asset servicing times
The primary source of global asset servicing news and analysis
ISSUE 286 16 March 2022

# Born to Fund

## How US asset servicing is tackling the Great Resignation

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Has the directive been worth all the inconvenience?

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Goal Group on the importance of automation

### Post-trade in Europe

ISITC Europe's upcoming survey and the industry's preparations for T+1

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Ready for Next

## SS&C Technologies launches AI platform for fund administration services

SS&C Technologies Holdings has launched its GoCentral platform in an effort to optimise SS&C's fund administration offering. The intelligent web platform leverages artificial intelligence (AI) and business process re-engineering in an exception management-based approach to optimise front, middle and back-office services.

SS&C GoCentral is an integrated and intelligent, next-generation fund administration platform – a single unified platform to access the information and systems needed to manage funds. In addition, it features an intelligent exception management-based workflow designed to streamline the net asset value process while providing increased transparency to SS&C's alternative asset manager clients.

The new GoCentral solution aims to deliver full operational transparency from operations to C-level users, with clear, detailed access to data and tools in one centralised location.

Ken Fullerton, managing director of SS&C, comments: "Our leadership in fund administration is and has always been centred on delivering leading, proprietary technology and world-class service.

"But we did not rest on our achievements. Instead, we took the opportunity to re-engineer our entire fund administration offering and improve outcomes for clients with the use of modern, disruptive technologies, so fund managers can spend less time on operations and more time on delivering growth."


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SMARTSTREAM
Let’s talk about the next wave in AI, Machine Learning & Managed Services

## Goal Group partners with HTK Connect to enter Japanese market

Goal Group has partnered with HTK Connect Pte to introduce its withholding tax reclaims and securities class actions recovery services to the Japanese market.

HTK Connect is a specialist consultancy focused on supporting overseas firms in establishing and developing successful business relationships in Japan.

The team in Tokyo aims to help Goal Group extend the reach of its securities services across Japan.

Goal already supports the Japanese investment community indirectly through its work with the four alternative dispute resolution depositary banks in the US.

Commenting on the partnership, Stephen Everard, CEO at Goal Group, comments: “HTK Connect is led by respected and well-connected figures in the financial services sector and is the perfect partner to help further our presence in Asia’s largest securities market. We have a long and successful track record of expanding overseas and we never under estimate the value of local representatives, local knowledge and local language. HTK Connect will deliver all this and more.”

Torsten Kaehlert, co-founder and director at HTK Connect, says: “We are delighted to start working with Goal Group who have an enviable global reputation for excellence across its two core business areas” ■

### TNS to become data vendor for Spain’s BME

Transaction Network Services (TNS) has entered into a new partnership to become a data vendor and connectivity provider for Spain’s principal stock exchange, Bolsas y Mercados Españoles (BME). TNS will offer market data and order entry access to the Spanish exchange’s own electronic trading platform SIBE. As part of the mandate, TNS will also offer market data and order entry access to the derivates exchange, Mercado Español de Futuros Financieros (MEFF). TNS connects to BME via its BME London Hub in Equinix LD4 and Interxion LON1. These connections provide TNS clients with access to all BME systems and services located at its main site in Madrid.

Jeff Mezger, vice president of product management at TNS, says: “TNS brings extensive experience in managing multicast market data and in providing solutions which scale with ever-expanding bandwidth requirements. We have significantly invested in our data portfolio over the last few years enabling us to provide access to most European equities.”

### Ringing the bell for IWD

The World Federation of Exchanges have seen a record 121 exchanges and central counterparties (CCPs) involved in the annual “Ring the Bell” initiative to celebrate International Women’s Day (IWD) 2022, on 8 March.

This marks the eighth consecutive year of the initiative where exchanges and CCPs globally ring opening or closing bells to promote gender equality and highlight the benefits of a diverse and inclusive workplace, and recognise the contribution of women in financial services and beyond.

The Ring the Bell events, both in-person and virtual, started on 1 March and ended on 14 March.

This year, the IWD theme was “Break the Bias”, which aims to highlight the conscious and unconscious biases faced by women in the workplace and in other aspects of their lives.

Commenting on this year’s IWD, Nandini Sukumar, CEO of the World Federation of

## State Street to develop digital custody in collaboration with Copper.co

State Street Digital, the Boston-based bank’s dedicated digital division, has entered into a licensing agreement with Copper.co (Copper), to develop and grade a digital custody offering where clients can store and settle their digital assets. The mandate, subject to receipt of regulatory and other approvals, will offer clients a place to store and settle their digital assets within a secure environment operated by State Street.

Copper, a London-based provider of institutional digital asset custody and trading infrastructure, offers custody, trading and settlement solutions across 450 crypto-assets and more than 40 exchanges.

The company is committed to providing flexible solutions for institutional investors that can adapt to the changing crypto-asset space, while enabling far greater transparency and control for asset managers, Copper says.

Nadine Chakar, head of State Street Digital, comments: “State Street Digital’s mission continues to focus on putting the right tools in place so we can provide clients with solutions to support their traditional, as well as digital, assets needs.”

Sabrina Wilson, newly-appointed chief operating officer at Copper, says: “That State Street, one of the world’s largest custodians, is creating a new digital asset service is a hugely important development for institutional engagement in this new asset class.” ■

## Ocorian partners with BlackRock to grow Global Fund business

Ocorian, a provider of corporate, fund and fiduciary administration services for private markets, has selected BlackRock's eFront Invest suite to expand its Global Fund business.

The announcement builds on the already established relationship between Ocorian and eFront by adding fund administration, investor services and lite depositary services.

BlackRock's eFront platform will support Ocorian in offering end-to-end asset servicing solutions to their global clients.

In addition to using eFront for its central administration and transfer agency support, Ocorian will leverage the platform for its depositary and management company services. Managing its full global funds business on the eFront platform will enable Ocorian to expand its product suite across multiple service lines and streamline data.

Mike Hughes, global head of service lines at Ocorian, comments: "Our global funds business is one of our fastest-growing business lines, we have built tremendous momentum with our clients over the last six months.

"Evolving our partnership with BlackRock and investing in eFront's fund administration platform enables us to become part of a select class of go-to technology-enabled fund services providers." ■

Exchange 2022 Women Leaders, says: "Exchanges and CCPs celebrate the role of women in the workplace and look forward to even greater progress in the years ahead. By ringing the bell, public markets are giving voice and visibility to women everywhere."

Speaking to Asset Servicing Times' ahead of this year's IWD, Keisha Bell, head of diverse talent management and advancement at DTCC, comments: "The repercussions of the COVID-19 pandemic has caused women in the financial services sector to reconsider aspects within their organisations that are most important to them.

"In turn, their employers are re-assessing what to prioritise to create an inclusive work environment. A sense of belonging has emerged as a key differentiator, with employees increasingly placing importance on the support they receive from their organisation."

She adds: "Women, and disproportionately women of colour, bore the brunt of the challenges that were

## Biden signs executive order for regulation on digital assets

President Joe Biden has signed an executive order that highlights the US Government's commitment to ensuring that virtual assets and cryptocurrencies will be subject to further compliance measures with appropriate regulations and supervision.

Cryptocurrencies have seen "explosive growth" over the past five years, climbing from a US$14 billion to $3 trillion market cap, Biden said in the executive order.

Biden affirmed: "The US has an interest in responsible financial innovation, expanding access to safe and affordable financial services, and reducing the cost of domestic and cross-border funds transfers and payments, including through the continued modernisation of public payment systems.

"We must take strong steps to reduce the risks that digital assets could pose to consumers, investors, and business protections; financial stability and financial system integrity. Some digital asset trading platforms and service providers have grown rapidly in size and complexity and may not be subject to or in compliance with appropriate regulations or supervision."

The executive order was signed on the same day that the US Securities and Exchange Commission (SEC) proposed amendments to its rules to enhance and standardise disclosures regarding cybersecurity risk management, strategy, governance, and incident reporting by public companies.

The proposed amendments are intended to better inform investors about a registrant's risk management, strategy, and governance and to provide timely notification to investors of material cybersecurity incidents. ■

created during the pandemic. Specifically, burnout and other mental health issues have emerged as key challenges over the past two years, which has significantly impacted their work-life balance. At DTCC, we use anonymised diversity data to identify and gain insights into areas of priority and opportunity. This helps us anticipate and address such issues before they materialise."

"Also as a result of the pandemic, we are seeing women in the workplace increasingly demand flexibility and employment terms that better suit their lifestyles. It is vital that the industry takes heed of this in order to ensure the continued acquisition and retention of female talent."

Discussing how more women can look to pursue roles in asset servicing, Marina Kudryavtseva, head of the distributed ledger technology (DLT) division at Exactpro, comments: "Since the very beginning I have been thrilled with what I do: I have always been into fintech and taking on challenges. Working at Exactpro provides me with both and I really hope that, through my role as head of DLT, I can help inspire more women to pursue challenging and knowledge-driven careers in finance and technology."

She adds: "While these two industries continue to find it challenging to attract female talent, I do believe the situation is gradually improving. We see more women achieve complex technological and senior management roles. Noticeably, women are increasingly confident about their abilities to take on similar responsibilities, workload, and risks, as their male counterparts."

**MarketAxess Holdings launches new price service for fixed income instruments**

Market data company MarketAxess Holdings has launched Axess All Prints, a real-time transacted price service for the most actively traded fixed income instruments in the EU and UK.

Axess All Prints is designed to enhance the existing Axess All trade tape by delivering real-time trade-by-trade pricing data reported within the trading day.

The service publishes prices in real-time on more than 15,000 executed trades across approximately 4,250 instruments.

Axess All was originally launched by MarketAxess in 2015 as the first intra-day trade tape for the EU and UK fixed income markets, offering delayed intra-day transaction data aggregated at the bond level on approximately 7,000 instruments.

Nearly 1,900 firms leverage MarketAxess' patented technology to trade fixed income securities.

Christophe Roupie, head of Europe, Middle East and Africa and Asia Pacific at MarketAxess, says: "The launch of Axess All Prints speaks to the resounding call for more accurate, actionable and cost-efficient fixed income data that better informs execution strategies.

"By putting real-time market data directly in the hands of trading desks, this has the potential to greatly improve transparency and execution quality."

David Krein, global head of research and data at MarketAxess, comments: "Axess All first pioneered fixed income market transparency seven years ago through close collaboration with both sell-side and buy-side clients.

"Axess All Prints significantly improves the level of transparency available in the fixed income market today and supports client demand for more timely pricing information." ■

# Born to fund

**Jenna Lomax outlines the challenges US fund administrators and US technology vendors face as the SEC proposes new amendments to protect private fund investors, amidst the backdrop of Biden's first term and the Great Resignation**



The US, as it currently looks on the world's stage, has experienced unprecedented change in the last year. With a new president sworn in last January, and the first ever female and biracial vice president by his side, the US electorate certainly pushed the figural reset button when voting in 2020. Readers of a certain age will understand the phrase: "things sure have changed here on Walton's Mountain".

Domestically, President Joe Biden is still trying to push through his economic post-COVID-19 agenda, known as the Build Back Better plan. In addition, the US president signed an executive order on 9 March which emphasises the US Government's efforts to ensure that virtual assets are developed and regulated responsibly.

Internationally, he stands united with the rest of the western world in condemning the Russian invasion against Ukraine.

Since the start of this year, the U.S. Securities and Exchange Commission (SEC) has proposed amendments to Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds. The proposed amendments are designed to enhance the Financial Stability Oversight Council's (FSOC's) ability to assess systemic risk, as well as to bolster the commission's regulatory oversight of private fund advisers and its investor protection efforts, in light of the growth of the private fund industry.

Form PF is important, the SEC says, because it has "helped establish a baseline picture of the private fund industry for use in assessing systemic risk". In addition, it has "highlighted the importance of receiving current and robust information from market participants", particularly when considering the market volatility experienced in March 2020, when the COVID-19 pandemic virtually grinded the market to a halt.

To boot, SEC introduced new rules and amendments under the Investment Advisers Act in February to enhance the regulation of private fund advisers and to protect private fund investors by increasing transparency, competition, and efficiency. If the rules are adopted, "they would help investors in private funds on the one hand, and companies raising capital from these funds on the other", explains SEC chair Gary Gensler.

The proposed rules aim to increase transparency by requiring registered private fund advisers to provide investors with quarterly

> *"Fund administrators are helping asset managers define and adapt their operating models to support the changing landscape"*
>
> ***Ryan Burns, Northern Trust***

statements, detailing certain information regarding fund fees, expenses, and performance.

However, away from economics and politics — or perhaps very much because of it — ponders the American workforce that have been reconsidering their career choices, and on an impressive and unprecedented scale. This phenomenon, now coined as the "Great Resignation", has seen the country's workforce (particularly the under 40s) leave their professions in droves — seeking more "fulfilling" roles than their pre-pandemic ones.

If the US' Great Depression necessitated an economic need to "work wherever", the US' Great Resignation has necessitated an (often philanthropic) need to "work for the better".

It is a phenomenon that is not unique to the US, but has much prevalence in the country because of the sheer number of US citizens recorded leaving their professions over the last year.

A "historically high" 4.3 million US workers quit their jobs in December 2021, according to the US Labor Department's latest Job Openings and Labor Turnover report.

This statistic was released at the close of "a record-shattering year", the Labor Department said, when roughly 47.4 million of the US workforce voluntarily left their jobs to seek "better work" during the COVID-19 pandemic. For comparison, 42.1 million people quit in 2019.

Amid this backdrop, time will tell how the FSOC's ability to assess systemic risk and the Investment Advisers Act will affect asset servicers directly; the effect may be quite minimal.

The more pressing subject is undoubtedly the human resources side of it all — the pressing question of: "will we have the staff?"

## Tougher than the rest?

This month marks the two-year anniversary of the first COVID-19 lockdown. Looking back over the last two years and outlining how the US fund administrator fared, Ryan Burns, head of global fund services, Americas at Northern Trust, affirms: "It has been a valuable partner, providing consistent operating service and a point of connection for asset managers to the market. As asset managers and investors adapted to the pandemic, fund administrators were often a partner to support changes to operating models to address the remote work processes of asset owner clients."

Of course, nothing in the world of asset servicing happens in a vacuum. US fund administrators are not just complying with US regulations, including the aforementioned SEC proposals, but also coming to terms with the changing landscape of European regulations, such as the heavily ESG-influenced Sustainable Finance Disclosure Regulation and the Central Securities Depositories Regulation. Lest we forget the data and cost pressures that will come with the move to shorten the settlement cycle for US equities to one business day (T+1).

In the context of this "continued evolution of regulatory requirements, coupled with increased data transparency", Northern Trust's Burns outlines, "Fund administrators are helping asset managers define and adapt their operating models to support the changing landscape while also providing a level of data that meets managers where they are, in the format that best serves them."

Expanding on this, New York-based Bhagesh Malde, global head of real assets at SS&C Technologies, says: "Data management and transparency will be a big challenge in 2022 — gathering data and making sense of it.

"Funds are dealing with more and more data, in different formats, that needs to be processed, standardised and used in meaningful ways, whether for investments or reporting. Ensuring data is clean and accessible is our priority."

Providing the level of data that regulatory requirements require calls for the right technology and people, exactly where US vendors come in and play their part. The US has always been at the forefront of global technological advancement, whether that was way back when American inventor Albert T. Marshall patented the first mechanical refrigerator in 1899, or Utah-born Philo Farnsworth developed the first all-electronic television system in 1938. The US has constantly been at the centre of technological innovation since its nation's birth, and this is no different when concerning the needs of its asset servicers.

*"The Great Resignation is forcing US fund managers to look at how they manage their technology development and support"*

***Bhagesh Malde, SS&C Technologies***

Technology enhancement is, broadly speaking, still very much guided by the input of human activity at the fund management and fund administration level. With this in mind, how can fund managers look to retain their staff who may be thinking of going elsewhere when they are continuously (and sometimes desperately) trying to achieve their technology goals to meet the previously mentioned data efficiency and regulative compliance?

## Land of hope and dreams

SS&C Technologies' Malde looks to answer the question when he outlines that the concerns felt by fund administrators concerning the US' Great Resignation could actually drive some benefits.

"The Great Resignation, combined with business pressures, is forcing US fund managers to look at how they manage their technology development and support. As a result, we see a surge in demand for outsourcing services. Outsourcing ensures your technology partner takes care of your upgrades, keeps up with best practices, and helps you reach your goals."

Away from the technological element of the debate, is the human side. Something that Andy Schmidt, global industry lead, banking at CGI, analyses in detail.

"The Great Resignation – combined with the 'War for Talent' – is making it difficult for employers to find the people they need for the work that they want to deliver. However, it is important to understand that the drivers behind this movement are a combination of rational and emotional elements that can be managed to not only attract great employees, but also grow and retain them over time," he says.

"With that in mind, let us start with the rational elements — the things that we can measure. The list is fairly straightforward: salary, bonuses, time between raises, size of increases — are all things that employees can, and do, measure as well as compare when looking at their current job, or a potential new one. It can be hard for employers to compete on the rational side of the equation, because higher salaries often mean lower profits — an outcome that most companies try to avoid. So what is the answer? Simply pay more and hope for the best? No — and this is where the emotional side of the equation comes in. The pandemic kicked off the trend of working from home and productivity actually increased, while the heightened interest in sustainability has kept many people from traveling to see clients and prospects. At the same time, many saw innovation decrease, because connections matter."

"Connections to the workplace and the team are vitally important and are hard to manage in a remote environment – there are no watercooler moments where that crucial Eureka can occur. Also important to the emotional side of the equation is a connection to meaningful work – knowing that you are making a difference whether it is to your client, your company, or even your community, which are also key factors in employee satisfaction. This is why balancing the talent equation is essential," Schmidt concludes. ■

# Was it worth it?

**Brian Bollen asks if the SRD II directive has been worth all the inconvenience and investment expense imposed upon the investment management and investment services industry in the interests of improving the overall investment experience**

Most readers will likely have their own strongly held opinions on the issue of the Shareholder Rights Directive II (SRD II).

The majority of those interviewed for the purpose of this article cited SRD II as a key factor in the proxy voting equation at some point in their learned conversation, if only because it has contributed to the growth of proxy voting volumes.

"SRD II represents quite an undertaking for everyone in the custodian chain," says Thilo Derenbach, head of European custody products at Clearstream. "It adds more requirements for many, impacts a wider range of market participants, but also encourages the emergence of new providers and introduces different message formats and forms."

Further complicating matters is that, as things stand, compliance with SRD II remains largely optional rather than mandatory as directives issued by the European Commission are not necessarily translated into member state law consistently. This is expressed in the marketplace on occasion by the mantra: Europe is not a single country.

"Market practices are very different across Europe," says Pierre Colladon, senior adviser, public affairs and regulation at Societe Generale Securities Services (SGSS), reinforcing this philosophical and technical reality.

The intent behind SRD II was right, states Clearstream's Derenbach. It aims at improving transparency, proximity, harmonisation and shareholder engagement. "It has triggered a review of existing processes and an improvement in the industry ecosystem," he says. "Information for shareholders is now better though there remains much room for improvement in the market harmonisation context. SRD II was not ideally designed from that point of view."

The impression that came across to this writer was that the people who arguably stood to benefit most from SRD II were intended to be retail investors.

And as more than one interviewee put it, retail might account for 85 per cent of investor numbers but it only accounts for about 15 per cent of overall market capitalisation.

With this in mind, was it worth it?

> *"What we see is the rise of the retail investor's voice"*
>
> ***Demi Derem, Broadridge***

## Retail investors

Demi Derem, general manager of international investor communication solutions at Broadridge, comments: "What we see is the rise of the retail investor's voice."

"We live in interesting times. Issuers have typically focused on knowing who their institutional investors are so that they can engage them to obtain the endorsements they require at general meetings."

"In the EU, where a shareholder is defined as the beneficial owner, they can now obtain more granular information on who these beneficial owners are, on demand within a 24-hour period."

"In this changed environment however, with retail investors now also having the ability to vote, issuers may find that ignoring the retail voice can quickly cause them unexpected and unwelcome consequences."

Derem adds. "The size of the retail investor holding in an issuer is less important than their ability to cause embarrassment. An outspoken celebrity, a trendsetter or influencer via social media can play a disproportionate role in shaping sentiment.

"You can control the mindset of the crowd today in a way that was not possible before, and every single vote counts, even if that vote represents a tiny position," he says.

"Retail investors have the same rights as institutional investors," says SGSS' Colladon. Or, as David Chase Lopes, managing director, Europe, Middle East and Africa, at DF King, part of Link Group, puts it: "Consider the Roman way. If you are a Roman citizen, you have rights. Civis Romanus sum."

Demi Derem cites as one example of his thesis an instance in which an unidentified company stated its intention to pay directors an unjustified bonus. "This went viral through social media and institutional investors changed their vote. Is this a good thing or a bad thing? As Father Jack of Irish situation comedy Father Ted might say: "That would be an ecumenical matter."

For the record, during the research and writing of this feature, WealthSeed, a digital application for easy investing and personal finance in Poland launched by Fair Place Finance S.A., announced it will use Broadridge's new shareholder disclosure hub to support its new obligations under SRD II. The hub is described in the formal announcement as an industry-wide digital solution that uses the latest application platform interface — and blockchain-based technologies, to address SRD II's new shareholder disclosure requirements and provide data security for WealthSeed's business in Poland and other European markets over time.

"SRD II has pushed forward corporate governance standards across Europe, while transforming market transparency through a secure and efficient disclosure process," said Michał Antoniak, chief legal and compliance officer, WealthSeed and Fair Place Finance.

Rudi Kuntz, managing director, head of global proxy distribution at ISS, notes that alongside the expectation from institutional investors for proxy voting services through their custodian banks, regulatory requirements place additional pressure on intermediaries to proactively offer proxy voting services to their underlying clients.

Bringing together various elements of the overarching theme, he further notes that the updated SRD II mandates that all intermediaries, whose clients hold equities listed in the EU, notify their clients of upcoming shareholder meetings and facilitate any proxy voting instruction returned to them by their clients. As the directive applies to all intermediaries, local custodian banks, retail banks and wealth managers who may not have offered proxy voting services in the past to their clients must do so now.

## A question of transparency

One of the largest challenges faced by intermediaries and investors globally has been transparency through the proxy voting chain; specifically the transparency of vote confirmation from issuer to intermediary to investor. The tendency of institutional investors to actively vote a high volume of shareholder meetings for companies within their investment portfolio has increased in recent years.

This increase in the importance and frequency of active voting has carried with it the need from investors to confirm their vote counted at the shareholder meeting. Given the various parties involved in the chain and the differences in how investor shares and accounts may be structured by each party, confirmation of successful vote processing to the underlying investor has proven challenging.

Greater alignment across markets and the intermediary chain are needed to ensure increased transparency and efficiency. While SRD II has clear objectives for intermediaries, the interpretation of the directive per market and per intermediary may differ. This has resulted in an initial lack of alignment in approach to voting across markets and the intermediary chain.

Even though the volume of intermediaries offering voting services to investors is growing and the ability to receive vote confirmation in certain markets now exists, there are many issuers and participants within the intermediary chain who are still in the process of aligning standards and practices with their own interpretation of the directive.

Issuers, intermediaries, investors, and service providers all play a role in the global proxy voting landscape. In the EU, SRD II has placed requirements on all constituents of the proxy voting chain, from issuers to investors. All parties must adhere to the updated standards set forth in the directive, with the requirements set forth for intermediaries constituting a potential major shift in how certain many provide services to their clients. The volume of participants in the market is now much larger as institutions which have typically not offered solutions in the past, such as wealth managers and retail banks, are now required to provide proxy voting solutions to their underlying clients. Given the directive was transposed into local law by each individual member state and each intermediary may define their requirements to adhere to SRD II differently, alignment in standards across the proxy voting chain is still to be achieved.

> *"We can expect to see further collaboration across market constituents and service providers as market standards begin to align"*
>
> ***Rudi Kuntz, ISS***

What next, then? Clear market alignment and standards applied by all participants in the chain can assist in resolving challenges with transparency and the timeliness for distribution of information, says ISS' Kuntz. The use of external providers can help alleviate many challenges faced by intermediaries in not only notifying their clients of events, but also in distributing any vote instructions returned and obtaining transparency through the chain.

"We can expect to see further collaboration across market constituents and service providers as market standards begin to align and intermediaries continue to evolve their current service models," Kuntz says.

"The updated standards introduced by SRD II resulted in significant development requirements for intermediaries. While the deadline for intermediaries to implement services and adhere to the directive was September 2020, many market constituents are still in the process of updating their services to their clients. Service providers have devoted significant time and resources to ensure solutions adhere to the directive and, given the ongoing alignment across markets and potential differing interpretation across members of the proxy chain, further development and enhancements to solutions will continue," he concludes.

In the meantime, though, we have to ask again: was SRD II worth it, to enhance the perceived rights of investors accounting for (at most) 20 per cent of total market capitalisation? Not for those of a utilitarian philosophical mindset, perhaps. ■

# New world model

**Gary Wright, James Maxfield and Alastair Rutherford of ISITC Europe CIC talk to Jenna Lomax about the association's upcoming post-trade survey — and what it aims to outline — as the industry continues to feel the advantages and pressures of global settlement compression times**



**Why was the ISITC Europe CIC Post-Trade Forum set up and what purpose does it serve for the industry?**

***Gary Wright:*** The International Securities Association for Institutional Trade Communication (ISITC) Europe Community Interest Company (CIC) Post-Trade Forum was established to bring together leading players and senior managers to share information across the transaction chain. The aim is to bring understanding throughout the capital market of changes that impact all firms. Our objective is to create a forum where the various challenges that impact capital markets can be better addressed. We can share what works and what does not to aid senior managers and allow firms to make better decisions by being informed from an industry standpoint.

ISITC Europe incorporated as a CIC to position itself in the market under a regulated organisation, rather than a loose collection of willing individuals. This also gave us the opportunity to put in place a corporate structure, including an invited advisory board representing all sectors of capital markets within the transaction chain.

We believe this unique coupling of senior practitioners on both the buy- and sell-side — including infrastructure providers — creates a valuable forum for the capital markets. We also wanted to move away from being regulatory-focused as there are already several trade associations that do this very well.

**ISITC Europe is soon to be releasing a survey talking about the move to T+1 in detail. Can you tell us more about what we can expect from the findings?**

***James Maxfield:*** What we are trying to get out of the survey is to understand some of the different opinions surrounding T+1 and ultimately enable ISITC Europe to form an opinion around settlement cycle compression. What we have been hearing and reading is that views are quite mixed around readiness for the move.

There is also quite a difference of opinion around the value of T+0 and some of the benefits associated with faster and quicker settlement, but it may also displace a lot of other processes that are currently in place. Some people view the move toward T+0 as perhaps unnecessary, while others are very keen for the move to it.

> *"Broadly speaking, when changing from T+3 to T+2, and from T+2 to T+1 respectively, the processes involved were much the same for the industry. However, changing from T+1 to T+0 is a much bigger quantum leap"*
>
> ***Alastair Rutherford***

Some of the research, and some of the articles that we have seen and read over the last 12 to 18 months, shows that different areas of the industry have differing opinions, depending on where they are, and who they are. When we think about the US market — which is very global, as investors from all over the globe in different time zones interact with it — the processing, off the back of some of the trading activity, can often be extremely complex and jumbled. Whereas India, which moved to T+1 on 25 February, has a much smaller market with a typically local set of participants. There will always be challenges with settlement time challenges, but India's will not be as widespread, due to its localised nature.

As we go through the feedback from the survey, I am sure we can create some credible practical opinions that can actually start to help the industry shape its thoughts around settlement compression in a way that makes sense to all market practitioners.

***Alastair Rutherford:*** The survey is not specific to T+1, it does start to talk about moving to T+0 and describes how people are feeling in terms of their readiness for the next stage after T+1. Broadly speaking, when changing from T+3 to T+2, and from T+2 to T+1 respectively, the processes involved were much the same for the industry. However, changing from T+1 to T+0 is a much bigger quantum leap, when considering the wider business process changes that will need to take place.

The move from T+3 toward T+0 will squeeze together all the previously utilised business processes. Ultimately, what we call "post-trade" cannot be post-trade anymore — it has to effectively be pre-trade.

We see overlaps between some of the challenges that people are seeing as they move towards T+1 and T+0 to the challenges that a future state model, based around distributed ledger technology and atomic settlement, will create.

**Which regulations will cause the most challenges in the post-trade space over the coming 12 months? And what steps is the ISITC Post-Trade Forum taking to help market participants to manage these implementation changes?**

***Rutherford:*** People have really got the message that a lot of the challenges they have had with regulatory reporting over prior decades is all about the quality of their internal data.

In previous years, regulatory reporting was a point-in-time exercise for our industry — an industry who changed their operations or business system just to climb over the next hurdle. The consensus was to stick plasters over data issues, as opposed to fixing the underlying problems.

However, that mindset has changed now; there seems to be a shared understanding that to fix the issues, the internal data has to increase in its quality. To go down that route, standardisation is needed. In collaborating — through effectively translating your internal data to a common standard in a collaborative environment — you will start to push that standardisation back into your own organisation. Collaboration and data quality are very much intertwined.

***Maxfield:*** The reality now is that regulation and regulatory change is very much part and parcel of the way that market structures work and operate. Our view is that it will be the same every year from now on rather than a point-in-time event. The post-trade landscape, as part of that, really needs to be moving away from reactive and tactical responses to regulation, and instead needs to think more broadly around managing platforms, systems and processes.

We have authored a ***whitepaper*** for ISITC that identifies five key themes relevant to post-trade going forward. Data centricity is a key theme included in the whitepaper — focusing on data cleanliness and the integrity of data which will make ongoing compliance and changes to compliance much easier.

The industry has been making in-house changes in response to the ‘regulatory refits’ which we are seeing across the globe now, as regulators look to tidy up the reporting infrastructure. This is a big data challenge for many organisations because they are not able to have access to the right data and they have to build quite a complex environment around the data they maintain to try and reconcile it.

Following on from data comes the importance of collaboration, meaning organisations coming together and collaboratively matching or solving their post-trade exceptions on a common platform — moving away from sending spreadsheets and emails between each other, with different datasets and different versions of data. There has been an increasing shift to working more on a common data set, which is an important change to make post-trade processes more efficient.

As we start thinking about regulatory requirements around reporting and compliance, and being able to match and have data transparency, it becomes a lot easier if everybody is working off a common data set, as opposed to different ones. This collaboration is aided by the theme of market standardisation, as the move towards a common data set is aided by adoption of standards (message types and data sets) that remove friction between processes that support exception management.

Technology is another key theme — the fintech solutions available to the industry can help with data handling and accessibility, while also assisting with navigating moves toward settlement compression. These days, many are much better than the in-house innovation that banks have historically had access to. Their data solutions have been developed to solve many common industry problems, certainly around regulatory compliance.

Finally, the introduction of digital assets and how they will impact capital markets in the post-trade world is almost a theme in its own right now, but also one we see as playing an increasingly influential role in the post-trade world of tomorrow.

> *“We have authored a whitepaper for ISITC that identifies five key themes relevant to post-trade going forward. Data centricity is a key theme included in the whitepaper — focusing on data cleanliness and the integrity of data”*
>
> ***James Maxfield***

**What do you perceive to be the key drivers of technology transformation in post-trade within the next year to 18 months?**

***Rutherford:*** Beyond the next 18 months, I think we could see some distinct change. There are two ways of looking at it: the drivers of technology transformation, and the technology drivers of transformation.

The key drivers of technology transformation are a consequence of the business process being changed, as opposed to the other way round, where your technology drivers of transformation are a catalyst for that.

You will see a lot of people talk about digitalisation, but every single person you ask will have a different definition of what that actually means. In our view, it has become a more trendy word to describe automation. There is nothing wrong with automation, if it is done properly.

We have had a lot of debate about whether blockchain was a catalyst for real change, in of itself around industry transformation, or if it just so happened to coincide with people starting to look at the need for industry transformation, and whether the two elements were coincidentally caught up together. Regardless, it has been

> *"We are looking to move forward to establishing our education fund for underprivileged students wishing to have a career in capital markets. This is a major ambition of ISITC Europe CIC, and we want to progress it further"*
>
> ***Gary Wright***

a good thing for people to fundamentally rethink how the post-trade aspects of things work, and we definitely see real progress happening using distributed ledger technology toolsets, rather than a blockchain.

**What other projects and initiatives will ISITC Europe be working on this year?**

***Wright:*** We are looking to move forward to establishing our education fund for underprivileged students wishing to have a career in capital markets. This is a major ambition of ISITC Europe CIC, and we want to progress it further. We will be producing more online content featuring interviews with leading players in the history of the capital market, plus the usual topics of today and tomorrow. We will push forward further with the student's society.

More invites to leading players to join our advisory board will be made to broaden and deepen coverage. We are delighted that a ***SWIFT representative*** is our latest recruit. ■

**Gary Wright**
Director, ISITC Europe CIC

**James Maxfield**
Co-chair, ISITC Europe CIC Post-Trade Forum
Managing director, Ascendant Strategy

**Alastair Rutherford**
Co-chair, ISITC Europe CIC Post-Trade Forum
Managing director, Ascendant Strategy

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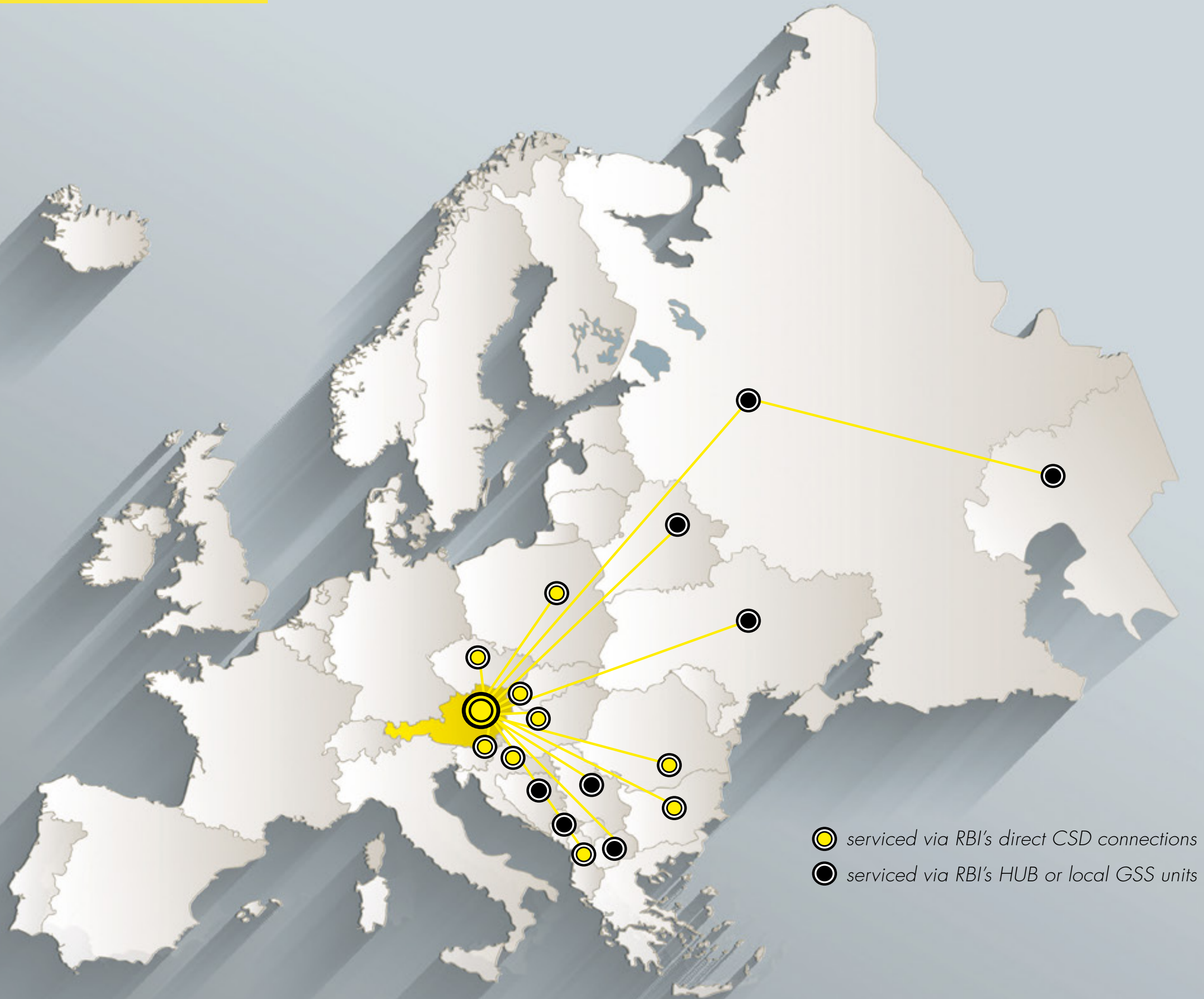


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# Man versus machine

**Goal Group's Vicky Dean addresses the importance of automation versus human interaction, and explores ways in which the industry can continue to evolve while ensuring client service remains the key focus**

With the fintech industry rapidly and continually evolving to introduce and test new ideas, trends and automation, what value should we put on technology versus the importance of human interaction?

It is no secret that the big trends are driven by efficiency, which include artificial intelligence (AI), blockchain and other robotics, but we also need to consider the impact on our clients and how we ensure they receive the best client experience.

In 2020, the financial services industry and the wider world received a huge wake up call. With news of the COVID-19 pandemic spreading globally, resulting in countries and services shutting down, many businesses were forced to react quickly and put measures in place where humans were replaced with automation to ensure business as usual. In addition to the evolution of technology to help businesses cope, most people had to work remotely and learn how to adapt to not only manage their day-to-day workload, but also respond to the needs of their respective businesses and stakeholders. Little did we know that COVID-19 would occupy two years of our lives and change the way we work, forever.

Many financial institutions had their hands forced to modernise legacy applications and move towards digitisation, either by replacing them completely or adopting other new systems and ways of working that would exist alongside existing technologies, to maintain the level of service that their client base expects. During this process, although client communication remained in place, humans were replaced with chatbots and other AI entities. While seeming more efficient and responding to their needs, it is also important for us to question their worth in relation to the overall client relationship. While some may believe these types of additions are a breath of fresh air, we must also consider those who may feel alienated and intimidated by the complete cut-off from human interaction and therefore strike a balance between the two.

While COVID-19 certainly induced a whole new level of digitisation which encouraged businesses to evolve and assess new opportunities, we must not forget that just because it is not

necessary to speak to a person, face-to-face communication will always remain incredibly important as part of the client experience. As we move towards the new normal, it is fundamental to establish a balance between humans, machines and client service managers to assess client comfort level and to be there in case they are needed.

Often with reactive upgrades and enhancements, we fall into the trap of over-complicating the needs of our clients, more so when the decision is taken out of our hands and we are forced to act quickly. This often results in introducing features and complexities that are not needed.

Rather than just following and embracing industry trends, it is imperative we continue to engage with our clients and address their needs, hence the importance of retaining a human client service model. Not only does this foster important relationships and build trust, but also adds to the value add and unique selling point of any service, as the client feels valued and considered during the evolution process.

## Moving forward

At Goal Group, thanks to our visionary CEO, Stephen Everard, we were ahead of the curve as we had already restructured our business model to incorporate a follow-the-sun, dedicated client services department. Every region now has a team of individuals who are there for the sole reason to engage with the clients, respond to queries, hold meetings when needed, and add that personal touch to their journey.

As a result of this, we have further cemented the relationships we have with clients, which has led to increased business and referrals to other new clients through word of mouth and industry reputation. As a leading fintech company, we underwent a huge transformation to cloud-based applications pre-pandemic, which offer our clients elevated levels of automation and have continued to develop our service offerings and enhance the services we provide. However, our decisions are not only business- and revenue-driven, but also based on the needs and wants of our clients, who are at the focus of everything we do.

Fintechs and other vendors in the financial service industry are all too aware that the sales process can often be months, if not years-long and that the relationships built during this process should continue to strengthen once your prospect converts into a live client.

However, if their positive experience ends once the sale is completed, they certainly will not stick around. Just because you have the most up-to-date technology and provide an efficient and competitive service, if they have a question or concern and cannot engage with a person and become frustrated at feeling like a number, they will not hesitate to terminate.

Complacency is the key element to losing a client, and we would all do well to remember that no client should feel dismissed or let down after the sale has been completed.

In many cases, it is the client service experience that is the competitive battleground, not the sales process which is often only a temporary part of the cycle.

Client satisfaction is certainly a factor that should be at the forefront of all business considerations and decisions, as their revenue, as well as sales, is often what drives the viability to be able to initiate these enhancements in the first place.

However, one additional consideration is to ensure all developments not only target your core demographic, which is not only relevant to application and technology advancements, but also client service models.

We have all experienced something similar that has infuriated us, especially in the modern world with the introduction of AI and chatbots that often replace a human being. I am almost certain that at some point we have all furiously searched a website looking for an email address or contact telephone number to speak to a person to resolve something and become increasingly annoyed at voice recognition not working and directing you to the wrong department, or automated responses redirecting you to a 'frequently asked question section' that has still not been able to answer your question.

While I am not suggesting you eliminate these, it is also helpful to focus attention and sufficient training on dedicated client service managers who are able to engage, empathise and assist — things which technology lacks (currently!).

Situations like this evolve quickly from man versus machine (or human versus AI) to rage against the machine!

Should we embrace trends, automation and technology, or be guided by our clients and their requirements?

The answer is both. There is no point continually trying to outdo the competition and keep up with trends and new technologies if they do not respond to your clients' needs.

As aforementioned, adding additional complexities and features which are not necessary will only succeed in alienating them and therefore eliminate the core of your business — and without clients and their revenue, there will not be a business to run.

Rather than prioritising one over the other, it is important that they harmoniously co-exist within the framework of your business to ensure delivery of the ultimate client experience, whilst concurrently promoting leading-edge technology, automation and efficiency alongside excellent service — a win-win for all. ■

**Vicky Dean**
Managing director, EMEA, global head of client services
Goal Group


**AccessFintech has appointed Fabrice Carrier as head of derivatives product line.**

With more than 30 years' experience in investment banking, Carrier has led industry-wide collaboration initiatives transforming investment banking operations. Prior to AccessFintech, Carrier held several senior management roles at J.P. Morgan in both fixed income and equities operations, with a significant focus on derivatives.

He was most recently global head of transformation for securities operations at the global bank, a role he began in June 2018.

His appointment at AccessFintech comes as the company continues to grow its Synergy Network and is now expanding its asset coverage on the platform.

Commenting on his new appointment, Carrier says: "The challenges of the derivatives market, and the appetite for collaboration between buy-side, sell-side and vendors, is at a perfect crossroads.

"I am thrilled to be joining AccessFintech to grow the derivatives franchise and be part of that innovation journey."

Roy Saadon, CEO of AccessFintech, comments: "In Fabrice we are fortunate to have gained an outstanding professional who has deep knowledge of the derivatives marketplace and a proven track record of innovation and transformation of the financial industry." ■

**Delta Capita has announced the hire of Steven Hargreaves to head of consulting, UK.**

The global capital markets consulting, managed services and technology provider aims to reinvent the financial services value chain and appoints Hargreaves in an effort to invest in its UK and global consulting business.

Hargreaves brings more than 25 years of financial services experience, spanning across consulting and industry roles.

During his career, Hargreaves has led and grown global client accounts, led the capital markets industry domain and built new consulting capabilities.

Prior to joining Delta Capita, Hargreaves was managing director at HSBC between 2021 and 2022.

Previously, Hargreaves was chief transformation officer for TP ICAP, where he led global cost management programmes in addition to shaping and mobilising significant change initiatives.

Commenting on the appointment, Steve Vinnicombe, global head of consulting at Delta Capita, says: "Steve is a first-class consulting leader. He has earned a reputation for partnering with clients to reliably deliver for them."

"He also understands the importance of creating a great place to work through investing in our people. I am looking forward to seeing the business take its next step forward under his leadership."


**London-based technology company Copper.co (Copper) has appointed Sabrina Wilson as chief operating officer.**

Founded in 2018 by Dmitry Tokarev, Copper is a provider of digital asset custody and trading infrastructure. In her new role, Wilson will be responsible for leading Copper's operations, as Tier 1 banks and other financial institutions increasingly allocate funds to digital assets. Prior to Copper.co, Wilson was global co-head of the futures, over-the-counter clearing and foreign exchange prime brokerage business and also oversaw a period of development of the bank's global execution and algorithmic platforms in futures.

Wilson has also held other senior roles at Goldman Sachs, JP Morgan and Deutsche Bank.

At Deutsche Bank, Wilson was the European clearing head and global head of exchange-traded derivatives electronic execution.

Commenting on her new role, Wilson says: "It is an exciting time to be joining Copper, to work with the team to provide digital asset custody and trading solutions to the traditional financial sector."

"As institutional investors increasingly embrace crypto as an essential asset class, I am confident the advances in technology that Copper is making will become the gold-standard for global financial infrastructure in the future." ■

**Delta, the pension administration technology company owned by Bravura Solutions, has appointed Billy Chalk as managing director.**

Chalk replaces former managing director, Michael Power, who will continue at the company as an adviser to support the transition process until 31 March 2022.

Based in London, Chalk has more than 20 years' experience in financial services, working within some of the UK's largest consultancy and wealth management firms.

Since joining Delta in 2018, he has held roles as programme manager and programme director where he was responsible for Delta's SIPP~Pro and SSAS~Pro products via the Platinum~Pro technology platform.

Prior to Delta, Chalk held senior roles at PwC, BNP Paribas, technology vendor Praemium, and outsourcing company Equiniti.

Commenting on his new role, Chalk says: "I am delighted to be taking on this role and look forward to leading the business into the next stage of Delta's growth, aligned with the wider Bravura family."

He adds: "Mike has done an exceptional job in making Delta the business it is today, and his passion and commitment will remain embodied in our strong culture and values. Our people are our most valuable asset, and their combination of domain knowledge, experience and creativity will continue to be embedded into our products and service delivery." ■