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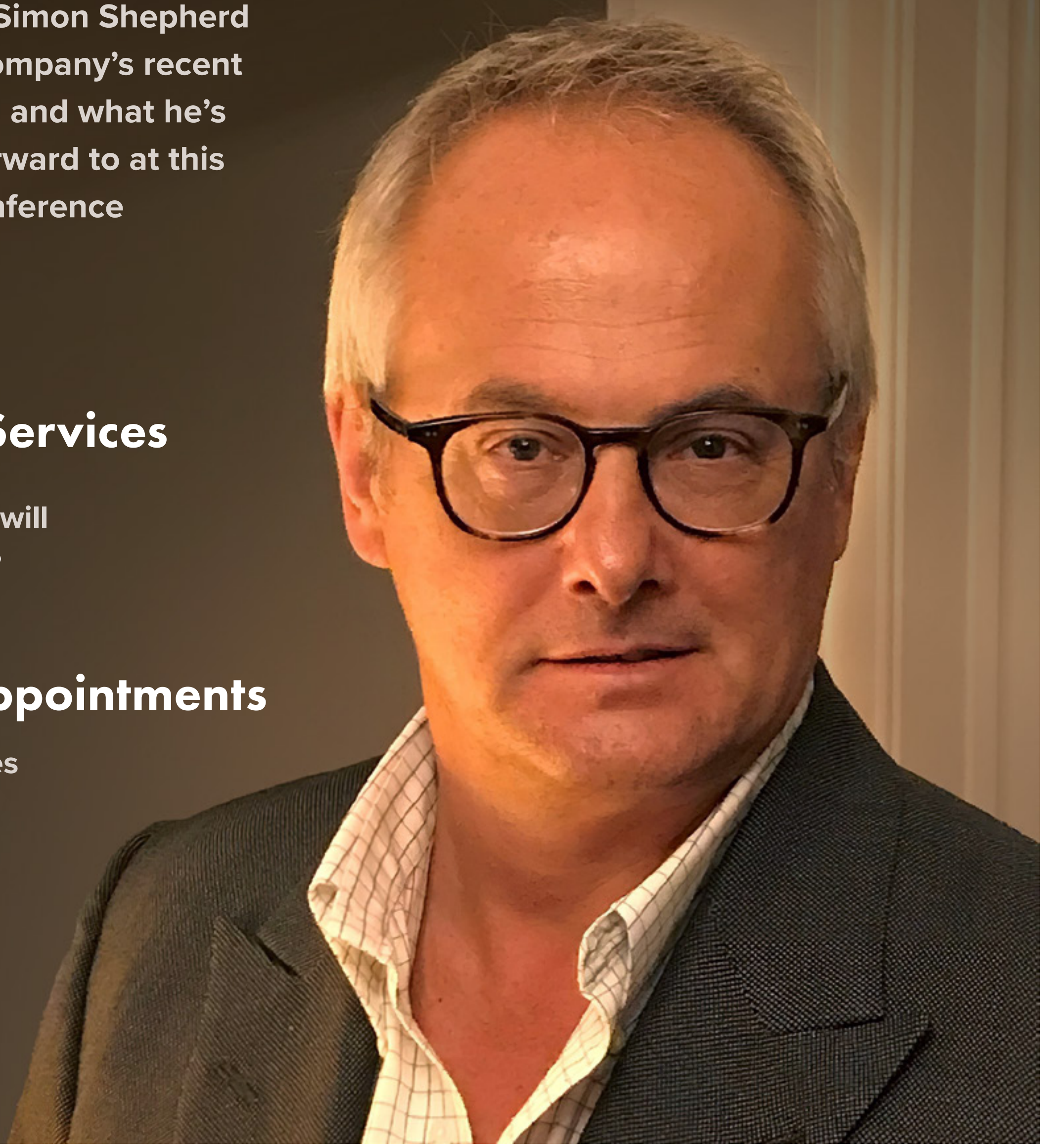
# MYRIAD of Possibilities

MYRIAD's CEO Simon Shepherd discusses the company's recent client expansion and what he's most looking forward to at this year's Sibos Conference



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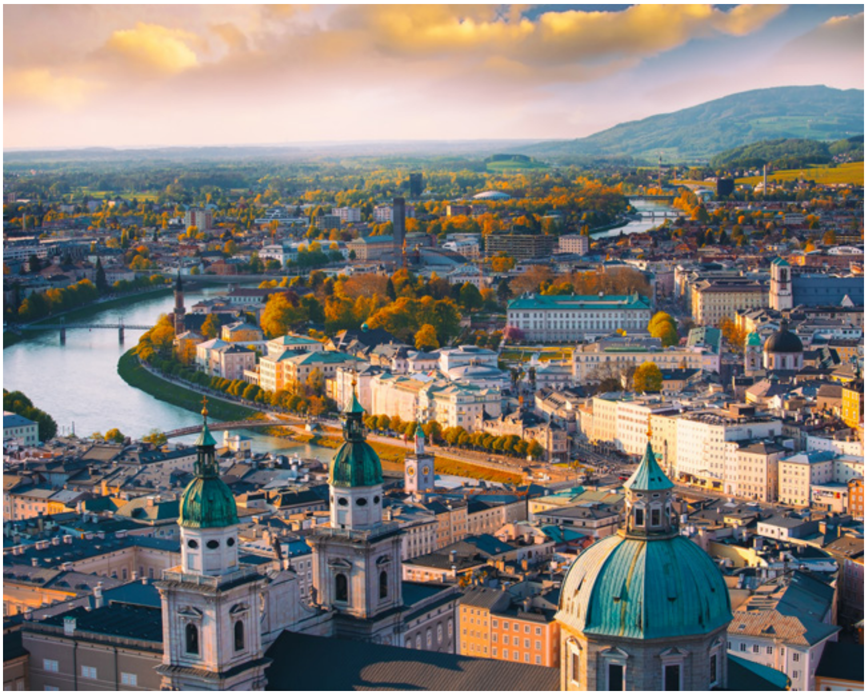


## Broadridge launches Austrian proxy voting service

Broadridge has announced the Austrian launch of its "market golden copy" event sourcing and proxy vote execution service, available for banks, brokers and wealth managers.

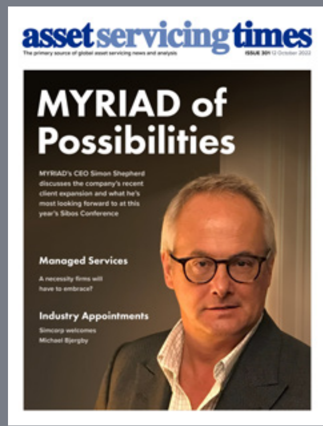
This latest live running follows the company's 2021 goal of driving local market efficiencies, focusing on expanded coverage for proxy processing and extended voting windows.

The service forms part of Broadridge's direct market solutions (DMS) product suite, which connects investors and issuers directly and can be used for both institutional and retail investor voting in the country.

The solution extends investor voting and research deadlines. Voting instructions are provided digitally for physical submission at the meeting, complying with national regulations, and investors are then provided with a receipt of votes.

Demi Derem, general manager of international investor communication solutions at Broadridge, says: "We remain focused on our commitment to innovate and transform the proxy voting eco-system, both globally and at a local market level, while reducing costs and risk to market intermediaries through our mutualised shared service model.

"Our investments for the Austrian market will deliver improvements to operational efficiency with advanced straight-through processing for market participants, and support incremental levels of shareholder democracy by empowering investor stewardship and related ESG strategies." ■

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## Clearstream and Quantalys partner on digital solution for funds selection

Post-trade service provider Clearstream and reference fintech Quantalys Harvest Group (Quantalys) have partnered to offer digital solutions for funds selection and portfolio modelling to wealth managers.

Quantalys' portfolio modelling solutions will be added to Clearstream's existing data, distribution, and execution services on Clearstream's Fund Centre platform.

This platform already serves more than 350 fund distributors and 430 asset managers, covering 76,000 funds in total.

The service will be front-to-back, with the option for wealth managers to either integrate the solution into their existing infrastructure or access it through the Fund Centre platform. Users will be able to analyse market trends, select funds, create portfolios, and execute investment decisions.

Commenting on the partnership, Philippe Seyll, CEO of Clearstream Fund centre, says: "We are excited to cooperate with Quantalys Harvest Group for the wealth management industry.

"The partnership will allow us to expand our innovative product suite, integrating portfolio modelling capabilities into our ecosystem of partners.

"With this collaboration, Clearstream further enhances financial market efficiency by providing high-quality data, driving digital evolution, and delivering ground-breaking services for market participants worldwide". ■

### Reserve Bank of Australia "disappointed" by delay to ASX's CHESS go-live date

The Reserve Bank of Australia (RBA) is "disappointed" by the most recent delay to the go-live date for the Australian Securities Exchange's (ASX's) CHESS replacement.

The comment was included in RBA and the Australian Securities and Investments Commission's (ASIC's) 2022 review of the exchange's clearing and settlement facilities, which included a detailed analysis of ASX's planned replacement of the CHESS clearing and settlement system.

In the review, RBA and ASIC stated that although the ASX has "conducted their clearing and settlement affairs in a way that promotes overall stability in the Australian financial system", it needs to "place a high priority on addressing recommendations related to operational risk".

It found that the target state for the replacement system broadly meets the relevant standards, but that further assurances will be needed to verify that the system will meet these standards in practice.

It highlighted that ASX has made progress in addressing governance-related recommendations from the 2021 Assessment, but that there are several key outstanding items that ASX must address over the coming year.

The RBA further outlined that the ASX has made some improvements to its processes for notifying the RBA, although there were significant delays in the notification of some key information.

CHESS' original go-live date was set for April 2022, but was then pushed back to April 2023, mostly due to the impact of COVID-19 on the industry, particularly throughout 2020 in areas including collaboration and productivity.

Though, in 2021, most users indicated that they could meet the new proposed live date of April 2022, many asked for extra industry testing as well as more time to prepare for the new system. Some users also requested additional functionality that reduces manual processes, such as electronic corporate action elections.

Commenting on the 2022 review, Brad Jones, assistant governor at RBA, says: "The ASX clearing and settlement facilities are critical to the smooth functioning of the Australian financial system."

He added: "It is important that ASX further strengthen its governance and risk management arrangements to the high standards expected of critical market infrastructure. The safe and timely replacement of CHESS must also remain a high priority for ASX."

Philip Lowe, RBA's governor, adds: "The review initiated by ASX is an important step in providing assurance that the new CHESS application software will be fit for purpose. The replacement system must be safe and reliable to maintain investor confidence and the stability of Australia's financial system."

**La Mutuelle Générale extends partnership with Linedata**

Paris-based personal insurance company La Mutuelle Générale has extended its partnership with Linedata to utilise its fund accounting operations.

As part of the new mandate, La Mutuelle Générale will leverage Linedata's Business Process Outsourcing (BPO) service.

This new arrangement will allow La Mutuelle Générale access to Linedata Chorus, a multi-standard SaaS solution for institutional portfolio management which includes bonds, equities, private debt, real estate, investment capital, and infrastructure.

Linedata has expanded its BPO portfolio to meet growing demand from institutional customers to outsource their investment operations.

This removes the need for licenses and the burden of managing back-office operations in-house, says the data technology service.

Linedata's BPO service also handles end-to-end back-office workflows for fund accounting.

Matthieu Esposito, head of treasury and investments at La Mutuelle Générale, says: "Earlier this year, we decided to call on an external service provider to ensure continuity in our fund accounting operations.

"Our collaboration with Linedata went smoothly from day one. We are delighted with the day-to-day service provided by Linedata's experts, as it means considerable time savings." ■

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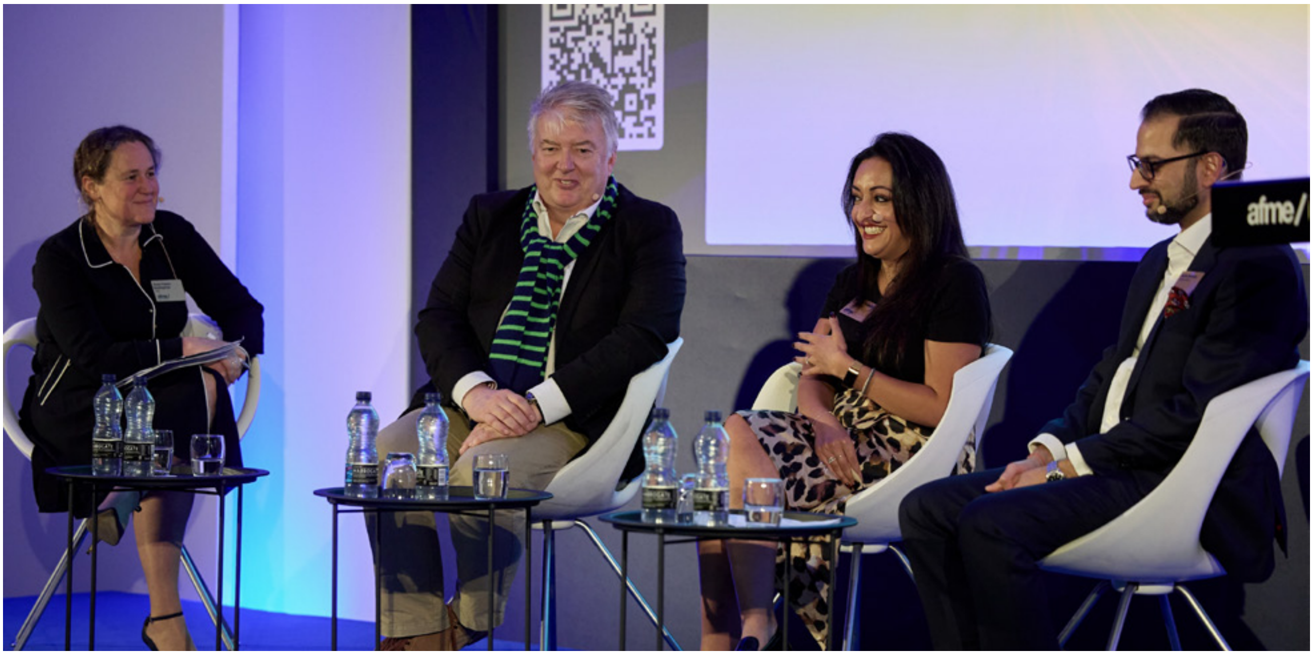


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**Industry not ready to address EU time zone impact of T+1, say AFME delegates**

More than half of delegates at this years' AFME OPTICs Conference said they would not know how to address the EU time zone impact of T+1.

The results were part of an audience question asked during AFME OPTIC's T+1 Settlement panel (pictured above) which also found that 41 per cent of delegates wanted more automation to mitigate associated complexities, with the remaining 6 per cent opting for extended operation hours, in an effort to help lessen any complications.

Sachin Mohindra, an executive director at Goldman Sachs, said that to resolve the lack of confidence in preparing for T+1, there needs to be a "drilling into data to look at the root causes of the problems".

He added: "Financial services' international client base has never just been in one time zone. One thing we should be mindful of is cross-border flows — where you have US exchange-traded funds (ETFs), or international ETFs with US underliers. You cannot strike the net asset value of that ETF until you know what the underlying prices are and that only happens at the close of the market in the US, and by that time it is 9pm in the UK. You start seeing these interesting stories within the data. More conversations surrounding the difficulties with data need to be had across the industry."

Pardeep Cassells, head of securities and claims products at AccessFintech, deemed: "Access to that data is not always easy or straightforward to come by. It is important to be open about the challenges that are being seen. Operational teams tend to be overreactive, particularly when it comes to trades failing."

She added: "Some of that thought pattern needs to be broken down and [the industry] needs to start again from scratch. How can we ensure across all markets that there is transparency with both sides of the trade, to proactively identify what might break or what might fall down, so we can fix [these problems] ahead of time? Looking at that data, understanding it, and using it to build the foundation for what you do next, is critical."

Earlier in the discussion, Andrew Douglas, managing director of government relations for EMEA and Asia at DTCC, said the implementation of T+1 will achieve reduction of risk and cost.

He added: "There is about $13 billion in collateral that is held in the US market that would be reduced quite considerably with a move to T+1, so there is a huge saving in the amount of cash that is tied up in the marketplace."

"There is an assumption that there will be some degree of standardisation and automation. The move to T+2 was achieved on the patched systems that were available. [The industry] will not get away with that in a move to T+1."

"2022 is the year of planning, 2023 will be the year to build, and 2024 will be the year of implementation. We are in the process of planning for that and waiting for a final decision from the U.S. Securities and Exchange Commission on the possible implementation date, which is looking likely to be between March and September 2024."

Cassells said: "Any regulation, and any change in any market, impacts all of the markets that contribute. No company works as a silo, anything that changes in the US has an immediate impact on your teams and your operations.

"As an industry we have become increasingly global over the last five to 10 years, so we should be looking at timeframes that are going to be squeezed. At AFME today, our conversations will be very eurocentric, but we need, of course, to consider the impact on Asia outposts as well, where timeframes are going to be squeezed even further."

Moderator Sonia Paston-Bedingfield of UBS went on to ask the audience whether Europe should start the ball rolling for T+1 adoption, to which 72 per cent said 'yes', while 28 per cent said 'no'. Douglas told the audience: "I am not surprised, but pleased in the way you voted."

He added: "Within a post-Brexit environment, and considering what is happening in the markets at the moment, [the UK] has got to find a way of differentiating itself from the European market by encouraging more financial activity into its own market. Moving to T+1 is a way of achieving that and will make the market more efficient. I hope this conference will mark the start of T+1 conversations into the UK, and more broadly into the EU."

Goldman Sach's Mohindra said: "The UK is in a strong position to flex its Brexit muscles as a differentiator in the European region. The UK has an interesting role to play and I am keen to see how that develops."

Cassells affirmed: "The ball should be rolling, the UK market should not be seen as slower or less competitive than the US or European market. I can order something off Amazon and have it delivered the same day, or the next morning. We should not be functioning in an infrastructure that pushes trillions of dollars and euros every year, but still takes two days to settle a trade."

She added: "T+1 is going to force our industry to really look at their processes in a wholehearted way. That, in turn, should have the knock-on impact that CSDR was aiming for." Mohindra said he agreed and that the "two work in tandem with each other, all in the spirit of settlement efficiency."

Douglas went on to discuss the behavioural change required for the implementation of T+1 which he said "is not easy to achieve".

"What we do not have is a tool to overcome market inertia," he continued. "Sometimes, that is why a regulatory imperative works better than a self-imposed market imperative. I think it will be interesting if this becomes a market regulatory initiative, rather than a market-driven initiative. In my experience, that is how you get over some of the market inertia.

"It was Europe that drove the move to T+2 and it is now the US driving the move to T+1. How come there has been this switch in enthusiasm for improving the efficiency of settlement? I do not know the answer, but it is an interesting observation."

Cassells concluded: "T+0 is something we should be aiming for. In five to 10 years time it is going to defy logic that we run an industry like this, with a 24-hour, or 48-hour lag on the deliverance of securities.

"I do not necessarily see inertia in the market — the amount of innovation being thrown at participants, and the new technology that is being embraced, shows the level of appetite to be disruptive and to make positive changes."

### Companies hiding behind ESG data issues, say AFME panellists

Data quality, availability, and usability remain major barriers to ESG development, panellists at AFME's Operations, Post-Trade, Technology & Innovation Conference (OPTIC) agreed.

The panel, entitled 'The ESG agenda and implications for technology adoption and post-trade processes', looked at the problems facing post-trade processes as ESG becomes increasingly important to investors.

With regulation a main theme throughout the conference, the question of data quality, availability, and usability in light of new regulations was unsurprisingly a central element of the panel. Corinne Neale, global head of ESG applications at BNY Mellon, suggested that issuers are beginning to ask investors what data they want when making decisions about ESG funds, rather than focusing solely on data for regulators to compare funds.

Bill Stenning, UK head of public affairs at Société Générale, told the audience to expect several iterations of how ESG is measured, with regulatory requirements and end-investor needs set to converge and diverge as these develop.

Larry Abele, chief investment officer at Impact Cubed, argued that the majority of ESG ratings are “useless” for investors, with the impact that the investment will have on the company presented together with the impact that it will have on the wider world. As a result, data is often misleading and leads to confusion in industry debate.

He went on to advocate for the “unbundling” of E, S, and G, explaining that the three do not always go hand-in-hand; a positive social impact may lead to high ESG ratings, despite a simultaneous negative environmental impact.

The lack of stable data was highlighted as a concern by all panellists, with Stenning questioning how investors are expected to keep up with shifting “green” measures. Neale added that, according to BNY Mellon investor surveys, approximately 40 per cent of investors often do not trust the ESG data they are given, further confusing the investment process.

Despite the panel’s agreement that data integrity is a significant problem for the ESG agenda, Abele said that firms were “hiding behind data issues” and using them as an excuse to avoid taking action.

Looking at the developments that the industry needs, Stenning argued that further regulation was needed to drive momentum on an institutional scale. He added that this would be helped by the public profile of ESG, with its recent growth accelerating regulatory development.

Neale emphasised the importance of finding a way to report performance in light of sustainability concerns, once again bringing up the issue of data availability and comparability.

Taxonomy was also raised as a concern, with a lack of standardisation once again proving a stumbling block. Neale pointed out that opinions and interpretations of data will differ between companies, regulators, and investors, and so a single taxonomy would not be practical. She proposed instead that existing taxonomies should be compiled into a “taxonomy of taxonomies,” with different approaches and levels of granularity made comparable.

Looking into the future, the panellists were asked whether ESG would last longer than its predecessors. Their answers were positive, and followed Abele’s earlier comment that although there is still a long way to go, “we are leading in the right direction, slowly — we are creeping along”.

## SRD II not yet problem-free

Technology is an enabler, not a solution in itself, say panellists at AFME’s Operations, Post-Trade, Technology & Innovation Conference (OPTIC).

The panel, entitled ‘Using Technology to Connect Issuers and Investors’, discussed the second Shareholder Rights Directive (SRD II) and the progress it has made since its implementation in 2017.

A key issue that emerged over the course of the panel was intermediaries’ lack of compliance. Pierre Marsal, committee member of EuropeanIssuers, noted that there is a block in communication between the issuer and investors in the holding chain, especially in instances where the record date is close to the meeting date.

He claimed that this situation is unrelated to the lack of harmonisation of the notion of shareholder, as some intermediaries claim, as the directive is based on the end-investor concept which should be enforced regardless of the way shares are being held.

Mariangela Fumagalli, head of global asset servicing product and custody regulatory solutions at BNP Paribas, took the opposite view. Considering the lack of consistency in the definition of ‘shareholder’ across borders, she stated that cross-border voting and a shared general meeting process will be impossible before a single definition is achieved.

Christine Hölz, managing director of DSW, acknowledged that SRD II was a “step forward,” but agreed with her fellow panellists that there were still “gaps and hurdles” to be overcome. Outlining some of the issues around SRD II, she emphasised the failures of intermediaries in cross-border voting.

She stated that there are inconsistent technical processes across countries, and insufficient cross-border intermediary chains. As a result, intermediaries are often unaware of the role they must fulfil for SRD II, leaving shareholders unable to vote.

Additionally, shareholder identification and proof of entitlement causes several problems between countries, Fumagalli said. Proof of entitlement must be written and notarised in the language of the issuer, adding another layer of complexity to an already intricate process.

Technology solutions, while often being seen as a fix-all, are “an enabler for change, rather than the change itself,” said Fumagalli. They are “the means,” not “the beginning or the end,” she continued, a sentiment that Marsal shared.

Hölz argued that embracing new technology is the way forward and

suggested that increased competition in the market would push "outdated" systems out, improving shareholder rights while maintaining investor protection standards. Marsal concurred that increased competition would be beneficial to the market.

Hölz indicated that an infrastructure is evolving to support efficient shareholder communication for institutional investors, but this is typically still lacking for smaller private investors. The disparity needs to be addressed to extend the potential benefits of SRD II out to the community of private and retail investors.

Fumagalli asserted that the industry needs a "willingness to change" for SRD II to be more successful, resolving current barriers to regulatory compliance before the directive's goals can be realised. Clear rules on issuer communications for corporate events — and further steps to encourage standardisation of data — are essential, she said. However, Fumagalli recognised that despite its issues SRD II has led to more straight-through processing communications, increased voting, including cross-border vote processing, and shareholder engagement. Although the regulation is not yet perfect, steps are being made in the right direction and progress can be seen.

Discussing the possibility of SRD III, the panellists were not optimistic. Hölz was "doubtful" that it would be effective in the short term, and does not believe that it will be ready in time for its predicted 2024 release. Marsal added that although the SRD II directive has been instrumental in developing issuer and investor dialogue, there are still significant shortcomings that need to be addressed.

The panel concluded that problems around SRD will not be resolved anytime soon. "I look forward to our debates next year — I am sure the problems will not have been solved by then," concluded moderator James Cunningham.

### CSDR not yet ironed out

The question of whether there is "life after CSDR" was left unanswered by panellists at AFME's inaugural Operations, Post-Trade, Technology & Innovation Conference (OPTIC).

The panel, entitled 'European Post Trade Regulation in 2022: Where Next?', assessed the impact of the Central Securities Depositories Regulation (CSDR) in the seven months since its implementation in February 2022, and explored future developments under CSDR Refit, the ongoing CMU actions, and other industry initiatives.

Emiliano Tornese, deputy head of the financial markets infrastructure unit at the European Commission, said that the data communication process was not working as well as the European Commission had hoped, with settlement failure rates not as improved as they would have liked. However, he highlighted the ongoing review of CSDR and the Commission's willingness to adjust their approach.

"We are not perfect," he said, before thanking the industry for their participation in consultations around CSDR development. He reiterated throughout the panel the importance of collaboration and communication between regulators and market participants, emphasising ESMA's openness to industry comment and suggestion, and encouraged companies to voice their concerns.

A major issue that emerged was the rocky implementation of cash penalties

since their entry into force in February 2022. Although Susan Yavari, senior policy advisor for capital markets at EFAMA, maintained that they were the correct route to follow, she acknowledged that the penalties were being seen as something that brokers could accept and pay without changing their behaviour. She suggested that penalty rates were increased and recalibrated before further changes to the settlement discipline regime were introduced.

Jesús Benito, head of domestic custody and trade repository operations at SIX, raised the argument that regulators do not acknowledge the number of regulations that companies are having to comply with.

He claimed that this pressure has led to firms reducing their product offerings and causing fatigue, a particularly prevalent issue as companies struggle to maintain their workforces.

He asked regulators to “be realistic” in their expectations, and to give companies time to fully prepare. Yavari agreed, stressing the importance of testing and clearly defining regulations before they are implemented.

The details of CSDR are very complicated, she said, and the market requires more clarity and time to adapt.

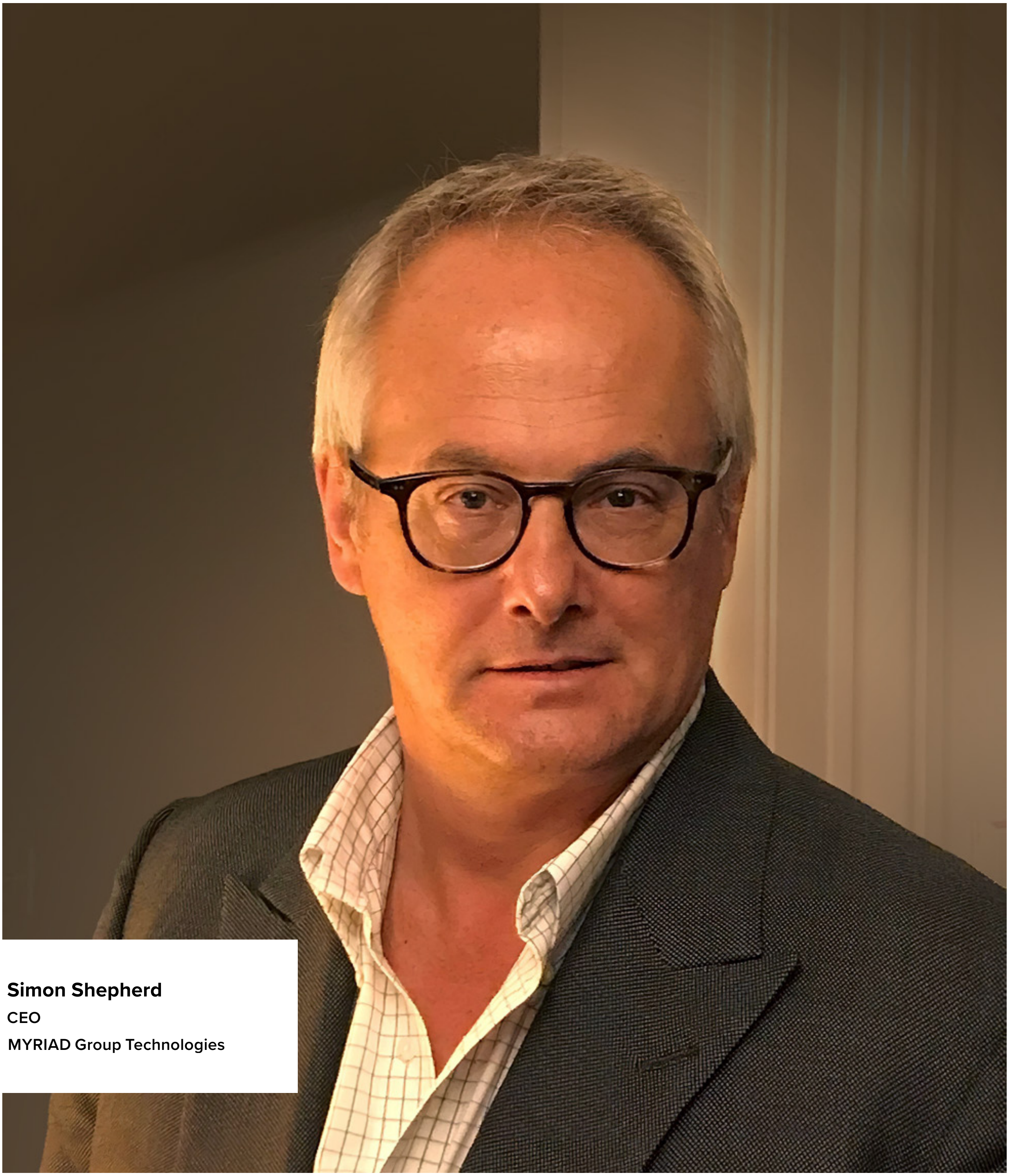
A lack of harmonisation of regulatory frameworks was also cited as a problem.

With 27 different frameworks across Europe, Yavari called regulation a “patchwork” that made CSDR harder to comply with and follow.

There were also discussions on the difficulty around regulation implementation. With the volatile geopolitical situation, the lack of stability in global markets must be factored into CSDR efficacy evaluation, Yavari said.

After a brief mention of other regulatory and market initiatives (not only under the “CSDR Refit”, but also linked to ongoing actions for the Capital Markets Union for enhanced settlement practices and for other technological innovations), moderator Marcello Topa concluded that the future remains unclear as to what the industry will look like post-CSDR.

However, the panellists agreed that CSDR regulation is ultimately a positive change — although it is challenging, there will ultimately be long-term improvements, Tornese said. ■



**Simon Shepherd**
CEO
MYRIAD Group Technologies

# MYRIAD of possibilities

MYRIAD's CEO Simon Shepherd talks to Jenna Lomax about the company's recent client expansion and what he's most looking forward to about this year's Sibos Conference

**MYRIAD has experienced a period of steady growth, in terms of client onboarding and expansion of its service portfolio. What factors have been key to onboarding new clients?**

There are various factors at play here: the management, control, and protection of any data is of huge importance to banks, and so is demonstrating these capabilities.

Banks have been under increased pressure to safeguard their data, adhere to privacy regulations, and remediate information security concerns, together with ensuring that access can be controlled, especially since many firms now employ a hybrid working environment following the COVID-19 pandemic.

Many institutions will try to solve these challenges themselves but when the time, cost, and effort required prove to be unmanageable, not to mention the expertise needed, MYRIAD can step in and present the solution.

As ever, the expanding volume of regulation being introduced at both national and pan-national levels remains a factor; this directly impacts a bank's operations, where it is under scrutiny to provide better transparency and superior reporting.

The COVID-19 pandemic has also been a factor, undeniably, as has the war in Ukraine. Accessibility of data and risk management have been, and continue to be, paramount.

These factors influence enhancements in system design, security, how data is stored and accessed, and how people work securely when remote. These factors have all helped boost our pipeline.

**And how has MYRIAD been able to achieve the level of client expansion and retention it has experienced?**

For us, this is straightforward: our client operations team expands in line with client numbers, and one feeds off the other.

The platform is well designed and is highly fit for purpose. Clients want to know that MYRIAD is going to be around in 15 years' time.

They want to be confident that when a product or platform is implemented, it will be supported by technical experts who are able to ensure that the system is available 24/7, 365 days a year. Most importantly, clients know the platform continues to evolve, to meet their growing needs.

We have always tackled the complex nuances involved in bank network management, which has positioned us very well from a technology and a functional perspective.

Due to the number of former network managers among our staff, our clients have been reassured by the level of domain knowledge that we can apply to their requirements. This, in no small part, contributes to our zero-attrition rate.

*"Sibos gives us the opportunity to get together with many of our contacts and clients and to provide updates on MYRIAD, in person"*

**MYRIAD has also expanded its in-house team significantly, adding sales, development, and client operations personnel to its global team, for example. How have these hires also contributed to MYRIAD's expansion in recent years?**

Our strategy has always been to expand the team in step with the number of clients that we have. There is almost a direct correlation between the number of clients that we have and the number of staff we employ — although sometimes we hire to get ahead of the curve, and then the number of clients catches up.

We hire very carefully, due to the nature of what we do. We also ensure our revenue targets line up with our staffing and other costs, to be sure we can deliver our service safely and consistently. The expansion of our technical team is predominantly due to the changing of our hosting model to the cloud.

We are now working with Google Cloud Platform and have subsequently brought some system administration support back in-house — they sit in our technical team as part of MYRIAD's overall development and technology offering.

**What plans do you have to extend MYRIAD's global coverage?**

We have people sitting in different geographies covering Asia Pacific, Europe, and North America. We have established clients in all regions, and we are looking to grow our presence accordingly, building out a combination of sales resources and the client operations team. The number one priority for us is always to ensure the client receives the best service throughout — from signing the contract, to implementation and thereafter, which means that our biggest team is client operations, offering extensive coverage all over the world.

**MYRIAD publicised CODUDE pricing in July 2022. Can you tell us more about the platform and how it aids the due diligence process, and why low-cost is so important?**

CODUDE, short for collaborative due diligence, is the fulfilment of our ambition to provide a low-cost industry utility, a platform where institutions can request and access providers' data securely as a private, bilateral exchange of information. The notions of bilateral and private are especially important, as clients move away from expensive and often intrusive service-oriented suppliers.

Data is housed within CODUDE, but can only be accessed once permission is opened up. How a platform like that is built, made secure, and enables private, bilateral exchanges, is critical.

The data, per se, is not that 'valuable', though it needs to be kept private and secure. Why should it therefore be expensive to access it?

Having said that, there are significant privacy considerations surrounding an institution's data: some vendors access private information, sometimes 'adopting' that private information for their own use.

This is not what we do; preserving a secure bilateral exchange of data and doing it at low cost is how we go about it. Fundamentally, we think that is the direction of travel for the industry.

**Beyond this, how have you been developing the company's solutions portfolio and supporting technology?**

When we pitch our platforms, the solution is built not just for the next 10 months, but for the next 10 years. That means that once clients buy into the platform, they will never have to worry about development again, as we will continually collaborate with them.

If regulation changes or functional needs change, they can say: "This is what we want. Can we have that?" and we respond with: "Yes, we do that for free". Not only are we keeping pace with functional developments, but we are also doing it at very low cost — it is essentially a free upgrade.

We introduced an innovation programme about 15 months ago which has taken us some time to work through and it is just coming to an end. We are about to publish the strategy and decisions that have been made internally. Later in the year, we will be holding briefing sessions for our clients and prospective clients, so they can hear our plans for MYRIAD Next Gen.

**How have your client's needs changed over the last three years, not just because of the COVID-19 pandemic, but also due to increased levels of regulation coming down the pipe?**

Many people have been presented with entirely different business challenges in recent years, mainly due to the COVID-19 pandemic, and this has brought their business operations and operational resilience sharply into focus.

As our client base grows, so does its diversity, including large banks, international brokerage houses, custodians, major sub-custody providers, cash management teams at commercial banks and private banks. Our pipeline has never been fuller or more international in flavour and we have several near-term prospects who are moving to contract.

Over the last three years, there has been realisation that if hugely functional third-party platforms exist, why reinvent the wheel by trying to build it yourself? There has been a slow but steady move away from "build this in-house" to "buy, and then focus on integration".

Integration is exactly where the big financial institutions should spend their money. They have huge legacy technology challenges, where they are better off extracting that valuable data and doing more with it, by integrating with industry standard functionality.

The focus should be on closing the gap between legacy technology and new technology, to ensure that data transfers safely and securely, and that integrity is maintained. This is where application programming interfaces (APIs) are so important, as part of the integration effort.

Our chief architect says he can foresee a time when systems like ours are almost entirely based around APIs — fetching data, calling data, pushing data out to other systems.

APIs do not do any processing, but they do gather data from places where it is perhaps a little less valuable, because it is not being used to its full effect; into systems and platforms where much more is being made of that legacy data. Data aggregation and standardisation are important, and are what the future looks like.

**How are old regulations, such as DORA, affecting the industry and how do they continue to influence the banking industry's points of action for appointing certain providers?**

The steady build-up of regulation over the past 20 years represents a continuing challenge for banks. Compliance departments are constantly recruiting, and legal teams are constantly under pressure. Digital operational resilience has been severely tested in recent years.

The arrival of DORA plays to our core strengths. It examines how data is captured and stored securely, how integrity is maintained, and how it is made available, operationally. The data must be accessible, with full audit trails intact. You have to control who can see what, when, and where, but also guide clients to find the data.

Graphical user interfaces, and the logic behind them, dictate how systems are laid out to enable people to find a legal contract, or a fee schedule, or to locate a particular issue that the team is tracking. Tracking who touches or changes that data is a vital feature of any system like ours.

**SIBOS is back as an in-person event for the first time since 2019. What are you most looking forward to about SIBOS this year?**

The 'in-person' bit! When we meet up with people, at events such as Sibos, the buyers get a feel for how a project will be supported and how our products work. You do not always get that over the wires, but you nearly always get that in person. Sibos gives us the opportunity to get together with many of our contacts and clients and to provide updates on MYRIAD, in person. And of course, we will be doing that for the first time in three years.

This means we will refresh business relationships face-to-face, renew conversations that might have lapsed over time, and generate fresh connections with a handshake, rather than impersonal phone calls and internet meetings. The buzz of Sibos, and the output from the conference, in terms of client and prospect contacts, always helps to boost our momentum. ■

# Time To Shine

**Managed services aren't new, but they've been a source of trepidation for many small banks. However as they become more of a necessity, firms will have to embrace them — or risk falling behind**

*Lucy Carter reports*

Managed services have been a mainstay of global banks for decades, providing outsourced support to overstretched departments. There has been an uptick in their adoption over recent years, but many, particularly smaller firms, are not yet convinced. From initially unfeasible costs and fears of disruption of business as usual (BaU), some smaller banks have maintained their misgivings about managed services despite considerable accessibility developments and a growing pressure to adopt the services in recent years.

In a recent whitepaper from S&P Global, "Demystifying Managed Services'', the company, as the title implies, explains managed services, the false assumptions held about them and the challenges that mean that they are becoming increasingly needed.

There are two categories of managed services; capacity creation and managed process. As "capacity" suggests, the former provides more people to the company, who are focused on specific tasks and goals. The client does not have to change the way they operate and maintains control over resource allocation.

Managed process, on the other hand, combines human resources, process improvement, and technology enablements. The vendor is encouraged to maximise their efficiency, and change their operations. Although this may be a more drastic overhaul to BaU, pricing models are fixed and based on outputs rather than the equivalent people-hours the company is using. If companies are willing to hand over the reins to a vendor — giving them control over resource sourcing, allocation, and deliverables — and are open to changing their operating systems, then this can be an appealing option.

## Misgivings and misunderstandings

Commenting on what may be holding smaller firms back from managed services' implementation, Satu Kiiski, consulting director for global banking at CGI, suggests that they feel they are not a priority for vendors, and that "they will not be provided with the best resources and that their requests will not be answered quickly." She also suggests that the widespread use of cloud-based solutions may also seem like a risk, in terms of security.

Pardeep Cassells, head of securities and claims products at AccessFintech, concurs, citing perception as a major obstacle: "Small financial institutions can feel closed off from what is often seen as an expensive solution space that is dominated by Tier 1 banks and large asset managers. On top of that, smaller firms

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> ***"We do not see managed services as a risk but as a solution to staffing issues, rising employee costs, and operational risk mitigation"***
>
> **Pino Vallejo, Sionic**

cannot necessarily afford to take the risk of paying for something that ultimately does not work for them."

Many firms believe that the cost of managed services makes them unfeasible, something only enhanced by the fact that early managed services gave companies an uncustomisable set of services that left their needs unmet and their coffers empty. However, since becoming a prominent industry feature in the early 2000s, managed services have come along in leaps and bounds.

Vendors have moved on from a one-size-fits-all approach, whereby firms have to adopt the entirety of a vendor's solution — now, "it is widespread to see an option for firms to build out their own managed services bundle from a menu of services," says Al Castillo, vice president of solutions management at SS&C Advent.

He adds: "This co-sourcing arrangement, where each party can share ownership in managing data and processes, builds rapport and trust over time." As such, companies now no longer have to invest entirely in a system that they may not need to use the full capacity of.

Giving up control of their operations can be difficult for small firms, who are accustomed to their way of working and want to maintain their independence. "They are giving up ownership and control of an activity," says Pino Vallejo, managing partner at Sionic.

Vicky Dean, managing director for EMEA at Goal Group, proposes that pride may also be an issue for companies: "Taking up these services is an admission that they need to improve certain areas of the business," she says.

## Why now?

To reassure smaller companies that managed services are a help, not a hindrance, providers need to reinforce the fact that managed services are not what they once were. "We need to be flexible in delivery and approach to help smaller or regional firms to see the many benefits of managed services," says Stuart Hartley, director of Qomply.

Vendors must demonstrate the benefits that their services will bring to firms, stressing the fact that they will be working with their clients, rather than remaking their systems in their own image. As Samuel Meddick, European head of managed services, network, and regulatory solutions at S&P Global Market Intelligence, says: "There has been a shift in recent years to a more customer-centric approach. The availability of more technological capabilities has meant that consumers' expectations, in terms of look, feel and speed of solutions has changed."

Discussing the most significant impacts on financial investors in recent years, the S&P Global report cites the inevitable changes that ensued as a result of the COVID-19 pandemic, disrupting BaU and forcing companies to change the way they operate. Remote work, labour shortages (namely, The Great Resignation), and market volatility have all contributed to this, alongside market developments such as regulatory pressure and resulting workload variability.

There are several more positive factors driving recent adoption of managed services, beyond the need to face the aforementioned challenges. Managed services are now far faster, allowing for reduced disruption to BaU, quicker wins, and a greater long-term value than earlier models. Embracing cloud-based technology, data centres can be located worldwide whilst still ceding to local regulatory laws. This reduces the cost of physical data storage and expansion is far more feasible. Rather than the bulky, clunky, and disruptive systems that many remember managed services to be, the field now provides a far more accessible, streamlined option for clients. As Castillo asserts "over time, the cloud has significantly improved the ability to deploy, monitor, maintain, and upgrade core investment systems and, most importantly, to do so cost-effectively".

Kiiski additionally emphasises the competitive nature of the industry as a driver of change: "Financial institutions must ensure the competitiveness of digital services, the efficiency of operations and the ability to serve ever-increasing customer numbers and volumes, ever faster."

To stay in the game, managed services can be used to maintain compliance with regulations, deal with security issues, and provide expert insight.

## Remote work — ally or antagonist?

Vallejo states that remote working has been the catalyst for increased managed services adoption. The necessity of improved safety for remote work during COVID-19 has eased management concerns regarding the practice, with BaU less adversely affected than many predicted. Although managed services and outsourcing were already on the rise before the pandemic, lockdowns accelerated their adoption.

A 2021 Chartered Financial Analyst Institute report, entitled 'The Future of Work in Investment Management', found that more than 81 per cent of global respondents would prefer to work remotely for at least part of the working week. Remote and hybrid work is not going away anytime soon, something that companies need to acknowledge and adapt to.

"The remote work environment has quickly become an expectation for workers in many industries, and financial services is no exception. I would argue that the adoption or expansion of managed services relationships does not introduce the risk of increased remote work; it makes it possible," Castillo says.

If companies outsource their work, particularly in a capacity creation structure, then it is inevitable that the number of remote workers will remain high. As a result, there may be concern that issues that have already emerged throughout COVID-19 may remain challenges — communications and connectivity, safeguarding, and data protection, for example. The industry agrees that the importance of due diligence and the request for proposal process cannot be overstated, ensuring that clients' data is handled securely.

Vallejo however outlines that things are managable. "The remote work environment is here to stay, and we believe this is the new normal," he says. "We do not see managed services as a risk but as a solution to staffing issues, rising employee costs, and operational risk mitigation."

Nick Smith, global head of managed services at SmartStream, sees remote and hybrid working as a benefit, stating that it gives firms "an increased level of resiliency against future challenges that they may face".

Therefore, managed services, and the remote working that comes with them, will not be a major barrier. However, industry opinion on the geographical complications that they will bring are mixed.

"It is no longer realistic to strive to build a team of top talent that is always on-site. It is more important to get top talent than to make sure the team stays in the same physical space," says Kiiskii, in consideration of 'The Great Resignation' and the current nature of the employment market.

Rob Johnson, chief technology officer at Coremont, suggests that the geographical spread could be both beneficial and detrimental — the biases associated with certain regions will be diminished, but the benefits will likewise be reduced.

However, although vendors will gain access to a wider pool of experts, they will not solely be within their regions. Communicating across different cultures, time zones, and regulations is already difficult, and may only be enhanced by an increase in remote working.

Nevertheless, Cassells believes that this can be overcome — if only because the language of business and specific companies transcends any globally recognised tongue. "This is where having a shared system becomes an added strength. It allows these differences to be diluted as everyone is working toward the same goal using the same system," she says.

## Under pressure

Technology has not only developed in the world of asset servicing. Customers now expect far more from their banks, with reduced payment timings, responsiveness, transparency, and efficiency being deciding factors as to which institutions clients decide to put their trust and capital into. Firms are undoubtedly under more pressure to increase the speed of their solutions, with T+1 looming. Managed services could be an effective solution to this, providing a way for smaller companies to survive in a more fast-paced environment.

"It is important to recognise this challenge in advance," says Cassells. "If smaller firms are looking to onboard a new solution or outsource to an external provider, they should begin this process very soon – the time it can take to review providers, go through request for proposals, and actually onboard can be surprisingly lengthy. If you leave it too long, you risk having to do the onboarding process while also adapting to T+1."

"There is no point in trying to change an engine mid-flight when you have the opportunity to do it from the safety of a hangar," she adds.

## Leaving legacies

Managed services are also likely to prompt further abandonment of legacy systems, which are often expensive to maintain and quickly become outdated.

These old systems are no longer feasible in a competitive and rapidly evolving market, and the growth of managed services means that banks no longer have to be reliant on them.

Many companies have already been overhauling their systems and are looking at new ways of operating, particularly after the harsh pandemic years.

This will also work vice-versa; as legacy systems are dropped, due to technical debt and lack of expertise, "the value proposition of scalable, technology-enabled managed services platforms will continue to increase," predicts Vijay Mayadas, president of capital markets at Broadridge.

By moving away from keeping all services in house, firms will be able to focus their efforts on the areas that are most beneficial to them and their clients. Beyond companies' existing systems, managed services allow for a far simpler and more cost-effective adoption of higher-quality expertise and technology than if banks choose to develop new services themselves.

However, not all in the industry are so sure that legacy systems have had their last hurrah, suggesting that a balance will be struck between new and existing systems. "We are looking at evolution, not revolution," says Cassell, arguing that firms "will integrate and update their processes with the help of new services".

S&P's Meddick holds a similar perspective, stating that "some functions, risk management and analytics, should remain in house. You can buy data, technology, or people, but unless you design and own the mechanism for querying this process you will not get the optimal use out of it."

The need for centralised regulation is also a focus. Meddick suggests that standardisation of regulation "streamlines execution, increases consumer transparency, and complies with global legislation," benefiting all parties involved.

## The future of managed services

Managed services are projected to reach more than 200 per cent of their current market value by 2028, according to S&P Global. SmartStream is even more optimistic, claiming that this figure is "very conservative".

The question remains as to what asset servicing will look like by that time, a mere six years from now.

At this year's Association of the Luxembourg Fund Industry (ALFI) Global Distribution Conference, Broadridge's Liam Martin made the claim that the "golden age" of asset servicing was over, exploring the many difficulties that the field will face over the coming years. He concluded his panel by assuring the audience that the market will adapt — and it seems that managed services are one such way that this is already taking place.

Cassells believes that the future looks bright: "The widespread adoption of managed services could transform and streamline asset servicing in several ways.

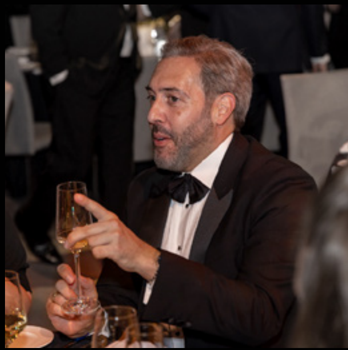
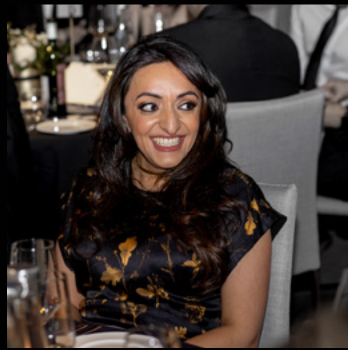
For example, asset managers could reduce how much of their resources and operational teams are dedicated to pure data management. They could then focus on higher value tasks such as improving the quality of their service even further."

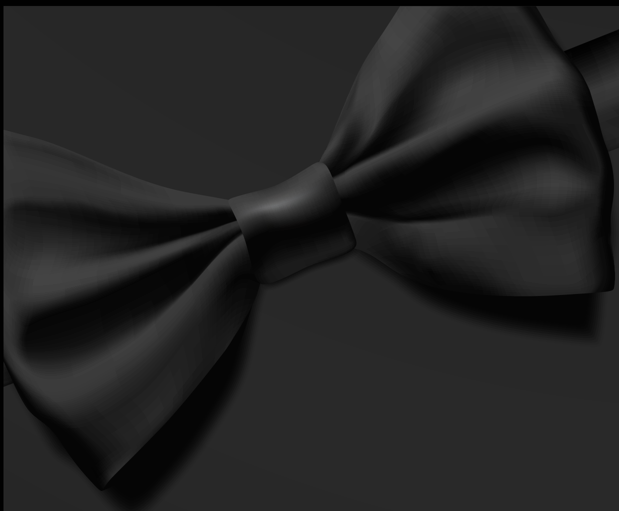
Goal Group's Dean agrees that managed services "will certainly enhance the industry, and provide an elevated service offering across all different areas."

She also emphasises the importance of safety going forwards, stating that: "The security and processes involved with these types of services mean that they are more trusted, and in some cases often sought after to ensure the asset servicing industry remains modern and in line with client expectations.

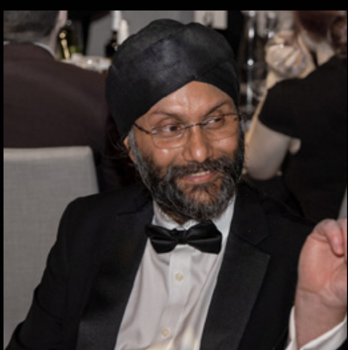
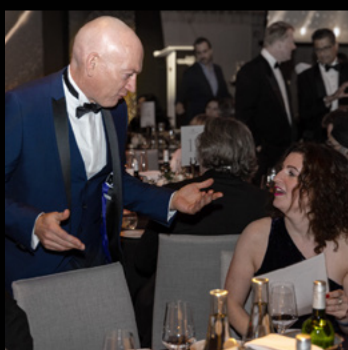
"With the addition of increased scrutiny, and awareness and education, clients will be challenging their providers to ensure the best service is always being offered."

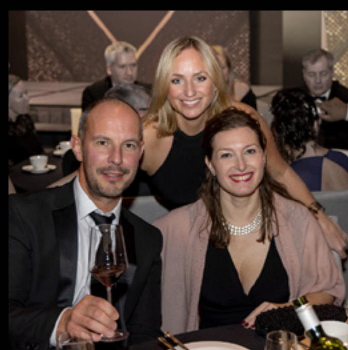
In an increasingly unstable yet constantly accelerating world, managed services seem to be an essential tool for the path ahead. In order to adapt to increasing regulatory requirements, evolving client demands, and rapidly changing technology, firms will have to find an alternative to their current ways of working. Managed services are nothing new — but it might finally be their time to shine. ■

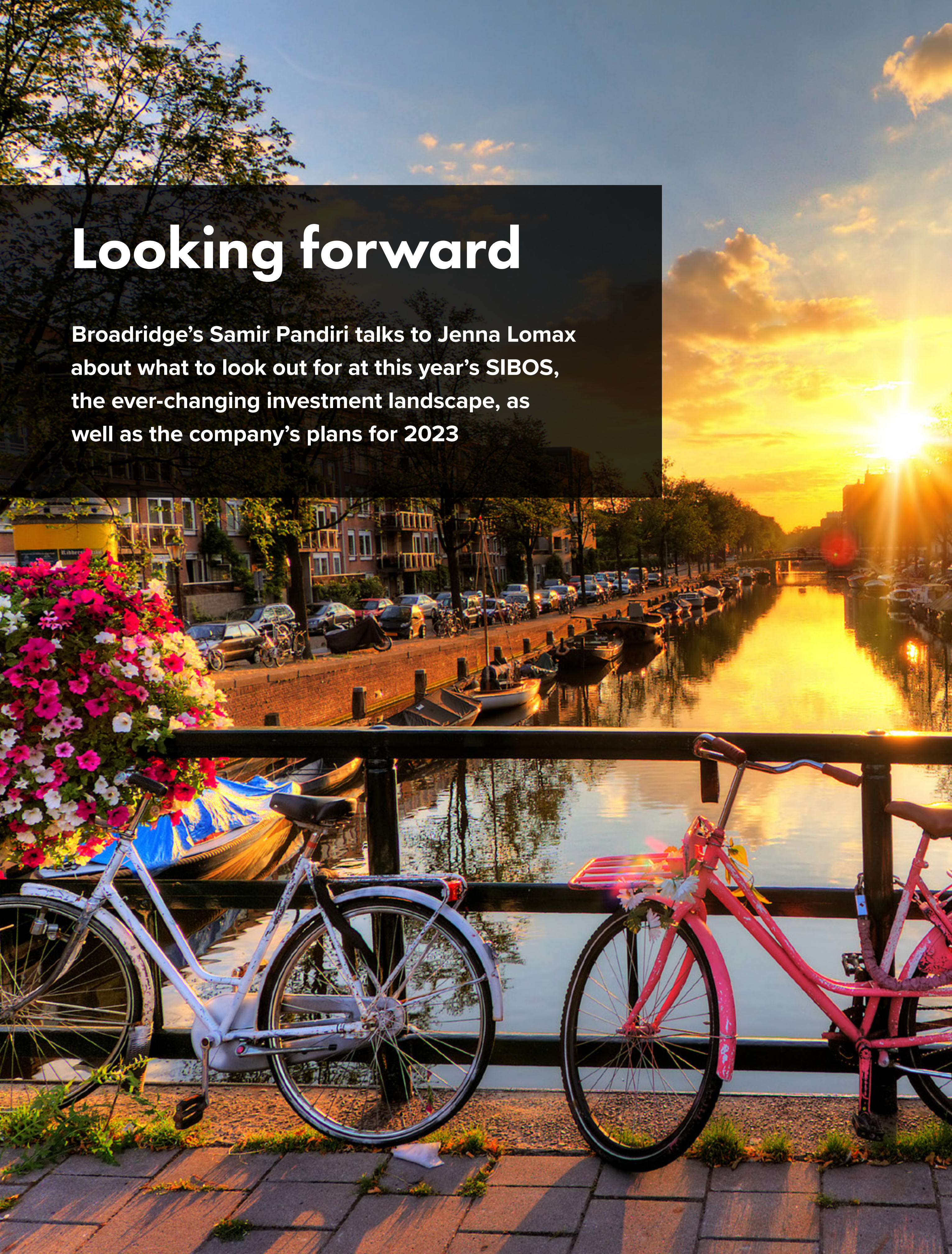








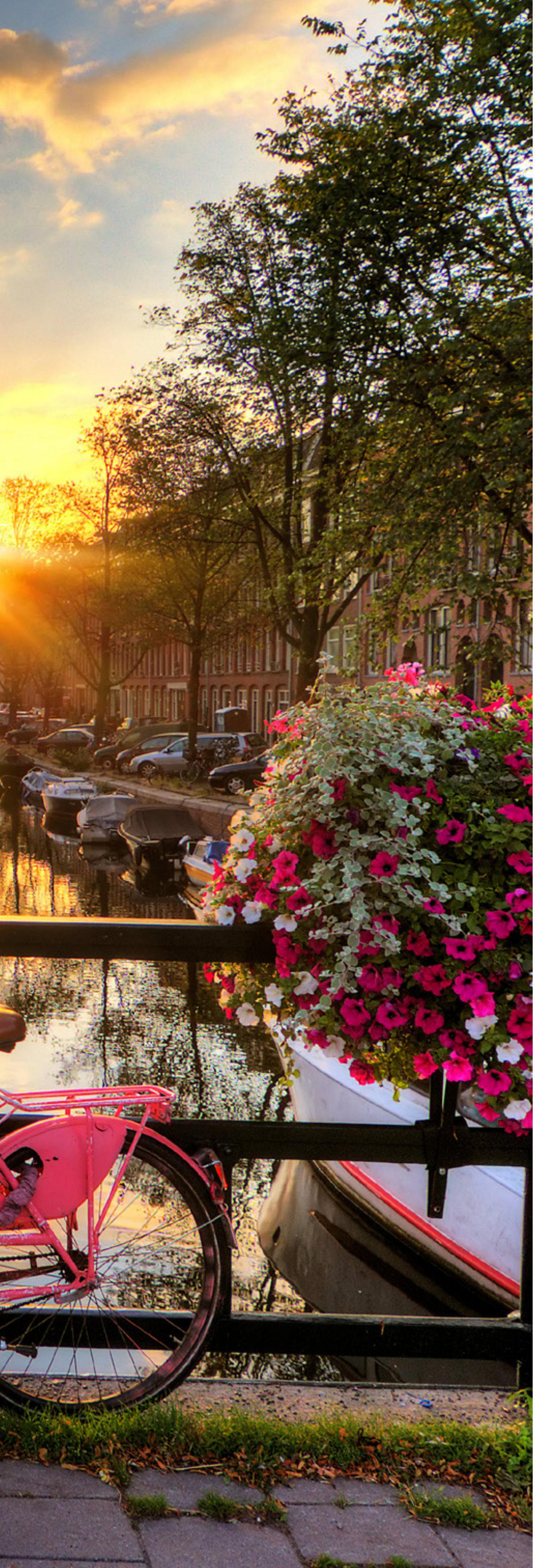







# Looking forward

**Broadridge's Samir Pandiri talks to Jenna Lomax about what to look out for at this year's SIBOS, the ever-changing investment landscape, as well as the company's plans for 2023**





**What are the challenges clients are facing, particularly against the backdrop of rising interest rates, inflation fears and global volatility? How is Broadridge helping businesses overcome these challenges?**

There are obviously ebbs and flows in the economic landscape. Rising interest rates and inflation are definitely adding costs for clients. Whether you are a bank or an asset manager, it is getting more expensive. Technology is getting more expensive, and in many cases, they have technology that is dated, or perhaps suboptimal, because clients have a whole different spaghetti of systems in the back. Challenges the clients are facing are threefold. One is they are trying to grow their revenues and grow their businesses, and that is a very important focus for them. The second is they are trying to use technology to reduce costs, and actually have better data, so that they can make better business decisions that are more data-driven. The third, and maybe the most important thing that clients are trying to do, is to have a better experience with their clients.

Everybody wants to establish client intimacy, and to have that great client experience is really important.

Whether it is an asset manager, or a bank, or a capital markets firm, Broadridge is enabling these clients with technologies that are modern, that are going to lower their costs, give them a better risk resiliency profile, and ultimately enable them to interact with their clients in a seamless way.

Those are the things that people are worried about. Especially with rising interest rates, costs are getting higher — the labour market is definitely tighter. By using technology, clients can experience productivity gains in a far more efficient way, rather than just adding people to a specific problem. Technology is an efficiency enabler on a number of different fronts, and it can help with rising interest rates and market volatility.

**With the changing investment landscape, what are the actions that asset managers can take to face these ongoing conditions and how can technology help?**

Asset managers have a more specific set of problems that they are facing. The first is Assets under Management (AuM) declines or outflows. They are definitely seeing AuM outflows. For example, for the first half of last year, Asia had the largest decline in AuM in the last three or four years. If you are an asset manager, that is a big problem, because you have to have AuM to drive scale.

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*“Do not ever underestimate the power of meeting and connecting with people, particularly after a number of years apart”*

The second is a change in preference, in terms of what investors are investing in. Increasingly, it is an inflation hedge, but it is also a preference and pattern. They are shifting into alternatives, increasingly investing into real estate, hedge funds, private equity, and loans. Asset managers, if they were traditional long-only managers, now have to gear up for these strategies and build up their capabilities.

The third is regulatory requirements and regulatory reporting. There is harmonisation, however there are now more regulatory requirements for an asset manager. If you are selling a fund to an investor, you have to disclose information about the fund performance, the risks, and the profile — there are all these regulatory requirements, which are important, but it is not necessarily core to what they have to do, which is AuM management.

The asset management industry is therefore increasingly relying on partners to provide technology solutions, to enable them to meet the challenges of regulation and to have a better customer experience. They are using technology to lower their costs, because they need to remain profitable and keep growing their business. Asset managers are going to have to deal with this new environment.

When looking for critical technologies, businesses look to partner with companies such as Broadridge. They often say: “This is critical, but it is a non-differentiated function, so I would prefer that you run it for me, and provide it as a service.”

**Broadridge’s acquisition of Broadridge Trading and Connectivity Solutions (BTCS), formerly Itiviti. What’s in store for this side of the business?**

We are very optimistic about BTCS. If you look at our capital markets story, we are now very much sitting across the entire ecosystem of the trade lifecycle, from front to back. We are a key participant in that. We also have established relationships with the 25 premier investment banks around the world and sell-side firms, so we have a very solid market position.

We are about a year and a half into the acquisition. The acquisition is almost integrated and we have seen very strong results. We just had our full year results, and you will see that BTCS has contributed to our top line growth and to our margin contribution, and we are seeing great opportunities in Europe, Asia, and North America. It is all about growth; it is all about providing technology solutions across the capital market ecosystem.

Clients can now use our data models with a more consolidated and comprehensive suite of solutions across the entire ecosystem. The technology is very modular, component-based, and modern, therefore they can also benefit by replacing older architecture they may have. We are very excited about that, and we are very excited about the prospects for growth in the next couple of years.

**What has been your experience regarding current industry trends and the new opportunities to leverage technology across the buy-side, sell-side and post-trade?**

Broadridge provides technology solutions to buy-side clients, and they have very specific requirements. On the sell-side, and within the area of post-trade, we are a leader when it comes to fixed income, equities, and settling securities — in more than 100 different markets.

Increasingly, what is happening is the buy-side and the sell-side want to be able to exchange data and information in a more seamless way. Therefore, given our prominent position at one end and the other, we are now able to use data and data mechanisms so that clients can gather the information they need to make better decisions — to have better cost allocations and to generate more capital.

What is important here is having the two leading-edge technologies that support the buy-side and sell-side, and having the data and the connectivity between the buy- and sell-side. Using Broadridge's front-office activity as an example, the company has approximately 800 sell-side firms and 1600 buy-side firms that are on that network of connectivity. In total we have around 2500 buy- and sell-side firms that are actually using that network, and that network effect is really what adds value to the entire ecosystem.

**What has Broadridge got planned for the rest of this year?**

For us, it is all about focusing on the provision of best-in-class services — which in turn drives growth across our businesses, which is what I am responsible for. There are a lot of important projects that we are carrying out for our clients — they depend on us for technology and development — it is all about making sure that we deliver for them. It is also important to mention the investments that we have been making, whether it relates to Itiviti or on the fund management side — making sure that we have integrated those people well and that they really understand the Broadridge culture, and that they are valued members of the team.

Now that things are definitely opening up after COVID-19, and travel measures are relaxing, it is all about seeing clients, meeting our staff, and engaging with people on a human level.

**This years' SIBOS theme is "Progressive finance for a changing world". With this in mind, what technology trends do you think will be the main industry talking point in the second half of this year, particularly at SIBOS?**

I think it is going to be around innovation — everything from distributed ledger technology to bots. I think that is going to be a big overarching topic. The second is going to be around technology enablement, in terms of how you get data to make decisions — getting that data is absolutely critical.

People are also very focused on the customer experience. At the end of the day you have a lot of disruptors — small, midsize fintech startups — that can easily disrupt business models. Therefore, you have to really pay attention to the customer, customer loyalty, and factors such as net promoter scores.

Looking at the conference, the agenda, and the speakers, there is a lot of discussion around technology and technology enablement, and how that is going to drive and power our businesses and business models, and perhaps even change business models.

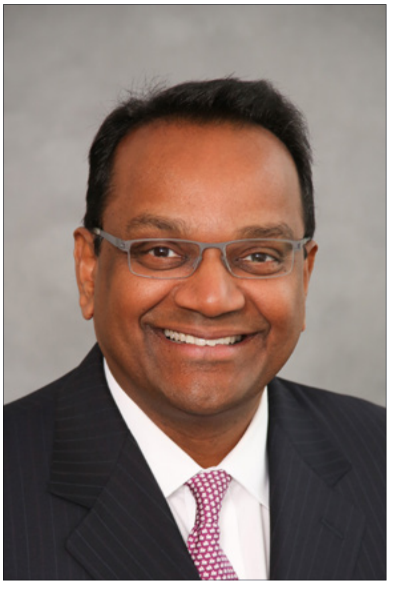
That is a very important conversation — one that we are certainly having with clients. I am glad to see that it is front and centre of SIBOS and its conference agenda.

**What are you personally most looking forward to about this year's conference?**

Do not ever underestimate the power of meeting with people and connecting with people, particularly after a number of years apart. In July I was in Asia, partly for our big office opening in Singapore, where our Asian headquarters are. I have got to tell you, it is incredibly liberating to see people in person. It is great to do a video call with someone you know to stay connected — however, it is not a great way to establish new relationships. Therefore, meeting again in person is something I am very much looking forward to.

I am also looking forward to hearing Roger Burkhardt, former chief technology officer of the New York Stock Exchange, and now chief technology officer at Broadridge, speak on a panel on digital innovation. There are a number of other innovation discussions that we are either sponsoring or participating in, and again, I think innovation is going to be very important for the future. ■

**Samir Pandiri**
President
Broadridge International



## BNY Mellon welcomes Geoff Hodge

BNY Mellon has appointed Geoff Hodge as Australia country executive. Hodge will be responsible for providing innovative and collaborative solutions in Australia, with a particular focus on adding value in the superannuation and investment management sectors.

Hodge will continue to oversee global strategy as the head of Milestone Group, the Sydney-headquartered fund management technology firm that he co-founded in 1998, which was acquired by BNY Mellon in October 2021.

He will also take a seat on the BNY Mellon APAC Leadership Council.

Hodge has more than 30 years' experience in financial services, specialising in investment management, capital markets, payments and fund administration.

Fangfang Chen, APAC chair and APAC head of asset servicing and digital at BNY Mellon, comments: "BNY Mellon is committed to supporting local institutions and industries with financial services that meet their evolving needs.

"With a broad global outlook, complemented by deep operations and technology management expertise, Geoff is a proven leader with the ability to harness strategic and tactical insights that will support our business growth in Australia and the success of clients there and abroad." ■

**Independent private capital fund administrator Gen II Fund Services (Gen II) has appointed Nikolaos Perros as chief operating officer.**

Ishita Shah has been named as chief commercial officer.

Perros has almost three decades of experience in the industry previously working at PwC, Blackstone, and Apollo Global Management. Most recently, he served as head of private equity services at Citco Group, where he worked for more than nine years. Shah joins from Citco Fund Services, where she served as head of private equity for North America. She has more than 20 years of experience in alternative assets and fund administration.

Steven Millner, CEO of Gen II, says: "We are committed to investing in our people, and as we continue our robust growth, the addition of these talented professionals will position Gen II to even more effectively innovate and scale globally."

Commenting on his appointment, Perros says: "I am excited to join an industry leader like Gen II and look forward to working with my colleagues to continue to scale and further enhance Gen II's best-in-class service."

**United Fintech has expanded its sales team with the appointment of Raj Rathor as head of sales for its Athena Systems, EMEA.**

United Fintech's Athena Systems provides support for investment managers and prime brokers with complete front office and back-office functionality for trading and portfolio management operations.

Rathor joins United Fintech from Enfusion, where he was vice president of sales.

Rathor's 10 years' experience in the financial technology sector includes product management roles and pre-sales engineering roles at buy-side vendor SimCorp. Before that, he began his career as an over-the-counter execution broker at ICAP, covering bonds and swaps.

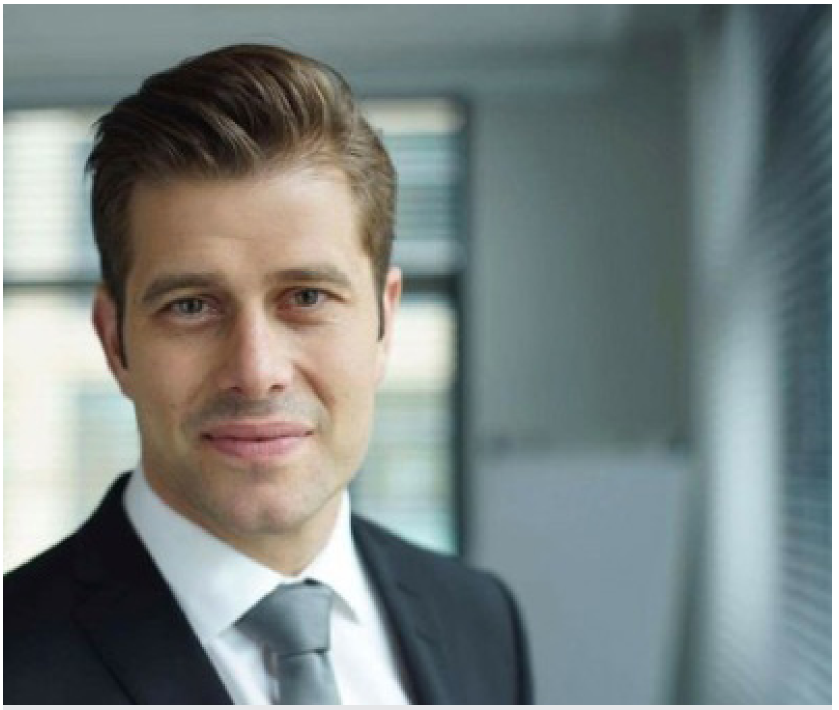
Tom Robinson, partner and head of sales at United Fintech says: "United Fintech's mission in transforming the way that financial institutions can accelerate access to fintechs, is enabling us to attract the very best sales people from within the industry.

"We are delighted to welcome Raj to our experienced sales team as we continue to gain traction with our ambitious plans. I wanted to join United Fintech because of the fresh nature of its approach in solving complex problems around operating models within the investment management community. Athena can really push the status-quo within the space in being a cloud native, open-ended, full front-to-back solution for buy-side firms."

**The Kuwait Clearing Company (KCC) has appointed Alex Krunic as CEO.**

Krunic will be responsible for developing post-trade activities and services in the Kuwait region. With more than 23 years' experience in the financial services industry, Krunic has a broad knowledge of securities services and post trade, including sales and relationship management, clearing, settlement, custody, collateral management and risk.

Commenting on his new role, Krunic says: "By safeguarding the interests of our clearing members and building an open, resilient and transparent market infrastructure, we have every opportunity to be a regional leader in the post trade space." ■



**SimCorp adds Michael Bjergby to senior team**

SimCorp has appointed Michael Bjergby as chief financial officer and member of the executive management board, effective 1 December.

In the role, Bjergby will focus on strengthening the company's finance team. This will include implementing new management systems, as part of SimCorp's new operating model. More broadly, he will be responsible for leading SimCorp's global finance, IT, legal, investor relations and procurement teams.

Bjergby joins SimCorp from his position as senior vice president and head of group finance at global facility services company ISS. He has previously served in several senior financial roles for a range of companies in Denmark and the APAC region.

Christian Kromann, CEO of SimCorp, says: "With his strong finance background from multiple industries and chief financial officer roles, Michael will play an instrumental role in driving SimCorp's transformation forward and shaping our future growth.

"His strong track record, analytical mindset and acute business understanding makes Michael a great candidate to carry on the work SimCorp has already begun in this arena." ■