilisation of distributed ledger will continue to proliferate.

"Integrating these technologies into our industry's current ecosystem may allow this technology to serve various functions while maintaining a balance of existing expectations and regulation," says Wright.

SS&C is looking at leveraging the blockchain for certain record keeping initiatives; however, the tokenization and monetisation of currency may represent a challenge from a regulatory perspective.

From BNY Mellon's perspective, Farlese highlights the increased speed of information exchange is a positive development for the industry and one which will deliver many benefits.

BNY Mellon's focus remains on creating processes that can take advantage of these new technologies while still ensuring that we have the right operational controls and checkpoints in place to ensure investor safety. Increasingly, these innovations will drive how BNY Mellon manages risk and protects data.

An explosion of innovation

In order to enhance technological offerings and overcome some of the regulatory challenges, some transfer agents are merging with software firms.

According to Hayes, some of the most useful technologies being introduced aid compliance with greater regulation, and there has also been an explosion of innovation due to covid.

Additionally, some software firms, which already had a specialisation in platform technology, have started offering transfer agency as a service on top of their software service offering, and there was a recent takeover of DST by SS&C in this space.

SS&C acquired DST in 2018, and Wright says this brought together industry leading service and technology from DST with SS&C who has had a consistent track record of innovation and growth through acquisition.

"Technology will need to keep pace with shareholder trends and expectations for improved automation and security. Software companies are uniquely positioned to help transfer agents transform legacy mainframe infrastructures to meet the enhanced expectations for the future," Wright comments.

Elsewhere, Northern Trust recently acquired Parilux Investment Technology, LLC, allowing it to integrate Parilux's software with a proprietary cloud-based web and mobile interface for its front office solutions business.

According to Webber, this provides a holistic data management platform for in-house investment teams managing complex, global multi-asset class portfolios.

"This type of acquisition can help asset servicers advance their technology stack and processing capabilities while taking advantage of new solutions initially developed outside their organisations," Webber explains.

Looking to the future, Webber predicts the most significant opportunity is for the industry to move from inefficient and highly manual transfer agency processes.

"This means ending reliance on much of the outdated systems on which much of the funds industry still operates today. And it is not enough to simply build a portal on top of a legacy solution," she highlights.

Webber adds: "Data is central to success. It is critical to arrange your architecture to deliver accurate, reliable, real-time data, and utilise the power of digital technology."

Similarly, Wright says: "The role of the transfer looks to become increasingly more efficient and automated. Opportunities for the future include items that are being deployed in our call centres to leverage multi-factor authentication to reduce fraud and to leverage chat and chatbot technologies to improve client experience and reduce hold times."

"The exciting future opportunities here lie in artificial intelligence, natural language processing and even blockchain. Giving an investor a blockchain identifier after one anti-money laundering/know your customer check that they can use again and again would mean no repeat processes – freeing up a huge amount of time," concludes Linedata's Hayes.

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Know your market

TSSAG board members Barnaby Nelson, Viraj Kulkarni, Matthieu Herbeau, and Jim Harris discuss grey costs, the impact of clients on initial market entry, and the changes expected in the near future

The ValueExchange recently conducted a survey on grey costs, what were the initial drivers for the survey and what did the findings show with respect to the current state of awareness of issues?

Barnaby Nelson: Grey costs per trade are a fascinating topic. We've seen huge amounts of attention on the cost of a trade from a regulatory perspective over the last decade — especially in the context of the Markets in Financial Instruments Directive (MiFID). In parallel, we've also faced huge internal cost cutting pressures that have been relentless over the same time frame. This has meant that no stone has been left unturned while people have been looking to become as efficient as possible.

When we ran our grey costs per trade industry research last summer, one of the things that really stood out was how little progress we seem to have made in addressing the proper cost of a trade.

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Although trade execution is improving and we're getting better at managing our most visible costs, our study shows 50 per cent of the industry is still overlooking about 46 per cent of their costs per trade. If you imagine trading costs to be like an iceberg, the majority under the water is still escaping our attention.

That's not to say that people don't view the space as important. The results found that 71 per cent of the market see their cost per trade tracking as being very important, especially on the intermediary side. Banks and brokers increasingly see their costs per trade as a competitive differentiator, not just in the sense of 'what did it cost me to do my last trade?' but to be able to model out what their best next trade is going to be in terms of liquidity, method of execution, place of settlement and so on.

Unfortunately, there is a constant gap between intent and delivery. The survey revealed 30 per cent of us aren't even tracking a cost per trade at all today and, interestingly, the chief operating officers (COOs) that we spoke to are the ones who are least interested in tracking a cost per trade. This is because they view aggregated costs and are not often paid to worry about unitised costs.

But what does that mean we're missing? First of all, it costs more to clear and settle a trade than it does to execute it. We've certainly gotten to a point where the costs of the trade really aren't in the visible execution. They're not in the front office or the middle office, even. The majority of costs today reside in the back office, most notably in the costs of risk and the cost of capital, which are the first and second biggest areas that we're overlooking.

However, allocated costs are a huge bucket of costs that are causing a major distortion today. These can include anything from the legal expenses triggered by entering a specific market — such as India or Brazil — to the regulatory reporting in each individual market. There are many areas that different departments are managing with a firm and that they are failing to track on a unitised basis. I'm sure many of us have been in the same position where these allocated costs just materialise as an opaque lump sum during budgeting season, passed on from a stranger in another department — with little information around how to control or optimise the costs.

Equally, foreign exchange (FX) costs are a problem. Are we able to say that we're really doing a fantastic job in terms of optimising our FX cost? It's safe to say that's also a major area of challenge across the industry in terms of whether we're delivering best execution for our investor clients.

We are trying our best, but we are missing a lot of back-office costs that really do need more attention.

What's your perspective on grey costs from India?

Viraj Kulkarni: India is one of the few markets which evolves frequently; every time a market evolves, it changes the cost dynamics for investors.

Costs can be split into two parts: regulatory and business. The regulatory costs have a tendency to go up every time there are regulatory changes.

In a regulated market like India, the regulator's thought processes are 'how can we de-risk the market further and how can we make it more compliant?' — which is why the compliance and risk costs keep getting higher.

The above notwithstanding, regulators to an extent treat capital markets as business units. They consider increasing fees, sometimes linking it to the asset size. Every time there is an increase in volume, the businesses bear more regulatory costs. Besides this, the entry costs are another area in markets like India, Brazil. Entry costs do not only relate to regulatory costs, but also the non-regulatory in-country and overseas jurisdiction costs.

The other aspect relates to tax cost. Tax registration is required for filing and return. These costs have a tendency to go up when there is an increase in reporting requirements. More frequent reporting leads to more costs. Further different trading platforms of products lead to additional costs.

A very prominent hidden cost is the reporting cost which is incurred on account of either regulatory requirements or client management information systems requirements. Invariably, over time the number of reports increases significantly.

One of the hidden costs is FX. As India is not an open market, settlements have to be rupee-denominated resulting in FX costs being higher than what you see in a free economy.

Finally, the multiplicity of an ecosystem such as the exchanges, clearinghouses, banks, depositories, all add to grey costs.

It is important to know if CEOs and COOs are looking at cost. If so, while costs can be estimated at the trade level, by the time it is done, a diversity of internal and external factors change it.

This is a continuous process in an evolving markets like India because while the risk keeps assuming new dimensions, the changes become more frequent. It's hard to put down what would be the grey cost, at a finite level.

With regards to the grey costs at a market entry level, there are two essential elements, documentation and the ongoing operational maintenance charges

Jim Harris, co-founder and managing partner of Soterium

How does foreign exchange add to this debate?

Matthieu Herbeau: FX costs tend to be in the execution and the performance of the execution rather than the back-office and the settlement costs.

If the FX is managed in-house, the cost layers span from salaries for the traders to operations, IT, office space, and of course, the outcome of the execution, and the performance of the share class and portfolio hedging programme.

Managing the FX in-house does not guarantee that you will achieve a better outcome than through an external provider. This is because FX is not the investors or asset managers core business or area of expertise. Also, because of the access to liquidity, the firm size can keep the investors and asset managers away from the best prices and opportunities.

A second model is the outsourcing of execution and hedging, typically through the custodian or delegated to a specialist firm like an FX agent or an outsourced dealing desk. The custodian model can be more expensive, but comes with the comfort of operational efficiency, favourable credit terms in general and better liability cover.

The question then is how to quantify those benefits on one hand, versus the costs or the price premium that is paid to the custodian on the other hand, and how is best execution monitored. There is also an oversight issue that is of prime importance, notably under the senior manager regime in the UK: if an execution service is outsourced, you must be able to demonstrate that you master the process and monitor the costs. Custody FX was tarnished by scandals 10 to 12 years ago, but things have improved, even though some legacy hedging programmes will definitely benefit from a bit of attention and some dusting off — this is where transaction cost analysis (TCA) becomes crucial, if not imperative.

The FX can also be outsourced to a specialist FX execution firm that can cover both execution and hedging, at competitive rates vetted by TCA. But you then lose the intrinsic benefits of the custodial umbrella mentioned above. It will require credit lines with multiple counterparties and generates settlement costs that do not exist when dealing with the custodian over the accounts, with no cash wires.

So fundamentally, every firm which is uncomfortable about FX costs should do an assessment of its current process, the volumes they trade, the currency coverage, short, medium, long term objectives, estimate the costs, and then test the market to determine what is the ideal model for the size and activity of the firm. It could also end up being a hybrid model across the various solutions that were mentioned above and this is where, as a firm, we bring value, thanks to our deep understanding of the institutional investors needs

It's a constant re-evaluation to make sure that innovation is being applied to the costs that we've been overlooking for the last 10 to 15 years because we've been focused on the tip of the iceberg

Barnaby Nelson, **CEO of The ValueExchange**

in the FX space, and also the extensive knowledge of what solutions are available in the market.

What are your thoughts on the impact of clients on initial market entry?

Jim Harris: With regards to the grey costs at a market entry level, there are two essential elements, documentation and the ongoing operational maintenance charges.

Looking at any global custody network, roughly two-thirds are foreign institutional investor (FII) markets where the beneficial owners' name appears in the market as the ultimate owner of that account. To establish those accounts, investors have to go through differing market entry requirements, some are simple, it's a swift message, but most are not.

Each requires local compliance with market legislation, through powers of attorney, account opening forms, most of which require consularisation, legalisation and if you've ever sat in a consulate waiting for your documentation to be signed, it's not only laborious, but costly because someone's time has been taken. Therefore, whether it be an external consularisation or legalisation, all of those costs come back to the beneficial owner.

In addition, once your documentation is complete, you then need to get it to market.

Courier costs are also coming back to you as a beneficial owner which is charged as 'out of pocket' (Oops) expenses. While reporting on Oops has started to improve, these charges are not allocated back to the individual market, or at the end of the day, the trade itself.

So the reality is that you're not seeing the full picture for the actual market documentation.

The second part is in operational maintenance and the ongoing impact of costs. The appointment of local tax consultants is often seen as separate from your custodian in some instances and it's important to understand where these are appointed, how long for and the remuneration involved.

As well as this, charges from regulators and market participants will also be funnelled back through the Oops process and not directly attributable to the market where the trading is taking place or the trade itself. It's only natural that investment managers will want to take advantage of new markets, but an awareness of how much is invested versus the true costs in the market is important. It's vital that all costs are allocated to the market or the trade.

TSSAG

Viraj Kulkarni, founder and CEO, Pivot Management Consulting

Simply signing off Oops costs each month is not good enough. All costs need to be transparent, understood and agreed upon not only at the client level, but also for a trustee/administrator level at a pension fund in order to provide a complete picture.

What changes do you expect to see in the near future and what's required to make those changes happen?

Nelson: What's very clear from this discussion is that there are many hidden levels to the cost of a trade: starting at market entry, the trade processing, the FX, the out of pocket expenses, tax reclaims and so on.

These are largely what makes up the 46 per cent that we are overlooking today — but what is key is that we're not escaping these costs, we're just not tracking them. The people that have the best handle on this issue are those who treat their costs per trade as a discipline and as a senior management priority. Those who succeed are making a conscious effort to compile a single, holistic view of their costs across the whole business (from the top of the house) — and they are treating this as an evolutionary journey. It sounds easy, but it's surprising how many organisations are happy to skip over this and just deal with the costs that they receive on an invoice every month and hence only to deal with the tip of the iceberg.

The other major mistake that some of us are making is assuming that most of our costs are somehow fixed or uncontrollable. If you look at the number of technological and market options that are now coming into the market, we now have more ability to control our costs than ever before.

In FX, we have peer to peer execution; in other areas, you've got blockchain and other technologies that are coming to the market. Proxymity is one of my favourite examples of how technology is reshaping our industry and making a radical change in the risk profile and the cost profile of what we do.

This is why I come back to the point about it being a constant discipline. It's not just the cost of moving up and down, it's that the answers and the solutions to those costs are changing constantly. For me, it's a constant re-evaluation to make sure that innovation is being applied to the costs that we've been overlooking for the last 10 to 15 years because we've been focused on the tip of the iceberg.

Kulkarni: We have previously conducted an exercise to determine the lines of costs. These were not merely looking at regulatory costs, custodian cost, banking costs, broking cost. It included the inflow jurisdiction costs, tax costs etc.

Performance reporting tools are key to ensure that hedged share classes perform as well as the master class of the fund

Matthieu Herbeau, **CEO and founder of HD Financial Consulting**

The overseas jurisdiction costs vary- depending on whether a treaty country/ non-treaty country; Financial Action Task Force (FATF) compliant/non-FATF compliant; subsidy in the overseas jurisdiction. We were surprised that there were over 70 lines of costs both direct and indirect.

The reason we did this study was to look at the attractiveness of this market versus other markets. One of the key objectives of regulators is to determine and assess regularly whether they are doing enough or do we need to do more?

Post COVID many countries including India, are focused on making markets attractive and risk free, as new investors are entering the market. For example, Singapore introduced a variable capital company (VCC) which enables any investor housed in Singapore, to reduce costs by availing government subsidies. Now, this has a bearing on investment flows into the market versus the other markets.

When we did the study, we looked at what can be changed or made better. The Securities Services Advisory Group (TSSAG) is present in over 10 countries, and can get into an engagement with various regulators and bring out a comparative report on the cost of doing business by working alongside various partners that assist regulatory bodies. I find that addressing this big gap will be appreciated by regulators.

Besides instituting the above exercise, regulators can consider charging a fixed cost on assets and do away with the percentage basis. This will significantly reduce the cost to the funds.

Next is to standardise practices across multiple segments and industrialise reporting standards regardless of different systems. This will have a significant reduction in cost.

Outsourcing is an important cost. Custodian activities are presently not outsourced due to limitations by the Securities and Exchange Board of India. Ironically, the whole world outsources its securities services business processing into India but in India, we do not. Outsourcing could save significant grey costs.

Most providers addressing multiple segments will benefit from greater straight-through processing (STP) if the messaging system like SWIFT brings congruency and STP across various segments of domestic and international- and thereby reduces costs.

From a business perspective, it is important to seek out the spiralling hidden/ grey cost in the form of increased numbers of MIS sought by clients. These should be controlled by engaging with clients. If not done then silently the number of reports can go into 10s/100s leading to unproductive costs.

So primarily these are six or seven areas, where care, if adopted, can help to bring down the significant cost.

Finally, a combination of initiatives by industry, the regulator or even organisations, like TSSAG can continuously engage and bring down the grey costs.

Herbeau: If the process, the costs and the efficiencies have been identified, then the idea is to move to the solution implementation. Once the decision has been made to carry on managing the FX in-house, or delegate the execution and hedging, the focus will really be on measuring the performance of those two aspects.

We live through interesting times where we see so many interesting developments and innovative solutions in the FX space for institutional investors.

Each cost area seems to have its solution available in the market at the moment.

The attention drawn on costs first prompted the arrival of TCA firms and their product now extends way beyond the post-trade analysis, thanks to the amount of data that is available for FX and the recent technological developments like distributed ledger technology (DLT) will probably pave the way for real time FX TCA.

When you look at spot FX execution for institutional investors, to cover their daily currency requirements to fund the purchases and sales of assets, subscriptions and redemptions in funds, or manage their hedging programme rebalancing, too many firms still execute at the famous WM Company and Reuters (WMR) 4pm fix.

We all heard about the fact that it was manipulated in the past, so the calculation methodology was changed.

But now we have got high frequency traders who have stepped in and exacerbate the trend to make a profit which ends up being detrimental to the investors who should consider using an alternative fixing and we've seen the development of something like Siren benchmark, which is a Financial Conduct Authority authorised and regulated benchmark, which on average generates savings of $500 per million, which is significant when executing on the same side of the fix against WMR.

Also, investors can look at new liquidity venues such as peer to peer trading, allowing them to meet that at mid rates and negate the market impact as the trades are executed off market.

Firms like Siege FX for spot trading, FX Hedgepool for monthly rollovers of hedging programmes have been live for around a year and receiving more and more interest from large asset managers and corporates too for the former. The savings can be meaningful, both from more competitive rates without spread.

Finally, in the FX hedging space we are also seeing new participants who have developed platforms to secure the process.

Hedging programmes are articulated around the data gathering and processing to calculate the exposure and the adjustment on one hand and the FX execution on the other.

Once this is done, there is a growing regulatory pressure to demonstrate oversight and understanding. Performance reporting tools are key to ensure that hedged share classes perform as well as the master class of the fund.

Custodians are increasingly working on this and so are specialist firms like Lumint. Lumint published a study back in December with New Change FX showing that there is still a long way to go to align the performance across share classes, and waive the grey costs.

At HD Financial Consulting, we have strong ties with the leading providers out there allowing investors to better monitor and manage their costs.

Harris: If I had three words for clients, it would be, 'know your markets', not just at the entry point, but also throughout the life cycle. Know your market and understand that some of these are not just entry of market entry, they are maintenance charges.

Every year they include charges to actually invest in the market and then to service the assets once you are invested.

For example, with environmental, social, and governance (ESG) playing a larger role the importance of proxy voting cannot be underestimated. If I use Brazil, you require a new power of attorney every year, which has to be physically signed, translated and delivered down to Brazil.

Delays in timely tax payments may create cash flow and opportunity costs, which in turn may lead to issues with FX.

Each of these can add up but are ongoing maintenance costs, which if not allocated properly slew the true costs in each market.

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A testing time

Becky Bellamy reports

Although the latest R&M Survey showed a small decline in overall scores, many respondents commented on how well the industry coped with the challenges that the pandemic caused

A year like no other, when business continuity plans have been put to the test, personal initiative was challenged and working practices stood on their heads. In an industry that has not been required to suspend its operations but has had to deal with volatile markets, shifting investment strategies and countless video meetings; the test has been passed with a high degree of success. The challenges of the next year now await. The industry has coped with working from home, and will now have to learn how to cope with hybrid working — mixing working from home with attendance in the office. In its 13th year, the R&M Survey shows, through its results, that all providers have coped well. Although there is a small decline in overall scores, this is to be expected given the circumstances. Many respondents commented on how well the industry coped with the challenges that the pandemic caused.

The survey was conducted between November 2002 and the end of February 2021. Around 300 responses came from asset managers and asset owners globally. They ranked providers based on a questionnaire covering 54 different aspects of the service and scored on a scale of one to seven.

Overall

		2021	2020	Change 21/20
1	Pictet (1)	6.42	6.43	-0.01
2	HSBC (3)	6.27	6.10	0.17
3	RBC I&TS (2)	6.23	6.32	-0.09
4	Northern Trust (4)	5.71	5.79	-0.08
5	BNY Mellon (5)	5.34	5.40	-0.06
6	J.P. Morgan (6)	5.32	5.33	-0.01
7	BNP Paribas	5.14		
8	State Street (7)	4.88	4.79	0.09
9	Citi (8)	4.88	4.74	0.14
	Overall	**5.85**	**5.90**	**-0.05**

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The overall results are based on all responses from asset managers, asset owners and others. Keeping the top spot on the overall score table was Swiss asset manager Pictet. Although it remained on top, it received a slightly lower score of 6.42 compared to 6.43 last year. Commenting on the results, Marc Briol, CEO of Pictet Asset Services, says: "I think 2020 taught us all to never take anything for granted. Channelling this mindset, acting as a trusted partner by striving to go above and beyond our clients' expectations, offering valuable solutions and insights by leveraging client-centric technology, are what we do best at Pictet Asset Services."

HSBC took second place with an increase of 0.17, while RBC Investor & Treasury Services (RBC I&TS) dropped one spot to third.

Northern Trust, BNY Mellon and J.P. Morgan all kept their positions in fourth, fifth and sixth, respectively.

Meanwhile, BNP Paribas was placed in seventh with a score of 5.14 after not making it on the table in 2020.

Despite seeing an increase in their overall score, State Street dropped a position into eighth, while Citi dropped into ninth.

The experts

(Managers responding on multiple providers)

		2021	2020	Change 21/20
1	Pictet	5.69		
2	J.P. Morgan (3)	5.25	5.06	0.19
3	BNY Mellon (1)	5.16	5.27	-0.11
4	Northern Trust (2)	5.02	5.14	-0.12
5	State Street (5)	4.64	4.62	0.02
	Overall	5.09	4.99	0.10

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When it comes to 'the experts' results, that is, results from respondents that work with five or more providers, Pictet jumped straight to the top after not featuring in last year's top five.

J.P. Morgan moved up one place into second with an increase of 0.19. Last year's number one provider, BNY Mellon dropped into third place after seeing a decrease in its result of 0.11.

Northern Trust also took a hit on its score of 0.12, which saw it move into fourth from second last year.

Finally, State Street held the fifth position but saw an increase in its score of 0.10.

Top 200 asset managers

		2021	2020	Change 21/20
1	HSBC (1)	5.41	5.87	-0.46
2	J.P. Morgan (5)	5.28	4.78	0.50
3	Northern Trust (2)	5.12	5.58	-0.46
4	State Street (4)	5.00	4.82	0.18
5	BNY Mellon (3)	4.91	5.12	-0.21
6	Citi	4.14		
	Overall	5.06	5.30	-0.24

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The survey also looks at how the top 200 global asset managers rank, based on the value of global assets under management.

HSBC remained in the first place, despite experiencing a drop in its score from 5.87 to 5.41. Commenting on the results, Allegra Berman, global head of institutional sales and co-head of securities services: "I am delighted that our clients have recognised HSBC for the second year running as the top asset servicer. We are honoured with this ranking and it's testament to the client-centric philosophy and hard work of all my colleagues across our company who put our clients at the heart of everything we do on a daily basis. We exist to serve our clients and this recognition is very much appreciated."

Meanwhile, J.P. Morgan saw the biggest increase of 0.50, which moved it from last year's fifth place into second in 2021.

With a 0.46 loss on last year's result, Northern Trust moved from second into third.

State Street remained fourth, increasing its 2020 score of 4.82 to 5.00, while BNY Mellon dropped into fifth from the third spot last year.

Finally, Citi took sixth place with a score of 4.14, after not appearing in last year's top six.

Geographical Analysis

UK

		2021	2020	Change 21/20
1	Pictet (1)	6.45	6.36	0.09
2	RBC I&TS (2)	6.31	6.18	0.13
3	HSBC (3)	5.92	5.95	-0.03
4	Northern Trust (4)	5.74	5.59	0.15
5	J.P. Morgan (7)	5.30	4.93	0.37
6	BNY Mellon (6)	5.21	5.06	0.15
7	State Street (5)	5.02	5.16	-0.14
8	Citi (8)	4.28	4.39	-0.11
	Overall	**5.73**	**5.63**	**0.10**

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Mainland Europe

		2021	2020	Change 21/20
1	Pictet (1)	6.41	6.45	-0.04
2	RBC I&TS (3)	6.25	6.27	-0.02
3	Northern Trust (4)	5.57	6.08	-0.51
4	BNY Mellon (6)	5.51	5.25	0.26
5	Citi	5.26		
6	J.P. Morgan (5)	5.06	5.46	-0.40
7	BNP Paribas	5.02		
	Overall	**5.93**	**6.17**	**-0.24**

@R&M Surveys 2021

North America

		2021	2020	Change 21/20
1	Pictet (2)	6.44	6.44	0.00
2	RBC I&TS (1)	6.03	6.47	-0.44
3	Northern Trust (3)	5.75	6.12	-0.37
4	J.P. Morgan (5)	5.53	5.54	-0.01
5	BNY Mellon (4)	5.52	5.94	-0.42
6	State Street (6)	4.25	3.80	0.45
	Overall	**5.78**	**6.01**	**-0.23**

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Rest of the world

		2021	2020	Change 21/20
1	HSBC (3)	6.89	6.48	0.41
2	RBC I&TS (2)	6.60	6.33	0.27
3	Pictet (1)	6.39	6.44	-0.05
4	Northern Trust (4)	5.62	5.47	0.15
5	J.P. Morgan (5)	5.22	5.61	-0.39
	Overall	**6.33**	**6.08**	**0.25**

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Client type analysis

Asset Managers

		2021	2020	Change 21/20
1	Pictet (2)	6.31	6.28	0.03
2	RBC I&TS (1)	6.02	6.33	-0.31
3	HSBC (3)	6.01	5.91	0.10
4	Northern Trust (4)	5.59	5.79	-0.20
5	BNY Mellon (5)	5.30	5.26	0.04
6	J.P. Morgan (6)	5.28	4.78	0.50
7	State Street (8)	4.88	4.62	0.26
8	Citi (7)	4.73	4.74	-0.01
	Overall	**5.68**	**5.77**	**-0.09**

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Asset Owners

		2021	2020	Change 21/20
1	Pictet (3)	6.42	6.68	-0.26
2	HSBC (4)	6.27	6.30	-0.03
3	RBC I&TS (2)	6.23	6.69	-0.46
4	Northern Trust (7)	5.71	5.80	-0.09
5	J.P. Morgan (5)	5.32	6.04	-0.72
6	BNP Paribas	5.14		
	Overall	**6.01**	**6.19**	**-0.18**

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Broadridge has appointed Ian Strudwick as general manager and head of Asia Pacific (APAC).

Based in Singapore, Strudwick will report to Samir Pandiri, president of Broadridge International.

In his new role, Strudwick will lead Broadridge's expansion strategies in Asia, and will be responsible for driving sustained growth of the firm in its key APAC markets of Singapore, Hong Kong, Australia and Japan. In addition, he will have ownership of Broadridge's strategy and business development, implementation and execution in the region.

Strudwick brings 23 years of experience in the financial services and technology sector, with 16 years spent in leadership roles for global and regional teams across capital markets, trade finance and business services. He joins from TD Securities, where he was most recently managing director and head of global operations and business services for APAC. His appointment comes as part of Broadridge's strategy to capitalise on opportunities the firm sees for strong business growth in the post-pandemic recovery and beyond and demonstrates its continued commitment to the region.

Pandiri comments: "Ian Strudwick joins at a transformational time for our clients in the region. They will benefit from his deep cross-market industry expertise, as Broadridge supports them in the adoption and application of next-generation technologies."

"We are delighted to have him on board as we continue our organic and acquisitive growth path both in Asia and globally," explains Pandiri.

Strudwick's appointment builds on the recent joining of David Ingleson as chief operating officer for APAC earlier this year, further enhancing the APAC leadership bench as Broadridge continues to support APAC clients to grow their operations.

Melbourne-based Angelo Calvitto has been appointed as head of Asia Pacific (APAC) at Northern Trust, succeeding William Mak.

In this role, Calvitto will lead Northern Trust's asset servicing business serving institutional clients across central banks, sovereign wealth funds, public pension funds, government agencies, investment management firms, and insurance companies.

Calvitto has been with Northern Trust since 2008 and most recently served as country head in Australia.

He has held positions in operations, investment administration, fund services, relationship management and sales in both Australian and UK markets.

During his career, he has gained 30 years of global custody services experience, and prior to Northern Trust, he worked for ANZ Custodian Services and State Street.

Meanwhile, Mak is retiring from Northern Trust after 11 years. He previously led the expansion of Northern Trust's footprint across the APAC from Singapore.

Peter Cherecwich, president of Corporate & Institutional Services, Northern Trust, comments: "We thank William Mak for his service and leadership and are delighted to name Calvitto to this important role."

"The APAC region is a leading centre for technology innovation, with Singapore as a key hub, particularly for our blockchain initiatives. More broadly, we continue to see significant demand for our entire range of asset servicing solutions across the region," explains Cherecwich.

"Calvitto, through his leadership of our business in Australia, has demonstrated his expertise in bringing our solutions to clients and we look forward to seeing him harness his experience across the region and continuing to build on William Mak's successful legacy," he adds.

Chris Bujakowski has joined AccessFintech as chief financial officer.

Prior to AccessFintech, Bujakowski has more than 20 years of finance and operations experience in the technology sector, having worked as chief financial officer at cloud-based banking platform provider Thought Machine and chief operating officer at SMG Group. Starting in 2006, Bujakowski also spent 6-and-a-half years as head of international finance and operations at NetSuite, where he oversaw international revenues increase to more than $100 million. As AccessFintech CFO, Bujakowski will lead the fintech firm's global finance organisation, responsible for financial strategy, management and reporting including investor relations and treasury.

Bujakowski says: "I can't imagine a more exciting time to join AccessFintech. The team here is challenging the industry operating model. AccessFintech has unique strengths which are recognised by many of the world's largest Tier 1 financial institutions, with many more joining the ecosystem.

"I look forward to helping the team execute the company's priorities, accelerate growth and deliver sustainable value."

AccessFintech CEO Roy Saadon comments: "We are delighted to welcome Chris as our CFO. His extensive experience in corporate finance and business operations will be highly valuable to us as we implement our long-term strategy.

"This is an important step for us as a business as it signals our intention to capitalise on our recent momentum and scale further. In Chris, we have gained not only an excellent finance professional but also someone who understands the ethos of AccessFintech's data-sharing business model which makes him a natural fit for us."

AccessFintech provides data enrichment, workflow synchronisation and benchmarking solutions across the financial ecosystem.

Bujakowski's hire will help support the increasing adoption of the company's Synergy Network collaboration software, the firm says.

Euroclear Sweden has appointed Jörgen Olofsson as the new chief technology officer and chief information officer, effective in November.

Olofsson will be part of the Euroclear Sweden Executive Committee and will be reporting to the Euroclear Sweden CEO Rodger Storm Currently, he serves as group chief information officer at Enento Group. He has also gained extensive IT experience from Svenska Spel.

Olofsson has also held various senior positions at the Swedish Tax Authority and the Swedish Defence.

Commenting on the appointment, Storm says: "I am very pleased to welcome Jörgen Olofsson to Euroclear. His digital transformation expertise and leadership in system modernisation and change programs will be a true value-add for our business."

Olofsson is replacing Kamal Iberraken who has been in the role for five years and is returning to the Euroclear parent company in Brussels.

ACA Group (ACA) has appointed Martin Fawzy to its London-based team of consultants, which provide regional US Securities and Exchange Commission (SEC) regulatory support to hedge funds, private equity and diversified financial services firms domiciled outside of the US.

Fawzy joined ACA's San Francisco office in October 2018 bringing more than 20 years of investment adviser compliance experience to the role. He has experience designing, managing, and supporting the compliance programs of advisers to hedge funds, real estate funds, private equity funds, venture capital funds, mutual fund companies, wrap accounts, and separate accounts.

Before ACA, he held several chief commercial officer and senior compliance officer roles at SEC-registered firms, including Symphony Asset Management, Fuller & Thaler Asset Management, SEI Investments and Nuveen Investments.

During his career, Fawzy also previously worked at a regulatory compliance consulting firm, where his client base included exempt reporting advisers and advisers specialising in cryptocurrency, retail investor strategies, equity, debt and currency portfolios.

Fawzy also acted as an internal auditor for US banks where he reviewed trust operations, lending, collateralised obligations, investment advisers, trading desks and trading operations.

In his new role, he will be joining Crystal Christian, senior principal consultant, and Kira Karabatak, consultant.

Both Christian and Karabatak worked with investment advisers in the US prior to moving to the UK and have assisted numerous clients with SEC registrations, SEC examinations, and the development and maintenance of their SEC compliance programmes.

Fawzy's move follows the lifting of a two-year-long moratorium on UK firms applying for SEC registration.

In 2018, the SEC froze applications from European Union-based firms, due to concerns that the General Data Protection Regulation (GDPR) prevented registered investment advisers from providing certain books and records to the SEC for inspection.

Brett Weiss has joined Clearwater Analytics as enterprise sales leader.

Weiss joined the Software-as-a-Service fintech firm from S3 Partners last Monday, and will work in the company's New York office. Weiss previously served as director of business development at S3 for three years.

Prior to that, he worked as an equity derivatives broker for a year at WallachBeth Capital, a firm that provides financing software to global banks, broker-dealers and other financial institutions.

Weiss' longest stint was at Commerzbank as director, where for more than eight years he managed the domestic and international stock loan desks, overseeing a team of three traders and was responsible for all internal trading groups, collateral management and financing activity, including tri-party and treasuries and new business development.

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