asset servicing times
The primary source of global asset servicing news and analysis
ISSUE 309 22 February 2023

A fresh perspective

BNP Paribas' Mariangela Fumagalli on the current state of regulation and the hurdles the sector faces

CFTC Rewrite

How is the industry meeting the new requirements?

Technology Focus

Solution development in the current economic climate

Ready for Next

Drive forward. With Broadridge.

Next-generation proxy and corporate actions solutions.

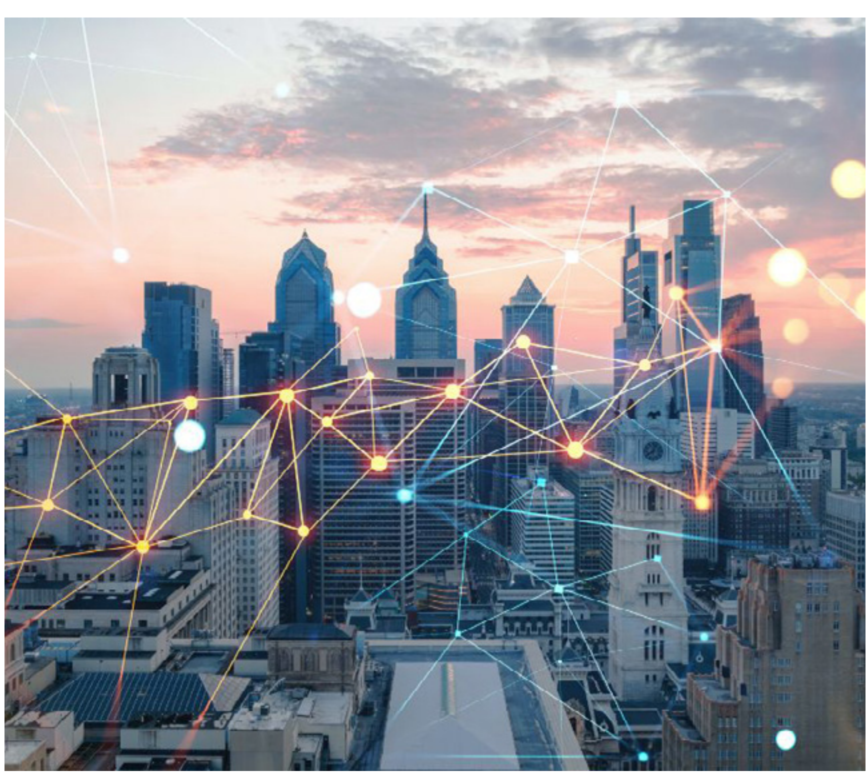
Technology is changing the business world at a rapid pace – and with it, client expectations continually rise. We're committed to helping you drive your business forward, enhancing the client experience, accelerating digital adoption, reducing costs and gaining actionable insights – all while enabling you to satisfy your regulatory obligations.

You can count on us to anticipate your evolving needs and prepare for the opportunity around every curve, using innovation and advanced technology with the rigorous attention to security we bring to every solution.

CONNECT WITH US
+44 020 7551 3000
Global@Broadridge.com

Broadridge.com

© 2022 Broadridge Financial Solutions, Inc.,
Broadridge and the Broadridge logo are registered
trademarks of Broadridge Financial Solutions, Inc.



SEC restates commitment to move to T+1 by May 2024

The US Securities and Exchange Commission (SEC) has affirmed that the US market will move to a one-day settlement cycle (T+1) by May 2024. The affirmation was made at an Open Meeting conducted by the SEC on 15 February.

The rule changes will shorten the standard settlement cycle for most broker-dealer transactions in securities from two business days after the trade date (T+2) to T+1.

At the Open Meeting, SEC Chair Gary Gensler said: "I support this rule-making because it will reduce latency, lower risk and promote efficiency as well as greater liquidity in the markets."

Pete Tomlinson, director of post trade at the Association for Financial Markets in Europe (AFME), offers a European perspective on the news.

He says: "The May 2024 goal for moving to one-day settlement in the US is ambitious and will be a significant challenge for all market participants globally. However, adopting T+1 settlement in Europe will be significantly more challenging, given the fragmented nature of European markets and the greater operational, structural and regulatory complexity.

He adds: "Further analysis is required across the industry to quantify the costs and benefits, and the changes required to the current operating environment to facilitate such a move. AFME will work closely with all stakeholders to ensure a collaborative industry approach to this topic." ■

asset servicing times

Bob Currie - *Group Editor*
bobcurrie@blackknightmedialtd.com
+44 (0) 208 075 0928

Jenna Lomax - *Deputy Editor*
jennalomax@blackknightmedialtd.com
+44 (0)208 075 0936

Carmella Haswell - *Senior Reporter*
carmellahaswell@securitiesfinancetimes.com

Lucy Carter - *Junior Reporter*
lucycarter@blackknightmedialtd.com

James Hickman - *Lead Designer*
jameshickman@blackknightmedialtd.com

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

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

published by Black Knight Media Ltd
copyright ©2023 All rights reserved

images by videoflow/stock.adobe.com

Contents

06 **News Focus**
Credit Suisse and Taurus continue DA journey

06 **News Focus**
CCMA reaffirms Canada's T+1 date

08 **News Focus**
CIBC Mellon to merge two companies

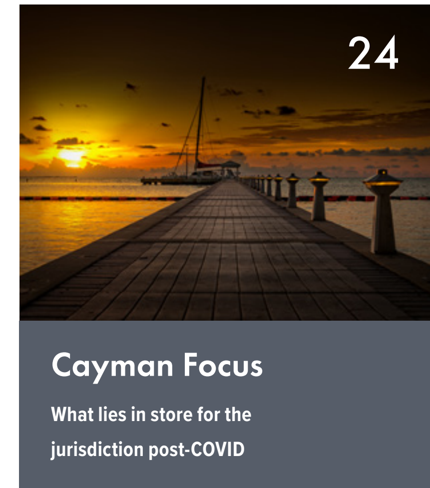
08 **News Focus**
CACEIS adds OSMOZE

10 **News Focus**
SIFMA advises modernisation of US CA

12 **A Fresh Perspective**
BNP Paribas' Mariangela Fumagalli talks to AST

16 **Technology Outlook**
Solution development in the current economic climate

20 **Navigating waves**
Two months on from the CFTC Rewrite



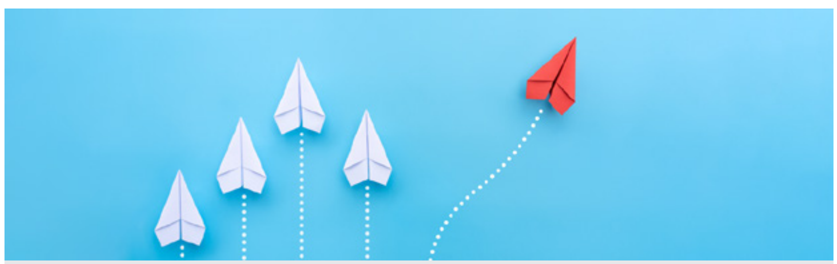
24 **Cayman Focus**
What lies in store for the jurisdiction post-COVID

SmartStream's fully integrated suite of solutions and platform services for middle- and back-office operations are more relevant than ever – proven to deliver uninterrupted services to critical processes in the most testing conditions. Their use has allowed our customers to gain greater control, reduce costs, mitigate risk and accurately comply with regulation.

With AI and machine learning growing in maturity, these technologies are now being embedded in all of our solutions and can be consumed faster than ever either as managed services or in the cloud.

Simply book a meeting to find out why over 70 of the world's top 100 banks continue to rely on SmartStream.

info@smartstream-stp.com
smartstream-stp.com



Credit Suisse and Taurus continue digital asset journey

Credit Suisse has expanded its partnership with digital asset infrastructure provider Taurus, serving as lead investor in its Series B funding round. The companies will collaborate on distributed ledger technology (DLT) and smart contract applications, with Credit Suisse aiming to strengthen its position in the digital asset ecosystem.

Taurus offers an integrated end-to-end solution around tokenised securities, and will allow Credit Suisse's clients to access non-traditional solutions outside of banking services.

André Helfenstein, CEO of Credit Suisse in Switzerland, says: "The strategic partnership with Taurus is a cornerstone of [the company's] digital assets strategy, with the ambition to become the leading Swiss bank in that space. We continue to embrace new and innovative technologies, and expect to soon launch several digital asset services for clients on both the issuing and the investment side." ■

CCMA reaffirms Canadian market's commitment to T+1 implementation date

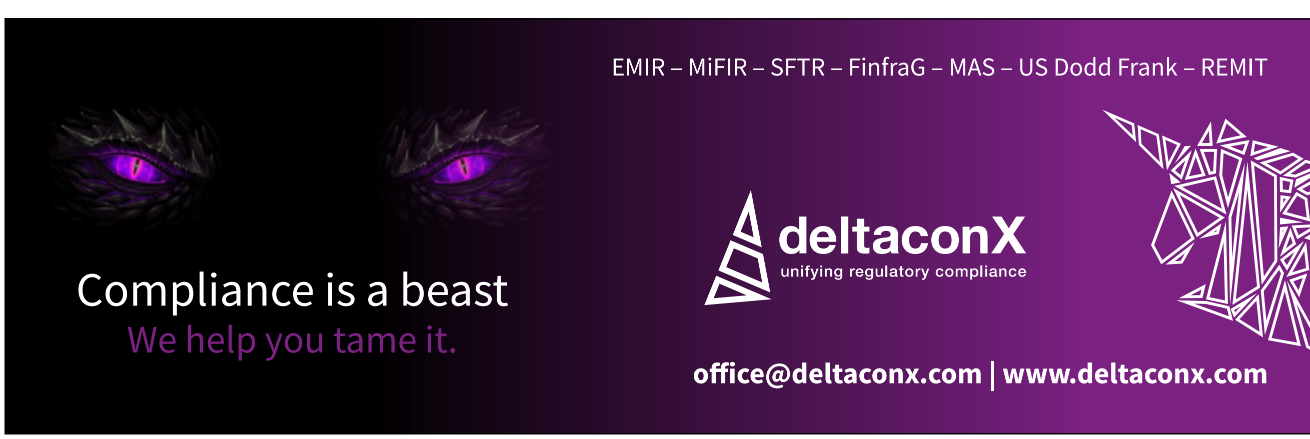
The Canadian Capital Markets Association (CCMA) has restated that Canada will reduce its standard securities clearing and settlement cycle to T+1 on the same date as the US.

The reaffirmation comes after the U.S. Securities and Exchange Commission (SEC) confirmed 28 May 2024 as the US market's "compliance date" for moving to a shorter standard securities settlement cycle.

"There has been an inadvertent misunderstanding in the US that has led to US statements implying a different T+1 implementation date in Canada," says Barb Amsden, communications and education lead at CCMA.

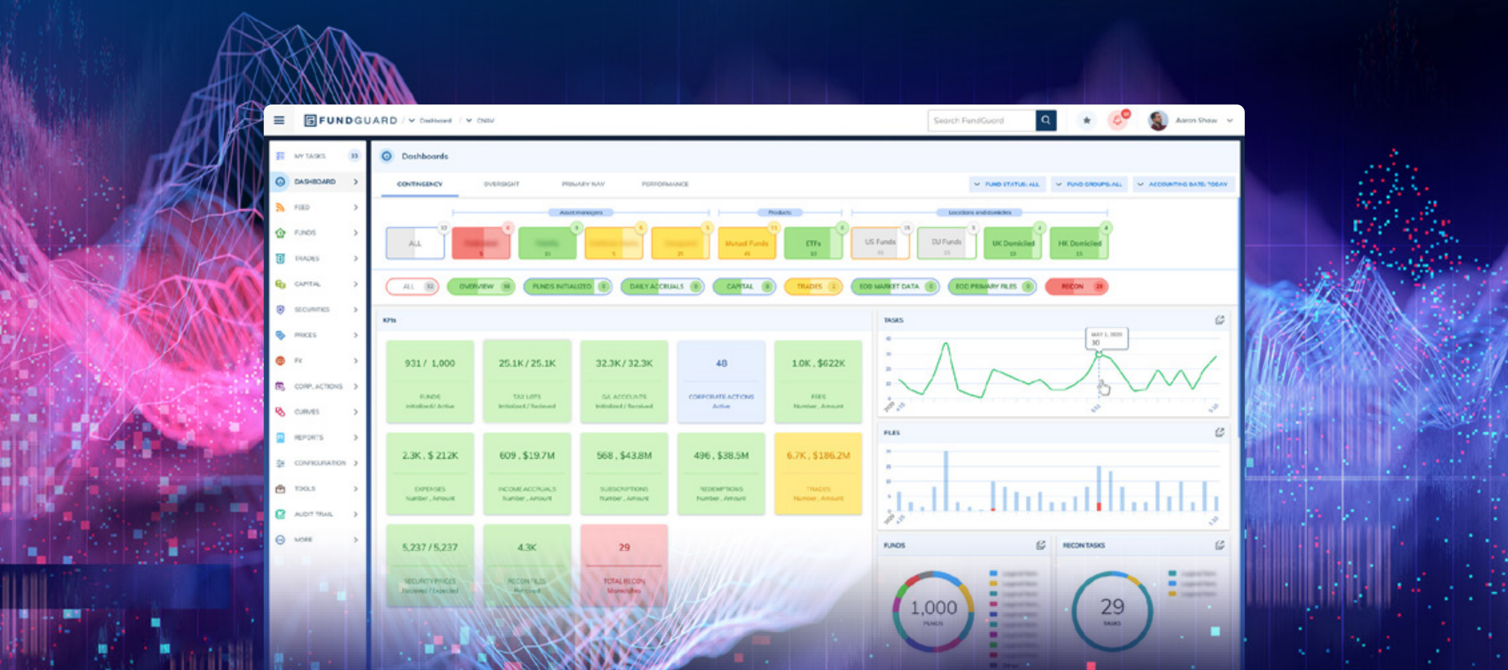
She adds: "Canada's position, since 2021, has been that Canada will reduce the Canadian standard securities clearing and settlement cycles to T+1 on the same date as the US."

However, the SEC's recently confirmed implementation date (28 May), which is a long weekend commemorating the US



GROUND UP, CLOUD-NATIVE, DIGITAL TO THE CORE

The new era investment accounting utility is here.



Backed by leading financial services organizations, FundGuard is the investment accounting utility for the new era. Our front to back AI-powered, cloud-native, and multi-asset class operating platform enables forward-thinking asset managers and their service providers with a single source of truth to support more sophisticated cross-business operations and data insights, deliver differentiated customer experience and ensure compliance with increasing regulations.

Are you ready to help shape the future of investment accounting? Let's talk.

fundguard.com

info@fundguard.com

Memorial Day, is only a two-day weekend in Canada.

Commenting on this, Amsden says: "The CCMA, and other Canadian industry organisations, overwhelmingly recommended an implementation date of Labour Day 2024 (2 September) — a common US and Canada long weekend."

Despite this, the CCMA has said it will "continue to work with Canadian and American market participants to replicate past successful settlement-cycle reductions."

CIBC Mellon to merge trust company and global securities services into one entity

CIBC Mellon has announced its intention to amalgamate the CIBC Mellon Trust Company and its CIBC Mellon Global Securities Services.

Part of the process includes the requirement to publish a notice of intention to amalgamate. The notice of intention was published on 28 January 2023.

The proposed amalgamation date will be November 2023, subject to final regulatory approval. From that date, the two entities will become the CIBC Mellon Trust Company.

In 1996, CIBC Mellon Global Securities Services Company (GSS) began offering asset servicing solutions to institutional investors as part of a joint venture between CIBC and Mellon. In 1997, CIBC purchased a 50 per cent share of The R-M Trust Company from Mellon and CIBC Mellon Trust Company (CMT) became part of the joint venture.

For the past 25 years, GSS and CMT have operated side-by-side under the CIBC Mellon brand, offering clients a range of asset servicing solutions. By operation of law, CIBC Mellon Trust Company will succeed as party to all current contracts in the name of GSS. Any contracts currently with CMT will remain in the name of CMT.

CACEIS adds OSMOZE to its Connect Store

CACEIS and fintech Heavenize have partnered to launch OSMOZE, a decision-making dashboard for all asset classes. The platform will be offered to management companies and institutional investor clients.

OSMOZE will provide portfolio managers with asset management and investment simulation tools to enhance investment decisions and improve operational performance.

The platform also delivers performance, risk and solvency indicators for portfolio analysis, allowing managers to monitor the performance of all their investments.

OSMOZE is available via Connect Store, CACEIS' subscription hub for fintech partners' services.

Commenting on the mandate, José Chillan, CEO and founder of Heavenize, says: "With this partnership, we offer CACEIS clients a turnkey solution for decision-making services with high added value, covering the entire front-office value chain."

Sabine Iacono, product manager at CACEIS, comments: "The OSMOZE platform meets our clients' needs in terms of access to the innovative services of fintech firms. With this solution, our clients benefit from a customisable tool that is responsive, flexible and easy to integrate into their established workflow."

COMYNO
Your Specialists in Securities Finance
Consulting Services
✓ Strategic Consulting
✓ Project & Program Management
✓ Business Analysis & Consulting
✓ Technical & Infrastructure Consulting
✓ Product Architecture & Design
✓ Software Development
✓ Blockchain Development
Software Solutions
► C-One Securities Finance In-house/Platform Hybrid Solution
► C-One Connectivity Standard Market Interfaces
► C-One RegReporting Solutions SFTR | CSDR | MiFID
► C-One Blockchain/DLT Platform
Efficient. Innovative. Modular. | www.comyno.com | contact@comyno.com

A Canadian Leader in Sub-custody

With more than 1,700 professionals exclusively focused on servicing Canadian investors and global investors into Canada, CIBC Mellon can deliver on-the-ground execution, expertise and insights to help clients navigate the Canadian market. Leveraging the technology and scale of BNY Mellon, a global leader in investment servicing, and the local presence of CIBC, one of Canada's leading financial institutions, CIBC Mellon has the experience and the capabilities to help you succeed in Canada.

Canadian custody and sub-custody
Canadian correspondent banking[1]
Broker-dealer clearing
Securities lending[2]
Brokerage[1]
Investment fund services
MIS (NEXEN, STP scorecard, trade match report card)
Data analytics[2]

[1] Provided by CIBC
[2] Provided by BNY Mellon

Learn more, contact:
Richard Anton at +1 416 643 5240
Abdul Sheikh at +1 905 755 7118
Lloyd Sebastian at +1 416 643 5437
www.cibcmellon.com

©2021 CIBC Mellon. A BNY Mellon and CIBC Joint Venture Company.
CIBC Mellon is a licensed user of the CIBC trade-mark and certain BNY Mellon trade-marks, is the corporate brand of CIBC Mellon Trust Company and CIBC Mellon Global Securities Services Company and may be used as a generic term to reference either or both companies.

SIFMA advises modernisation of US corporate actions

SIFMA, in collaboration with Ernst & Young (EY), has published a report on the need for standardisation around corporate action announcements in the US, outlining objectives for a modern corporate actions environment and culminating in a call to action for the industry.

Findings of the 'US Corporate Actions Standardization Position Paper' emerge from a working group established by EY and SIFMA's operations and technology committee.

The report begins by outlining the current state of the process, which has no standardisation or dissemination requirements for corporate announcements and data. Only an estimated 46 per cent of global event data is published and received manually, SIFMA says, leading to increased risk, raised expenses and investors having an incomplete understanding of corporate actions.

Following this, the paper provides a case study of the Australian Security Exchange's (ASX's) migration from manual processes to straight-through-processing, which created, in effect, a single source for corporate actions announcements that is accessible to all investors simultaneously. SIFMA argues that similar modernisation initiatives would be beneficial to the US market, and suggests partnering with listing exchanges to find effective solutions.

Tom Price, managing director and head of technology, operations and business continuity at SIFMA, says: "Corporate action announcements and event processing in the US have not undergone any significant changes over the past decade, despite advances in technology and regulation of our financial markets.

"Corporate actions materially impact shareholders, and it's critical to investors that the dissemination of announcements to the market is accurate, timely and trustworthy, particularly as the industry works to accelerate the settlement cycle to T+1."

"Transforming the corporate action lifecycle may require additional regulations governing the timing of notifications, submissions, disclosures and supporting activities, along with critical industry input." ■

CEE starts in Vienna

One entry to 18 markets

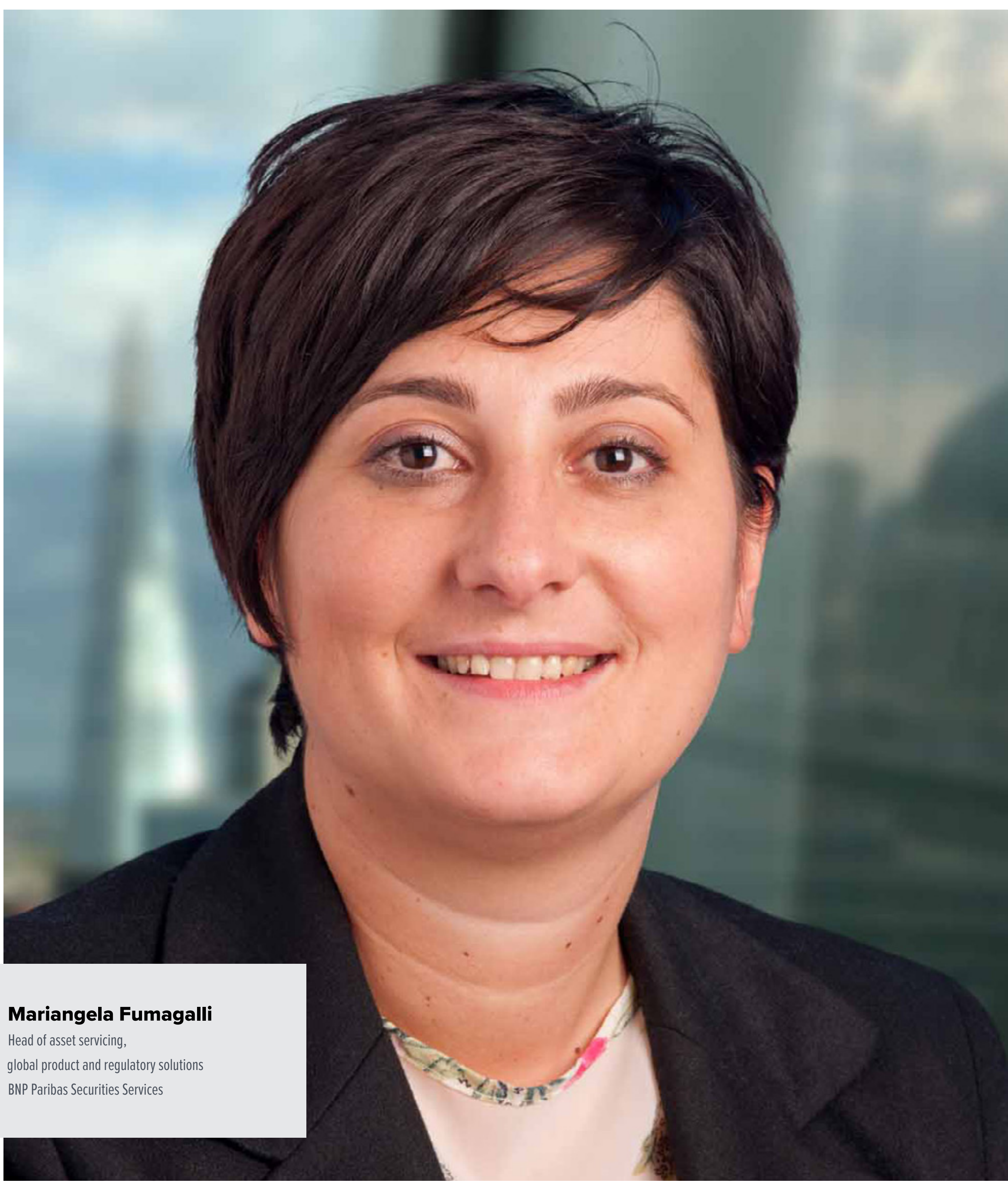
serviced via RBI's direct CSD connections

serviced via RBI's HUB or local GSS units

Your Gateway to Securities Services in:

Almaty / Belgrade / Bratislava / Bucharest / Budapest / Kiev / Ljubljana / Minsk / Moscow / Podgorica / Prague / Sarajevo / Skopje / Sofia / Tirana Vienna / Warsaw / Zagreb

www.rbinternational.com



Mariangela Fumagalli
Head of asset servicing,
global product and regulatory solutions
BNP Paribas Securities Services

A fresh perspective

Mariangela Fumagalli, head of asset servicing for global product and regulatory solutions at BNP Paribas Securities Services, has spent 11 years with the company and is a regular participant on post-trade panels. Speaking with Lucy Carter, she shares her thoughts on the current state of regulation, the problems facing the sector and what might come next

The tangled nature of regulations has been a persistent issue in the shareholder rights area, with questions as basic as what the definition of 'shareholder' is being a source of endless debates and disagreements.

A clear regulatory framework, that allows companies to comply without continual headaches, cannot be achieved by the market alone. "There has to be more collaboration between the industry and the regulators," Fumagalli argues, stating that although the industry is aware of what needs to be done on their end, "sometimes we cannot address the full problem by ourselves."

This has worked in the past, she affirms, recalling that "some aspects" of the Shareholder Rights Directive II (SRD II) were successful "because the industry worked with the European Commission on some of its technical elements." Yet, there's still a long way to go here — SRD II has been met with significant criticism and its efficiency questioned since it was put in place.

SRD II was implemented in June 2017, with the requirement that it be implemented into national law by June 2019. The directive aimed to empower shareholders, enabling their right to vote and receive information across borders.

> ***""[Technology] has to be integrated into operating models and adapted to take into account each firm's opportunities, problems and challenges"***

By requiring institutional investors and asset managers to be more transparent about their investment strategies and how they are performing, shareholders are, in theory, able to gain a more comprehensive understanding of their positions.

Another attempt to unite shareholders across Europe has been Section 12 of the Capital Market Union (CMU), established in 2015. It's "a very ambitious programme," Fumagalli says, but one with which "there is a political willingness to engage."

Although increased international tensions and evolving market demands may have "diverted some of the time and energy from CMU Action 12," Fumagalli is confident that "there have already been some steps forward" and "does not think they are going to park it." While it may take a little longer than originally envisioned, it will be achieved, she believes.

Data availability is a problem impacting every aspect of the financial services industry, and shareholder rights are no exception. Confusing regulations can exacerbate the issue, leaving firms scrambling for data as they try to comply with conflicting or inconsistent demands.

"It is often difficult to understand exactly what data should be collected and shared," Fumagalli says of recently introduced regulations. "There has to be a clear explanation of what should be measured and how, then firms have to agree on the taxonomy so that they know what they need to report."

A recent report from DTCC, 'Data Strategy & Management in Financial Markets', suggests that there is a light at the end of the tunnel for the data landscape. The whitepaper states that, over the next decade, there will be considerable improvements in data efficiency and focus. An increase in the use of automation will free up time for specific data analysis, and the removal of data from legacy systems will facilitate the use of interconnected systems for cross-market insights.

If realised, this prediction could solve a large number of problems around shareholder rights. If data is held in a shared system, then issues of cross-border data sharing are reduced and time is saved. Similarly, clearer cross-market data will allow for more efficient comparisons to be made — given that the industry can agree on a framework to follow.

Considering what the most important technological development will be for the post-trade sector over the next few years, Fumagalli is able to name several; solutions for proxy voting, onboarding, know-your-customer and tax are all in the pipeline.

Proxy voting solutions have already gained significant traction over the past year, with providers such as Proxymity and Broadridge onboarding a number of clients worldwide. Such services allow issuers, intermediaries and investors to ensure the real-time delivery of investor communications, allowing for greater shareholder engagement and saving both time and money.

Technology development is a pressing concern for the industry as a whole. Broadridge's 2023 Digital Transformation and Next-Gen Tech study evidences the importance that financial services firms are placing on digital transformation, with 57 per cent citing it as a priority for the year ahead. These numbers are going nowhere but up; the portion of IT budgets spent on digital transformation rose by 11 per cent between 2022 and 2023.

However, Fumagalli is quick to warn that "technology does not work by itself. It has to be integrated into operating models and adapted to take into account each firm's opportunities, problems and challenges." New technology will only be successful if it is applied in an "effective and efficient manner," she concludes. ■

Fund Administration — Streamlined Through Intelligence

Whether your fund or portfolio is large or small, new or existing, complex or straightforward, SS&C has the world's most comprehensive fund administration, accounting, regulatory, and reporting services to help you succeed.

Our focus is on building innovative proprietary technology solutions combined with industry best practices, incredible service and transparency – all purpose-built for tomorrow's alternative investment managers and investors – today.

We are pleased to announce our latest game-changing technology: SS&C GoCentral™. This AI web platform leverages intelligent automation to integrate NAV functions for unprecedented transparency and control of your data.

Experience the future of data-driven decision-making.

For more information, visit
ssctech.com

Strong foundations

Prompted by the wave of predictions being published by asset managers and others about the economic and political outlook for 2023, Brian Bollen asked firms to share their thoughts on what technological development might take place this year, and what could hinder it

Deciding where best to place the next foot forward in automation can only be informed by considering the wider context of the last 12 months.

This week marks a year since the Russian invasion of Ukraine, which began on 24 February 2022.

In the weeks that followed, Asset Servicing Times reported that DTCC had blocked Russian securities from the Bank of Russia and The Ministry of Finance of the Russian Federation.

The following week, on 1 March 2022, Euroclear said that it would no longer accept payment settlement instructions in Russian domestic securities. Countless others cut ties with the country.

As the war in Ukraine rumbles on, now into its second year, Joerg Ambrosius, chief commercial officer at State Street, affirms: “[This] macroeconomic environment will continue to put pressure on asset managers and custodians in 2023.”

This will, he says, lead to an “ever-greater focus on operating models and efficiency.”

Ambrosius’ predictions are mirrored in DTCC’s Systemic Risk Barometer Survey for 2023.

Released last December, the survey found that the aforementioned macroeconomic and geopolitical risks and trade tensions, which underpin inflation, are predicted to be the primary threats to the financial services ecosystem this year.

The number of respondents naming geopolitical risk and trade tensions as a high-level threat rose from 49 to 68 per cent since the 2022 Risk Forecast.

Though, offering a point of reassurance, Albert Cilia, managing director of Trident Trust’s Malta office, says: “Do not underestimate the resilience of the market! This isn’t the first challenging time for the market in our long history, and it won’t be the last.”

Taking the time

While the T+3 to T+2 shift in 2017 was "removing a buffer," the move to T+1, predicted to be just a year away, could be tougher, and in contrast to Cilia's optimism, the market may not be ready for this particular change.

"If 2022 was earmarked as the year for comprehensive T+1 planning, then, on reflection, we can say that it fell short," claims Ludovic Blanquet, chief strategy and transformation officer at Xceptor.

Allowances can be made for the industry "falling short" in both 2020 and 2021, as it collectively dealt with the overnight changes necessitated by the COVID-19 pandemic.

However, broadly speaking, by the end of Q1 2022, most of the world was able to cautiously get back on track. So why did the industry continue to fall short of its T+1 demands last year?

"The volatility visited upon international markets as a result of the conflict in Ukraine forced firms to work around a deluge of sanctions and applied pressure to reduce trading across a range of assets," outlines Xceptor's Blanquet.

"Against this complex geopolitical and trading backdrop, few firms made meaningful progress towards finalising their plans for T+1."

These geopolitical pressures, which have underpinned the 'cost of living' crisis, have also caused a 'cost-of-running-a-business' crisis.

"2022 was the year of deep cuts as companies desperately tried to adjust to changing economic conditions," Joel Windels, vice president of SaaS platform, Vertice says. "Chief financial officers found ways to put their businesses into survival mode."

Referencing these cuts, Windels say that this year "office space will contract, perks will dry up and software will be allowed to expire.

images by tostphoto/stock.adobe.com

> ***"2023 could also be the year when central banks and market infrastructure make CBDCs a reality"***
>
> **Albert Cilia, Trident Trust**

"Smaller security and IT teams, coupled with a reduction in cybersecurity software spending, could leave organisations exposed to a higher level of risk."

He adds: "Bad actors will be well aware that the attack surface has grown for many businesses, resulting in a greater number of high-profile security incidents, like data breaches or attacks."

Blueprints of promise

For her part, Pardeep Cassells, head of securities and claims products at AccessFintech, explains what the company is doing to improve fails-related data issues.

"We're taking in even more data now and layering into that new services, such as enhancing transparency in inventory, so that clients know where shares are being held and in what quantity, and demonstrating whether there are enough in place to settle a trade," she explains.

"We ensure that that knowledge is available from T+0, so organisations can use it to prevent trade fails, rather than finding out that a trade has failed and shares were being held in a different depot."

Amid the shift to T+1, Trident Trust's Cilia mentions the importance of considering the convergence between T+1 and technologies that support digital assets. "The handling of at least some volume of digital assets will become widespread and T+1 strategies must accommodate this," he discusses.

"Tokenisation of assets and funds is accelerating as institutions explore new ways to issue and distribute digitised securities and new secondary markets evolve for digital assets. 2023 could also be the year when central banks and market infrastructure make CBDCs a reality."

To this point, last year, DTCC tested their digital settlement network prototype against tokenised dollars. Participants included Bank of America, Citi and Northern Trust, amongst several other leading firms.

The system connected two asset networks to enable CBDC security settlements, with communication dependencies between the two reduced and counterparty risk eliminated.

The pilot additionally assessed network governance, with administrators able to resolve transactional issues if they arose.

Access to a digital Federal Reserve payments system was highlighted by DTCC as something that could prompt innovation and opportunity in the sector, with the use of a CBDC network expected to improve firms' efficiency, transparency and reporting.

A little further back in time, a consortium of institutions, led by Euroclear, successfully experimented with CBDC for settling French treasury bonds on a test blockchain in late 2021. The experiment, which was commissioned by the Banque de France, included Agence France Trésor, BNP Paribas CIB, Crédit Agricole CIB, HSBC and Société Générale.

State Street's Ambrosius agrees that this "institutional adoption of blockchain technology will continue to expand in 2023, as more institutions discover the merits of the technology to create operational efficiency gains, capital efficiencies and cost savings."

As a concluding thought, when asked if he expects core asset servicing businesses to grow, almost irrespective of economic performance locally, regionally and globally, Trident Trust's Cilia affirms: "Tougher market conditions tend to favour organisations with strong foundations." ■

MYRIAD centralises and consolidates Network Management data. It delivers enhanced security, improved access to data and greater automation, providing better organisation and execution of routine but critical tasks. Multiple departments and individual members of staff can be granted appropriate views and functional permissions.

MYRIAD moves your Firm away from manual and fragmented ways of working. Fully configurable, it delivers performance measurement, due diligence capability, cost management, issue tracking, process control and reporting upon all data held within the system. This directly aids cost reduction, improves operational efficiency and provides all-round transparency supported by a full audit trail.

myriad
Group Technologies Limited

info@myriadgt.com myriadgt.com + 44 (0) 20 3470 0320

Navigating the waves

Brian Bollen talks to regulatory technology firms about the December implementation of the CFTC Rewrite and what is on the horizon

In late 2022 the CFTC Rewrite hit the industry with a wave of regulatory refits, underpinned by the Dodd-Frank Act of 2010, in an effort to address the lack of accordance in reporting requirements across jurisdictions.

"So far, so good" is one of the early verdicts on its recent implementation from Leo Labeis, founder and CEO of regulatory technology firm REGnosys. The experience has been "a relatively smooth ride, compared with 10 years ago," he adds.

For more background, the Commodity Futures Trading Commission (CFTC) in the US was the first institution of its kind to implement requirements for the reporting of over-the-counter (OTC) derivatives to a registered trade repository. This was one of the first region-wide responses to the Financial Crisis.

Some will date the Financial Crisis back to the days in July 2007 when the US commercial paper market began to show signs of malfunctioning. Others will date it to September 2008 when Lehman Brothers imploded. For the sake of this article, we will settle on 2008.

"Transparency became crucial" when the industry first digested these requirements, explains Brock Arnason, founder and CEO of Droit. "There was a significant shift in the way that people thought OTC derivative markets should function and be regulated."

One year later, in 2009, "the G20 Summit called for OTC derivatives transactions to be reported to trade repositories and made available to regulators, with the goal of improving transparency and lowering systemic risk," recalls Kate Delp, executive director and general manager of DTCC's US data repository.

"In implementing the G20 commitment, each country drafted their trade reporting rules, leading to different requirements and interpretations of how derivatives should be reported and what data fields should be included," she continues.

At this time, there was an emphasis placed on knowing which transactions would take place in near real-time and the relevant data surrounding each transaction. Complicating matters was a widespread lack of consistency in this data, partly arising from blurred definitions of the required fields.

Lack of clarity in the overarching rules led to differences in application, preventing regulators from comparing and analysing

images by kmiragaya/stock.adobe.com

" A decade after the initial implementation of imperfect regulation, we are now entering 'wave two' of this movement, as regulators ask if the industry can do better"

Leo Labeis, REGnosys

accurately and confidently. There to help was Arnason's Droit, which was conceived in the wake of the 2008 Financial Crisis and developed amid its resulting regulatory changes.

"It became clear that the right technology, if used to facilitate the implementation of industry consensus on regulatory interpretations, could help financial institutions meet these new requirements, while mutualising some of the associated implementation costs," Arnason explains.

For more than 10 years, Droit's Adept platform has enabled financial institutions to make transparent and auditable real-time decisions around pre- and post-trade compliance, including transaction reporting eligibility, report generation and validation. To keep up with the 2022 Rewrite changes, Droit introduced updates to the validation and report generation components of its transaction reporting product.

"We deployed updates to clients around mid-August 2022," Arnason outlines. "This gave them time to test the new structure and validation rules. They have either gone live, or are about to launch our product. The implementation of CFTC Rewrite has gone well for them because we enabled them to prepare properly, but this is just step one," he clarifies.

Surfin' (beyond the) USA

With Arnason's comments in mind, what will the future hold, what could 'step two' entail? REGnosys' Labeis points to digital regulatory reporting (DRR) as one way to glide through the current waves of the Rewrite. "DRR is a simple idea based on three pillars," he explains. "Standardisation, collaboration and integration."

With DRR, firms that have previously operated in silos, duplicating effort and increasing expense, can instead work together to codify the reporting rules. It is hoped this will lead to the mutualisation of costs as institutions pool resources.

DRR participants continue to collaborate on REGnosys' Rosetta platform to build an open source, standardised and machine-executable interpretation of the CFTC Rewrite rules.

"The CFTC Rewrite was an acid test to see whether this could work," Labeis says. "DRR is now expanding to the number of other jurisdictions that are implementing similar changes to their regulatory regimes by 2024."

Good vibrations

Dissecting the effects of the Rewrite requirements more broadly, Labeis says: "The CFTC, first to act in 'wave one', is the first to have revisited its reporting regime. A decade after the initial implementation of imperfect regulation, we are now entering 'wave two' of this movement, as regulators ask if the industry can do better. It will affect every financial institution that is active in the US."

In addition, he affirms that because of its wide-reaching nature, it will take several months of data study before the picture becomes clear.

This comes amid "a global landscape full of fragmented reporting requirements across jurisdictions, raising the cost, complexity and operational risk of trade reporting," outlines DTCC's Delp, which, she adds, "hinders the ability of regulators to monitor and mitigate systemic risk."

Delp's comments come just one month after DTCC posted its 2023 Systemic Risk Barometer Survey, which predicts that geopolitical trade tensions and resulting inflation will be the primary threats to the financial services ecosystem this year. Inflation, on top of rising operational costs, was considered a key risk by 61 per cent of survey participants — a considerable rise from 34 per cent in last year's survey.

However, despite these external yet ever-present pressures, Delp states: "From DTCC's perspective the implementation has been very successful, due to regulatory and industry efforts and collaboration.

"The postponement of the original compliance date gave the industry time for more thorough end-to-end testing, contributing to the success of the implementation."

She adds: "DTCC has advocated for data harmonisation, within jurisdictions and across the globe. In North America, we have been working closely with the CFTC, as well as the U.S. Securities and Exchange Commission and all 13 Canadian regulators, to ensure that, where applicable, the relevant changes are made across North American jurisdictions."

The next major reporting regime to continue the alignment process will be the European Markets Infrastructure Regulation (EMIR), where the planned Refit will be driven by European Securities and Markets Authority regulations, as well as those from the UK Financial Conduct Authority.

In APAC there are a number of planned regional updates, including in Singapore and Hong Kong. The majority of these changes will take effect in 2024 — all part of a larger trend towards standardisation. When it comes to large-scale implementation programmes, this looming date is not far away.

"The pace of change has only increased, and much more change lies ahead," Droit's Arnason warns. "The firms that are best positioned are those that are investing in flexible technology, allowing quick adoption of industry consensus and best practice."

> ***"From DTCC's perspective the implementation has been very successful, due to regulatory and industry efforts and collaboration"***
>
> **Kate Delp, DTCC**

For DTCC's part, Delp highlights: "As global regulators look to implement their own revised trade reporting rules, DTCC will continue to support this effort by engaging with global regulators, market participants and industry standards-setting bodies to ensure continued consistency toward the goal of data harmonisation." ■

A promising future

Brian Bollen outlines the current trends affecting the Cayman Islands' mutual funds and what lies in store for the jurisdiction post-COVID

"Cayman is great. Cayman is the jurisdiction of choice. Cayman is the biggest financial services player in the Caribbean by some distance," affirmed contributors to this feature.

Cayman would hardly be Cayman if it and its supporters hid their light under a bushel. To be perfectly frank, it is refreshing to hear such candid claims, even if they come from one of the small group of experienced Caribbean fund administration specialists who chose to participate in this article.

For anyone interested in life before the territory acquired its status as a financial services domicile, the Cayman Islands are situated 480 miles southwest of Miami, about 277 miles south of Cuba, and 310 miles northwest of Jamaica. Reputed to be discovered by Christopher Columbus in 1503, the first settlers arrived in 1638.

The Cayman Islands were administered as a dependency of Jamaica from 1863. Upon Jamaica's independence, the Cayman Islands opted to become a direct dependency of the British Crown, and received its first constitution in 1959. As of autumn 2019, the islands were home to around 69,900 inhabitants.

Skip forward to present day and David Mungall, head of Trident's Cayman fund administration team, identifies market evolution, Brexit and increased regulation in the EU as current trends affecting the region and its business activities. The latter is particularly in relation to the EU's proposed minimum taxation requirement.

Cayman mutual funds

The number of funds active in the Cayman Islands is substantial, with growth in private funds particularly pronounced since the introduction of the Private Funds Act (PFA) in 2020.

Summarised briefly, the law captures Cayman-domiciled closed-ended funds such as private equity, venture capital, real estate and debt funds, whether they are structured as a company, unit trust or partnership. Prior to the introduction of the new law, these funds were not regulated in the Cayman Islands.

Key requirements include registration with the Cayman Islands Monetary Authority (CIMA), payment of an annual fee and a requirement for private funds to submit an application within 21 days of accepting commitments from investors, among other requirements.

images by martina/stock.adobe.com

Trident executive director Gwen McLaughlin points to the importance placed upon the observance of anti-money laundering regulation and tax reporting. She also acknowledges the continuing growth in private asset investment and the decline in the number of local fund administrators.

"CIMA figures show that there were 97 fund administrators plying their trade in 2017, but this number has fallen to 75, as a result of consolidation through mergers and acquisitions in the sector," she says.

A number of smaller players have chosen to exit the market because of increased investor demands and the concomitant need for further investment, echoing the trend seen elsewhere over the past 30 years.

Apex has been most noticeably active on the acquiring front and has recently appointed Anne Storie as country head for the Cayman Islands. Storie is currently deputy chairwoman for the trade and business licence board for the Cayman Islands Government and is also a member of the Cayman Islands Directors Association. Apex Cayman offers a range of fund services to registered funds, mutual and private funds, administered funds, master funds and trusts.

Looking ahead

What lies ahead for Cayman? The answer is simple: growth. "When COVID-19 was at its height, I thought we might all lose our jobs, but life is not only back to normal now, it is better than before," says Solvena Moore, senior director at global professional services provider JTC in Cayman.

Moore attributes Cayman's popularity as a location to its neutrality, tax efficiency, stability, abundance of lawyers, auditors and the general quality of the skill sets on offer.

"It is a very good, flexible location in which to do business," Moore adds. One side effect of this is the impact on real estate locally: "The value and volume of activity has tripled in some cases," she notes.

In its Fundamentals 2022 report, international law firm Walkers affirms that "in the near future, [it expects] CIMA to update its governance rules and guidance for regulated funds in the Cayman Islands to reflect recent trends in global best practices."

The report, which features the Cayman Islands at some length, also pays due attention to other locations in the Caribbean. "Based on the drafts published in consultation," Walkers says it "anticipates these being a useful addition to the Cayman Islands' regulatory framework. The Cayman Islands PFA is now firmly ensconced in the fundraising landscape."

"CIMA has worked closely with the industry to add further clarity to the registration process in terms of its expectations with regards to disclosure. This continual evolution of a user-friendly registration process is one of the reasons private fund registration numbers have remained strong," opines Walkers.

The report further outlines: "The registration numbers indicate that private fund formation activity in the Cayman Islands has remained strong. We have seen a number of sponsors raising their first ever Cayman funds. In the last twelve months in particular we have also seen established managers raising successor funds in Cayman, with target sizes reflecting robust historic numbers."

Bruce Smith, Senior Director at JTC in Cayman, surmises: "Certain groups of investors continue to prosper and we are there to help them, not only in Cayman but also through our offices in the British Virgin Islands and the Bahamas."

The value of assets under administration in the Cayman jurisdiction is estimated to be several trillion US dollars, accounting for a very large share of global alternative asset flows. According to some estimates, Cayman houses around two-thirds of the world's hedge funds and accounts for about three-quarters of global alternative asset flows.

Of course, if a US manager is raising a fund targeting domestic investors, it will be a Delaware vehicle, and if EU distribution is a key target, then Ireland or Luxembourg will usually be the primary choices.

However, there is a clear argument in favour of the claim that Cayman remains the premier destination for internationally-pooled capital, and it is cementing that position through enhancements to its regulatory framework.

The statistics also highlight one of the other current trends, which is consolidation. While the number of funds is growing, the number of fund administrators has fallen. This is not unique to the Caribbean. Fund administration is becoming a more complex business with more sophisticated regulatory, technological and client service requirements. ■

Distribution Services | Securities Processing & Administration | Information Management | Transaction Banking | Optimisation

© Copyright Royal Bank of Canada 2022. RBC Investor & Treasury Services™ is a global brand name and is part of Royal Bank of Canada. RBC Investor & Treasury Services operates primarily through the following companies: Royal Bank of Canada, RBC Investor Services Trust and RBC Investor Services Bank S.A., and their branches and affiliates. In Luxembourg, RBC Investor Services Bank S.A. is authorized, supervised and regulated by the Commission de Surveillance du Secteur Financier (CSSF), and jointly supervised by the European Central Bank (ECB). In the United Kingdom (UK), RBC Investor & Treasury Services operates through RBC Investor Services Trust, London Branch and Royal Bank of Canada, London Branch, authorized and regulated by the Office of the Superintendent of Financial Institutions of Canada. Authorized by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available on request. RBC Investor & Treasury Services UK also operates through RBC Europe Limited, authorized by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Additionally, RBC Investor & Treasury Services' trustee and depositary services are provided through RBC Investor Services Bank S.A., London Branch, authorized by the CSSF and ECB, and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available on request. RBC Investor Services Bank S.A. maintains a representative office supervised by the Federal Reserve Bank of New York. RBC Investor Services Trust (Australian Branch) is licensed and regulated by the Australian Securities and Investment Commission, Australian Financial Services licence number 295018. Details about the extent of our regulation by the Australian Securities and Investment Commission are available on request. RBC Investor Services Trust Singapore Limited is licensed by the Monetary Authority of Singapore (MAS) as a Licensed Trust Company under the Trust Companies Act and approved by MAS to act as a trustee of collective investment schemes authorized under S286 of the Securities and Futures Act. RBC Investor Services Trust Singapore Limited is also a Capital Markets Services Licence Holder issued by MAS under the Securities and Futures Act in connection with its activities of acting as a custodian. RBC Offshore Fund Managers Limited is regulated by the Guernsey Financial Services Commission in the conduct of investment business. Registered company number 8494. RBC Fund Administration (CI) Limited is regulated by the Jersey Financial Services Commission in the conduct of fund services and trust company business in Jersey. Registered company number 52624. RBC Investor Services Bank S.A. is a restricted license bank authorized by the Hong Kong Monetary Authority to carry on certain banking business in Hong Kong. RBC Investor Services Trust Hong Kong Limited is regulated by the Mandatory Provident Fund Schemes Authority as an approved trustee. Royal Bank of Canada, Hong Kong Branch, is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This material provides information on the services and capabilities of RBC Investor & Treasury Services. It does not constitute an offer, invitation or inducement with respect to any service or financial instrument. RBC Investor & Treasury Services' services are only offered in the jurisdictions where they may be lawfully offered and are subject to the terms of applicable agreements. This material is for general information only and does not constitute financial, tax, legal or accounting advice, and should not be relied upon in that regard. Links to external websites are for convenience only. RBC Investor & Treasury Services does not review, endorse, approve, control or accept any responsibility for the content of those sites. Linking to external websites is at your own risk. ® / ™ Trademarks of Royal Bank of Canada. Used under licence.

Alice Read to lead Apex in Jersey

Apex Group (Apex) has appointed Alice Read as country head for Jersey. She will report to regional head of northern Europe and the Channel Islands, James Burke.

In the role, Read will be responsible for the division's growth and financial performance, building on Apex's expansion in the jurisdiction over the past year. After acquiring Sanne Group, the company now has 400 employees in the region.

Read has more than a decade of experience in the financial industry, spending much of her career at Intertrust Group. She became director of corporate services at the company in 2017, before which she was a managing director, based in Dubai.

She takes on this new role from her position as commercial director with Apex, where she focused on strengthening client relationships and commercially developing the company's corporate solutions product line.

Commenting on her appointment, Read says: "Jersey continues to be a strategically important international financial hub for both Apex and our clients.

"Following our recent expansion in Jersey, and with the growth trajectory of the funds and corporates registered in Jersey set to continue in defiance of the challenging macroeconomic environment, now is an exciting time for Apex in Jersey." ■

Philippe Kerdoncuff has become head of asset owner and asset manager client lines for Australia and New Zealand at BNP Paribas Securities Services.

He moves into this newly created position to drive growth of institutional asset flow into the French banking group's securities services business, supporting the development and management of solutions to power its ambitious strategic plans for these locations.

Based in Sydney, Kerdoncuff reports to BNP Paribas' head of securities services for Australia and New Zealand Daniel Cheever and APAC regional head of asset owners and asset manager client lines for securities services Philippe Tassin.

Kerdoncuff moves into this new role after six years in Shanghai as head of the bank's securities services business in China.

Since joining BNP Paribas in 2001, he has held a range of global positions at BNP Paribas' Paris headquarters, including head of global custody product management, head of new business development and as relationship manager looking after AXA Group's book of business.

Fund services and solutions provider Ocorian has named Peter Corry as head of global funds for Luxembourg. In the role, he will support the company's broadening range of services for international fund managers.

Corry joins Ocorian from investor services group IQ-EQ, where he was country delivery director for Luxembourg.

He has held a number of senior positions throughout his career, serving as vice president and managing director of International Fund Services Ireland, based

SECURITIES FINANCE TECHNOLOGY

SYMPOSIUM

02 MAY 2023

Save the date

Coming to America

To find out more about the symposium visit
www.securitiesfinancetimes.com/securitiesfinancetechnologysymposiumspring
or email justinlawson@securitiesfinancetimes.com

"Daniel has a unique set of experiences well suited for the continued growth of Northern Trust"

**Michael O'Grady,
CEO,
Northern Trust**

Northern Trust appoints Daniel Gamba

Northern Trust has appointed Daniel Gamba as president of its asset management business and member of the bank's management group, effective 3 April. He will report to CEO Michael O'Grady.

Gamba joins Northern Trust from BlackRock, where he has spent more than 22 years. He began his tenure at the company as a director of global strategy, before becoming CEO for Latin America and the Caribbean. Most recently he was co-head of fundamental equities, a role he held for almost three years.

Additionally, Gamba served as chair of the board of governors and chair of nominations for the CFA Institute, an association dedicated to improving the function of the investment industry worldwide.

O'Grady says: "Daniel has a unique set of experiences well suited for the continued growth of Northern Trust Asset Management, with a track record of delivering strong results.

"I am confident that under Daniel's leadership, working in close collaboration with the executive team and his partners on Northern Trust's management group, our business will continue to grow and deliver best-in-class investment solutions and services to our clients." ■

in Dublin, and managing director and head of alternative investment solutions for State Street in Luxembourg.

Commenting on his appointment, Corry says: "Luxembourg continues to be an attractive investment hub for international fund managers, and I look forward to working with Ocorian's expert teams providing a full range of fund administration, depositary and alternative investment and fund management services to our growing client base."

Yegor Lanovenko, co-head of global funds at Ocorian, adds: "Peter's strong understanding of the global investment funds sector, coupled with his robust governance framework expertise, mean he is well placed to lead Ocorian's funds business in a fast-growing Luxembourg market. We continue to see strong performance for our funds offering in Luxembourg and this is a key appointment as we build on our momentum."

MYRIAD Group Technologies (MYRIAD) has appointed Emily Falco as a client operations analyst. Rebecca Fisher and Ismail Balbolia have also joined the client operations team.

Falco joins from RBC Capital Markets, where she was a settlements analyst.

Fisher swaps financial services firm Day Cooper Day for MYRIAD, leaving her position as pensions administrator.

Balbolia joins the team from his role as client solutions analyst at Eze, SS&C's software solutions development unit.

MYRIAD has recently appointed Fraser Wikner as CEO, replacing Simon Shepherd. Shepherd, founder of the company, retains his role as managing director. ■

Proxymity

Investor communications for a connected world

Proxymity connects the world's ecosystem of issuers, intermediaries, and investors digitally in real time, bringing unprecedented transparency, efficiency, and accuracy to traditional paper-based processes.

Visit **proxymity.io** to learn more

... and climbing.

A global player in asset servicing...

Offering leading value in investor services demands constant evolution. At CACEIS, our strategy of sustained growth is helping customers meet competitive challenges on a global scale. Find out how our highly adapted investor services can keep you a leap ahead.

CACEIS, your comprehensive asset servicing partner.

www.caceis.com

solid & innovative