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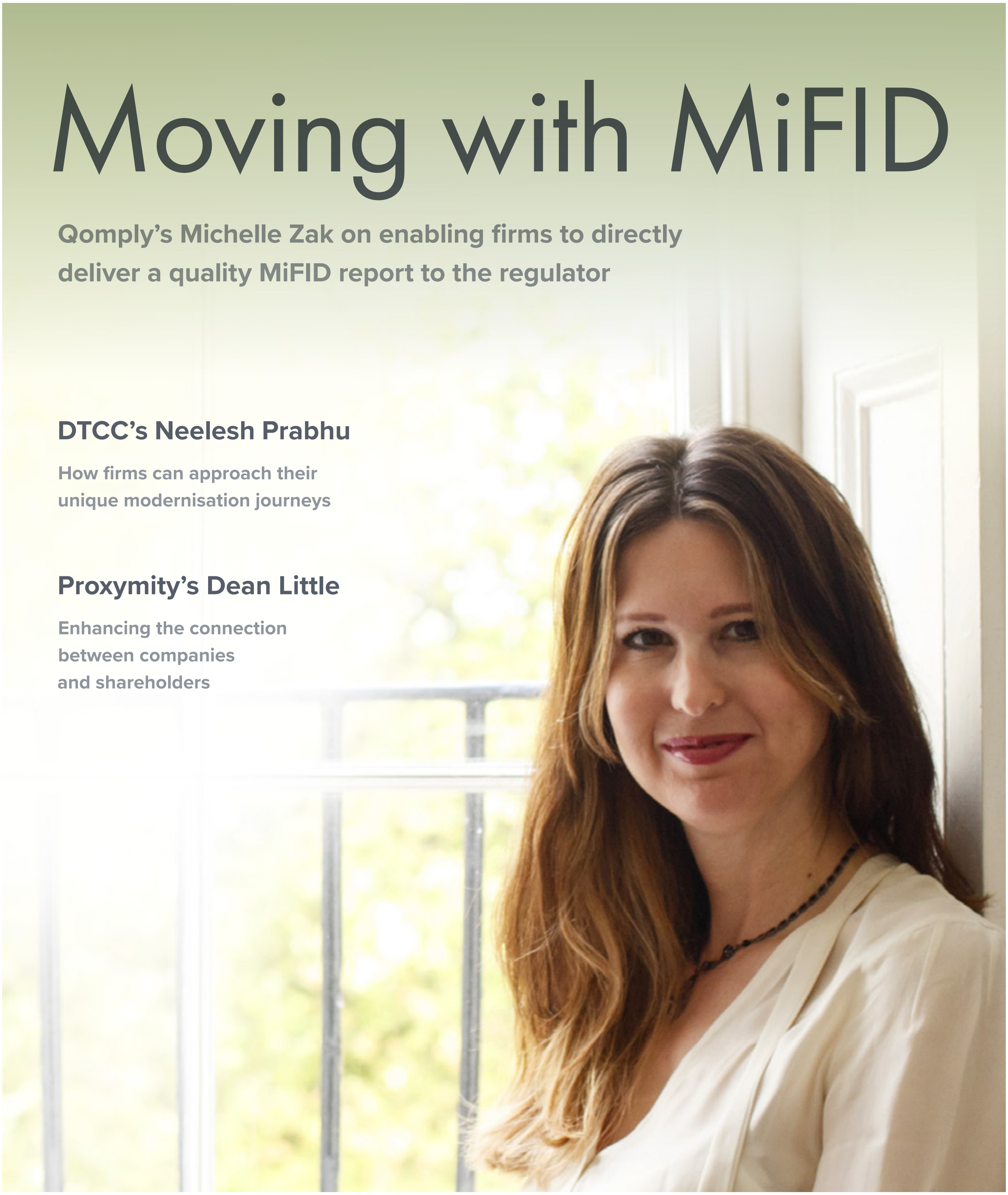

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UBS set to take over Credit Suisse in “emergency rescue”

UBS is set to acquire its Swiss competitor Credit Suisse, as part of a government-backed “emergency rescue,” to restore investor confidence after its shares dramatically slumped in recent days.

The mandate was signed without approval of shareholders, under emergency orders issued by the Swiss Federal Council on Sunday 19 March.

The rise in interest rates, due to wider geopolitical turmoil including, but not limited to the Russian invasion of Ukraine, has hit the value of investments across the world. This has underpinned a lack of investor confidence and bank share prices.

As the Swiss regulator, FINMA explains: “Credit Suisse Group is experiencing a crisis of confidence, which has manifested in considerable outflows of client funds. This was intensified by the upheavals in the US banking market in March 2023.

“There was a risk of the bank becoming illiquid, even if it remained solvent, and it was necessary for the authorities to take action, in order to prevent serious damage to the Swiss and international financial markets.”

The combination of the two companies is expected to generate an annual run-rate of cost reductions of more than US$8 billion by 2027.

The purchase of Credit Suisse is not subject to shareholder approval as it is a government-backed deal.

Commenting further on the emergency mandate, FINMA, the Swiss regulator, says: “FINMA welcomes the takeover solution and the measures taken by the Swiss Confederation and the Swiss National Bank. The transaction and the measures taken will ensure stability for the bank’s customers and for the financial centre.” ■

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

Simon Holloway - *Deputy Publisher*
simonholloway@assetservicingtimes.com
+44 (0) 7917 734919

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

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Volksbank and Murex complete SaaS migration project

Volksbank Wien (Volksbank), the central entity of an association of Austrian banks, has successfully migrated client-server application MX.3 from bank premises to Murex's software-as-a-service (SaaS) private cloud. Following the 'lift-and-shift' project, Murex now manages the bank's MX.3 hosting and infrastructure services.

According to Murex, the move allows Volksbank to focus on its core business, reduce time to market and rationalise IT infrastructure. By upgrading to the most recent MX.3 release, the bank benefits from new collateral and risk management modules and ISO 20022 compatibility.

Additional benefits include compliance with SaaS architecture and security, ecosystem integration and reporting adaptation, Murex says.

Volksbank plans to roll out the service offering to smaller banks within its association.

Patrick Zima, programme manager at Volksbank, comments: "Adopting an 'SaaS-first' approach will allow Volksbank to take advantage of the MX.3 frequent innovations. Shifting management of MX.3 to the Murex SaaS team has freed up in-house expertise and resources. This is just the latest collaborative evolution in a continuing long-term partnership with Murex."

Significant opportunity for fund managers in the Gulf, says Ocorian

There is a significant opportunity for overseas fund managers to access capital in the Gulf and build a presence in the region, according to financial services provider, Ocorian. The affirmation comes after Ocorian hosted an expert panel discussion with law firm Mayer Brown on how Shariah-compliant feeder structures can be a relatively straightforward and inexpensive process.

The Middle East has long been associated with ultra-high net worth individuals, and that population is set to surge by 24.6 per cent in the next five years, with Saudi Arabia poised to become home to 72 billionaires and the United Arab Emirates home to 42. These metrics indicate that the wealth population presents a significant opportunity for overseas fund managers to access capital in the region.

New Shariah-compliant feeder structures are also helping US managers to overcome barriers, Ocorian adds.

Marc van Rijckevorsel, head of business development for funds, Americas at Ocorian, says: "The capital influx into the Middle East in the past 12 to 18 months has been very high, in part because of high oil and gas prices. As investors want this capital to be deployed, but which cannot easily be absorbed into the domestic economy, investors are looking globally in other jurisdictions.

"At the same time overseas fund managers, particularly those in the US, are having a more difficult time raising capital in their own markets, making the Middle East an excellent alternative opportunity."

Lynda O'Mahoney, global head of business development for the Middle East at Ocorian, adds: "While sovereign wealth funds are seen as the ultimate sources of capital in the Middle East, family offices present a more attractive market.

"They are influenced by the next generation of investors who are seeking to diversify their portfolios out of domestic markets and conventional asset classes."

DTCC launches service to support transition from LIBOR benchmark rates

The Depository Trust and Clearing Corporation has launched a LIBOR Benchmark Replacement Index solution to support the industry's transition to alternative interest rate benchmarks.

Users will be able to access this service via DTCC's Legal Notice System (LENS), a repository for notices and announcements that impact securities issues, or via an electronic data feed that provides automated capture of standardised reference data.

This will provide access to securities reference data for more than 100,000 fixed income securities where the rate is based on USD LIBOR and enable users to access alternative benchmark indices, including the Secured Overnight Financing Rate (SOFR), using LENS.

The Alternative Reference Rates Committee has recommended SOFR, which is published by the New York Federal Reserve, as the primary benchmark index to replace LIBOR.

The US market infrastructure company indicates that this solution will benefit users through providing standardised data to enable machine-to-machine interactions and simplified communications, as well as access to LIBOR replacement requirements in one place through a flexible web user interface.

DTCC Data Services will also deliver data on USD LIBOR-impacted debt securities to market data vendors and via a subscription service to registered users, enabling users to stay updated on LIBOR replacement rate information from issuers, agents and trustees.

DTCC managing director, asset services business manager Ann Marie Bria, says: "DTCC welcomes the opportunity to support our clients and the industry as the US market transitions away from LIBOR.

"We are uniquely positioned to deliver this new service, providing the industry with critical information in an efficient and standardised manner.

"With the solution now live and centrally communicating LIBOR benchmark replacement rates, we are ready to partner with market participant firms as they work to achieve compliance by the June deadline."

Scott Longo, head of the State Street's LIBOR programme and co-chair of the ARRC's Operations and Infrastructure Working Group, comments: "LIBOR cessation is a significant operational undertaking that could pose risk for firms around the globe.

"DTCC's new LIBOR Benchmark Replacement Index solution will be an important component of firms' ability to efficiently update their reference data systems and communicate this information to interested parties."

Tim Lind, managing director of DTCC Data Services, adds: "As a key infrastructure provider, DTCC facilitates increased transparency between issuers of securities and investors that own the debt and equity of public companies.

"The cessation of LIBOR impacts trillions of dollars of debt and is another example of the critical role DTCC plays in furthering the evolution of market structure."

Eurex Clearing to release ESG clearing solution in April

Eurex Clearing will introduce an ESG clearing solution designed to offer greater transparency to clearing members and end users regarding the sustainability credentials of their cleared portfolios and their counterparties. The new service, named ESG Clearing Compass, will go live from 3 April 2023 and will support two components, the ESG Portfolio Assessment and the ESG Visibility Hub.

ESG Portfolio Assessment will provide screening of securities collateral provided as margin or through default fund contributions against climate metrics.

The climate data will be sourced from ISS ESG, the sustainable investment division of Institutional Shareholder Services. Deutsche Börse Group, Eurex Clearing's parent company, finalised the purchase of an 81 per cent stake in ISS in February 2021.

The ESG Visibility Hub provides an additional set of tools through which users can publicise their sustainability profile and initiatives on the Eurex Clearing web portal.

This additional information will also enable users to evaluate the sustainability profiles and ESG strategies of their trading counterparties.

ABN AMRO Clearing and Societe Generale have been working with Eurex Clearing to develop this service as early partners.

Deutsche Börse's chief sustainability officer for trading and clearing, Christina Sell, says: "Many market participants still struggle with incomplete, inconsistent or insufficient data regarding their exposure to climate-related physical and transition risks. As a financial infrastructure service provider, we consider it our responsibility to contribute to transparency. With our innovative offering, our members can efficiently receive high-quality ESG data via established channels."

Pauline Engelberts, global chief operations and chief sustainability officer at ABN AMRO Clearing, says: "The clearing industry is at an early stage of the transformation journey. We appreciate the efforts of Eurex Clearing to enable its clients to have more data transparency and awareness of their ESG profile and strategy. This will pave the way for better climate metrics. We are happy to support this initiative." ■

In search of the holy grail of MiFID transaction reporting

Jenna Lomax speaks to Qomply's Michelle Zak about how her company is disrupting the industry by enabling firms to directly deliver a quality MiFID report to the regulator

QomplyDirect has awoken financial firms to the prospect of taking control of their MiFID reporting and eliminating extra services and unnecessary costs.

The premise is straight-forward — QomplyDirect empowers firms to send their transaction reports directly to the Financial Conduct Authority (FCA). Firms submit their own reports directly to the regulator without using an intermediary, such as an approved reporting mechanism (ARM).

For some firms, this represents a significant cost saving as well as a way to gain control over their reporting (and back-reporting).

For many, the notion of sending reports directly to the regulator may be akin to the first time they tapped an app to summon a cab to their doorstep — a 'why-wasn't-this-thought-of-sooner' moment. So why aren't the majority of firms submitting their reports directly to the regulator?

To understand this, we must cast our minds back to 2018, before MiFID went live. At that time, those daunting 65 fields and warnings of over-reporting triggered an innate fear in firms not to get it wrong.

Firms scrambled to meet the requirements and, in doing so, enlisted the help of ARMs – which were newly-created (and regulated) reporting mechanisms that submitted the transaction reports to the regulator on their behalf.

ARMs would filter out non-reportable instruments, run cursory validation checks and submit the transactions to the regulator. This mitigated the amount of in-house work a firm had to complete within the short window before MiFID went live. From this, new-style reporting commenced.

ARM submission fees are a function of transaction volume — the higher the volume, the higher the fees.

Business continuity was paramount, and firms were willing to spend the money. Plus, if these ARMs were regulated, there was a consensus that they must offer firms some higher level of protection. For smaller firms, this made sense. For mid-to-larger firms, with more complex reporting scenarios and higher transaction volumes, it didn't always work so well.

Five years later, firms recognise there may have been a disconnect between what they believed an ARM function was and what it actually did. There is no doubt that ARMs apply the European Securities and Markets Authority validation rules — checking if a character is being squeezed into a numeric field.

However, when it comes down to forensic detail and the interrogation of fields (and how they interrelate in an asset class or product basis), this is clearly not in the remit of an ARM. ARMs don't always highlight anything beyond simple validation, and so poor data often slipped through the net. Transaction reports that were thought to be accurate may have missed the mark.

QomplyDirect

Regulators are now pointing out potential issues in firms' transaction reporting and highlighting that they are responsible for errors. As a result, firms are required to correct previously-submitted transactions.

In many cases, corrected transactions or back-reports number in the millions, but putting things right means the resubmission passes through the same ARM again. In what feels like a case of double-jeopardy, ARMs and aggregator solution providers apply additional fees for resubmissions.

Firms need a higher degree of quality assurance and often find themselves paying twice, because they didn't initially interpret the complex set of regulatory rules surrounding each field of the transaction report correctly. The responsibility for accuracy rests with the firm and not the ARM.

"It does put someone on the back foot when they discover their reporting has been inaccurate for a long period and the regulators are asking questions," observes Michelle Zak, co-founder and managing director at Qomply.

She adds: "There is always that 'deer-in-the-headlights' moment when the compliance and regulatory operations teams realise that the external solutions they utilised did not offer the level of protection they thought they had."

"The interest in QomplyDirect is an indicator that firms crave options, especially as, these days, firms better understand the implications of inaccurate reporting. Transaction reporting, when viewed in its totality, has become significantly more costly over the last few years. Shedding unnecessary costs, whilst gaining higher-quality accuracy and validation checks, just makes sense. If firms with lower transaction volumes find it economical to continue using an ARM — no problem."

Zak goes on to say: "QomplyDirect facilitates firms to send reports to an existing ARM or to the regulator. The key point is that Qomply provides high-quality, forensic-level accuracy checks, which means less back-reporting. Getting it right the first time is always preferable. There is no need to pay for additional ARM services when Qomply offers it directly. With QomplyDirect, everything can be controlled programmatically. We connect the dots with our API access — the sending of the report, the retrieval of the messaging — all on one platform," Zak concludes.

Using one portal to manage messages from various destinations means more efficiency and lower costs. After five years of MiFID, firms are calculating costs and recognising that ongoing fees paid to external ARMs — to submit their reports to the regulator — are no longer justified or sustainable. ■

Qomply is changing the approach the industry takes on compliance. Technology from Qomply is geared towards helping firms fulfil their regulatory obligations in a more streamlined, cost-effective way.

Their award-winning technology for MiFID, SFTR, and EMIR has been recognised for offering a comprehensive set of checks not seen before on the market.

Qomply forms an essential part of a firm's systems and controls framework — providing customers peace of mind that their transaction reports are as complete and accurate as possible.

Navigating the proxy voting season: embracing the digital age

It's the season to embrace digital proxy voting solutions, says Proxymity's co-founder and CEO Dean Little. He explains why digital proxy voting technology can only enhance the connection between companies and their shareholders — particularly amid current economic turbulence

As we approach the upcoming Annual General Meeting (AGM) season, shareholders are increasingly looking to influence the decisions of the companies in which they invest — ensuring their voices are heard on matters of corporate governance.

This presents an opportunity for companies to embrace digital proxy voting solutions, such as Proxymity Vote Connect, to enhance communication and foster timely collaboration with their shareholders.

By leveraging digital tools, firms can provide real-time confirmation of voting action, collect informed opinions from their shareholder base and promote long-term value creation through increased transparency and accountability.

Platforms such as Proxymity Vote Connect transform the traditionally manual proxy voting process into a seamless digital experience, allowing companies to take full control of investor communications and proxy voting procedures.

By offering a robust digital connection that facilitates the swift and accurate dissemination of meeting announcements in real-time, the platform allows companies to stay ahead of the curve in terms of investor engagement.

This is particularly valuable given the rapidly changing economic landscape and rise in shareholder activism.

ESG considerations in shareholder engagement

With growing awareness of the environmental and societal implications of boardroom decisions, investors will continue to demand ever-greater transparency and accountability this voting season.

As activist investors continue to push for companies to incorporate climate strategy into their corporate governance, it is evident that this trend will play a more prominent and lasting role on the agendas of AGMs. It will also necessitate a transformation in respective shareholder engagement strategies.

With more than 85 per cent of investors now considering ESG factors in their investment decisions, this upcoming proxy season will likely see shareholders proposing transformative resolutions, including requests to adopt and report on emission reduction targets and net zero transition plans. As the breadth of ESG risk exposure continues to increase, so too will the number of investors utilising proxy voting to navigate this terrain.

To truly empower both investor and issuer, a fast-moving, well-connected ecosystem capable of facilitating shareholder democracy must be in place. The limitations of traditional proxy voting channels are abundantly clear, with their disjointed nature proving both opaque and inaccurate.

Digitising this process, Proxymity's platform offers an end-to-end digital connection that connects issuers, investors and intermediaries throughout the investor relations (IR) ecosystem with reliable 'golden source' information and accurate reconciliation of shareholdings through the custody chain.

By facilitating a seamless two-way stream of communication, Proxymity provides investors and issuers with an opportunity to collaborate and navigate the rapidly evolving ESG landscape.

Effective communication amidst economic turbulence

Amidst warnings of a looming recession in 2023, shareholders are understandably concerned about the financial stability of the companies in which they invest. UK-listed companies have been hit particularly hard, with a 69 per cent increase in profit warnings year-on-year in the third quarter of 2022. As a result, investors are looking to company boards for reassurance.

Digital proxy voting technology can establish a robust and effective connection between companies and their shareholders, with platforms such as Proxymity's Vote Connect providing investors with advanced notification of issues, eliminating the need to wait for last-minute notices and offering near-instant confirmation of their ballot's casting and recording.

In addition to enhancing communication and accountability, digital proxy voting can also benefit investor disclosures. By providing real-time, accurate and transparent communication between issuers and investors, digital proxy voting platforms enable investors to easily access information about a company's initiatives and other important disclosures that impact investment decisions.

The future of shareholder democracy

The digital age has ushered in a new era of shareholder democracy where all shareholders, regardless of size, have access to regular information about company affairs and feel empowered to suggest directions of travel. This shift towards digital proxy voting and investor communication technologies enhances governance, ultimately resulting in healthier and more sustainable organisations.

With Proxymity providing direct benefits to issuers, investors and other players in the IR ecosystem, businesses can now unlock additional efficiencies and insights across markets globally. This includes 60 per cent of FTSE 100 companies, who have already adopted Proxymity's digital platform in the UK.

The 2023 voting season will likely see unprecedented levels of shareholder engagement, and companies, intermediaries and investors would do well to prepare. ■

> ***"The digital age has ushered in a new era of shareholder democracy where all shareholders have access to regular information about company affairs and feel empowered to suggest directions of travel"***

Dean Little
Co-founder and CEO
Proxymity

Under the surface

Legacy applications and architectures remain difficult to modernise, mainly due to their criticality and complexity. Jenna Lomax spoke to Neelesh Prabhu of DTCC to find out how firms can approach their unique modernisation journeys by leveraging modern technologies to enhance the client experience

DTCC is undoubtedly one of the industry's forerunners for post-trade improvement. Therefore, it is uniquely placed to share views on the evolution of technology across the securities industry, perhaps none more so than Neelesh Prabhu.

Managing director of architecture and enterprise services in information technology at DTCC, Prabhu has served at the company for four years. He holds a wealth of knowledge, accumulated from his 25-year career at other technology services firms.

"Further cloud adoption will lead to business agility, and the path to business agility means adapting to changing business scenarios," he affirms. "If the market environment changes, and your systems can't adapt to those changes, it will impact your business agility. A firm becomes more agile according to how fast it can react positively to change."

There are three particular features of the cloud that can help to increase business agility, according to Prabhu.

"First, the architectural pattern used within the cloud to design applications, called microservices, should strengthen the industry's overall business agility," he says.

"A cloud application would typically be designed using microservices architecture, which breaks an application into small components. These components can adapt to change relatively quickly, compared to a monolithic application."

"Second, within the cloud, there is a high degree of automation which extends from the way the application is built, to the way in which infrastructure is provisioned, and the way in which it's monitored. Lastly, the cloud is designed for scale, with the elastic nature of the cloud-enabled status facilitating an increase in business agility."

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> *"One of the challenges with data is the effort that it takes teams to see its initial value. They see a certain part of the overall capabilities needed, but there are several other capabilities that are not easily visible. It's like an iceberg, most of which sits under the surface."*

On the surface

In a world where VAR is king, and your favourite film can be streamed into your home with a click of a button, the back office is not often at the forefront of leading-edge technology adoption due to its critical function. However, with help from the front office, the back office can adapt to change and advance, Prabhu highlights.

"The volatility that the front office experiences on the market side means it must invest in technology to not only solve problems of today, but also to solve the challenges of tomorrow. There's an opportunity for the back office to embrace the same spirit."

He adds: "With multiple legacy modernisation efforts, the front office and the back office should approach these as incremental efforts, rather than one big project. This approach will move the overall infrastructure and applications towards a modernised industry."

Into the deep

In 2021, the DTCC commissioned research company Celent to conduct extensive research into technology adoption and future plans of a select number of North American financial institutions. Guided by Celent's proprietary research and expertise, it spoke with 28 technology and operations senior executive leaders to predict the future state of the securities industry's information technology.

While conducting the research, Celent found that the investment in data services is increasing — but only within firms with the technology and capabilities to exploit it. Celent found that SMEs can suffer from not having the capital available to make the most of the data accessible, but some of the barriers underpinning this come from attitudes and a lack of readiness to change.

Addressing this, Prabhu says, "One of the challenges with data is the effort that it takes teams to see its initial value. They see a certain part of the overall capabilities needed, but there are several other capabilities that are not easily visible. It's like an iceberg, most of which sits under the surface. These capabilities are needed to enable the value of data in any financial organisation."

"Some of these capabilities, which are not as apparent, include data governance, data, cataloguing, data quality and data transparency — all of which could be considered the hidden part of the iceberg."

"Unless you make an investment in these capabilities, you will not be able to realise the value of the data you have and, therefore, the value will remain locked," affirms Prabhu. "This requires investment, certainly in the technology sphere. However, firms must hire the right people who can leverage this technology to unlock the value of that data."

Working with Celent, DTCC also found that artificial intelligence (AI) and machine learning (ML) development is allocated a relatively small portion of an enterprise technology budget (1 to 5 per cent). This is because the industry is "still grappling with the right use cases to apply against AI and ML," outlines Prabhu.

"AI and data are intertwined. You need a certain level of data maturity to exploit AI technology. AI needs to be fed with data and the degree of data maturity also plays a role. You must align those use cases against the part of the organisations that have achieved an acceptable level of data maturity. Also, talent in the AI and ML spaces is not as readily available."

What's ahead?

Celent's report also found that full migration to modern methods of data exchange is "effectively gridlocked." Delving deeper as to why this is the case, Prabhu says, "There is a fair degree of interest and availability of new data exchange technologies."

He adds, "Application programming interfaces (APIs) are coming into play, as well as distributed ledger technology (DLT), which is a new and more modern way of exchanging both logic and data across organisations. There is also the emergence of data exchanges. These are modern ways of sharing data, as compared to traditional methods.

"The reason for gridlock is the overall shift with the industry using these legacy methods and these new capabilities."

He goes on to say: "Organisations, such as DTCC, have looked at the landscape to effectively service their clients. We have to support both traditional as well as new methods of exchanging data. That can create a gridlock when firms have not clearly declared what the future will look like. We shall see how this plays out in the next few years, as more firms invest in modern systems and modern interaction mechanisms."

As well as APIs, DLT will continue its maturation and adoption across the industry and will likely help accelerate cloud adoption across capital markets in particular, Prabhu says.

"A lot of this is being driven by what we see in our normal day to day lives — consumerisation is going to bleed into the overall financial services industry. This has already happened on the retail side, but it will bleed more so into the capital markets ecosystem. That desire to adapt quickly will drive further adoption of cloud technologies."

He concludes, "On the one hand, you've got this focus around increased flexibility and adoption. But, on the other hand, you've got to balance that with security, resiliency and regulatory expectations. That will be the main concern underpinning cloud adoption over the next few years." ■

"Organisations, such as DTCC, have looked at the landscape to effectively service their clients. We have to support both traditional as well as new methods of exchanging data"

Neelesh Prabhu
Managing director of architecture and enterprise services in IT
DTCC

Be prepared

Brian Bollen talks to industry participants about the potential impact of the SEC's Rule 10c-1 and why opinions on its effectiveness continue to differ

"Some of what is being proposed is doable, but many firms don't like it and would have preferred an SFTR approach."

This is an affirmation made by Kevin McNulty, head of regulatory technology at EquiLend, discussing the aim of the U.S. Securities and Exchange Commission's (SEC's) Rule 10c-1 and its possible impact on the securities lending industry.

Whether SEC 10c-1 represents a carefully thought out, paternalistically benign rule-making programme, or whether it is a blatant, ham-fisted example of regulatory overreach driven by the Commission, is for the reader to decide.

The varying impressions expressed during the research process for this article are beyond any doubt unfavourable to the SEC. For the record, let it be known that we did invite the SEC to participate, but the official spokesperson responded: "We wouldn't comment beyond the fact sheet available."

Points of contention

"It is difficult to object to the lofty ambitions of the SEC's Rule 10c-1," says one market service provider. "Where we diverge from the view of the authorities is in relation to its highly aggressive ambition, in terms of timing and scope. It does present challenges on many levels, not least because the technical infrastructure to meet a 15-minute reporting requirement just does not exist."

They went on to divulge: "SEC chairman Gary Gensler has pursued an agenda that has little regard for the ultimate consequences, not taking into account the aggregate impact or overlap of the dozens of rule-makings he has issued since 2021. Nor has he been receptive to any constructive criticism or beliefs that may run contrary to his own."

Francesco Squillacioti, global head of client management for State Street's securities finance business, affirms: "The SEC proposed Rule 10c-1 would establish a new reporting requirement for securities lending transactions and related data on securities on-loan, with the aim to increase transparency in the securities lending market.

"As one of the world's largest agent securities lenders, State Street recognises the value of greater transparency and is broadly supportive of the proposal. However, some aspects do raise concerns and call into question how readily the proposed rule can fit into a securities lending framework."

Unlike a 'live' cash equity market, securities loans, while transacted throughout the day, settle at the end of the day, rather than in 'real-time.' As such, a 15-minute reporting window is not consistent with the way the market functions.

Also not necessarily consistent with the way the market functions is the proposed move to T+1. The SEC faced some backlash last month when it confirmed 28 May 2024 as the T+1 execution date for the US. Speaking to Asset Servicing Times on this matter, ISITC's director of industry affairs Gary Wright said: "There appears to be an overly positive view that the benefits of risk and cost reduction for clearing members far outweigh the significant costs inflicted on the industry, mainly on the buy-side.

"The SEC does not appear to recognise that approximately 35 per cent of US activity comes from the international market, yet the T+1 changes have been made with only the domestic investor in mind."

Back to outlining the problems with the SEC's 15-minute reporting window within Rule 10c-1, Squillacioti confirms: "In practice, there is a large amount of intra-day 'cancel and rebook' activity.

"Therefore, the 15-minute reporting window proposed by the Commission, would inevitably result in a high volume of 'false positive' information on securities lending transactions. That is more likely to confuse the market than to provide meaningful transparency."

This 'near real-time' reporting window would also involve significantly higher implementation costs in the form of systems investment to be able to capture and report information in a timely way, Squillacioti adds. Those costs would be borne by agent lenders (who will be obliged to provide the data) and their clients, he clarifies.

Preparation

Speaking on Resonance FM in late February, Roy Zimmerhansl, practice leader of Pierpoint Financial and founder of Fintuition, affirmed: "What the SEC has proposed is disclosure of pricing. A stock loan ticker would show how much it cost to borrow — indicating the transactions completed, and at what prices."

"What they have asked for is disclosure of the availability. That is: how much has been on loan, and how much is available for loan. Surely that is a good thing, because you know the liquidity of the position. When you do a securities lending transaction, you are creating a credit exposure — an ongoing credit exposure, as opposed to an executionary buy and sell — and when you have settled, that is it."

He adds: "I don't see how disclosing a highly capitalised low-risk counterparty's trading price is useful to an entity that can't borrow at that price, no matter what. I think that will lead to misleading prices. The SEC has taken a different approach to Europe. Europe put in SFTR. That is a super-onerous reporting obligation — 135-plus data fields have to be reported to European regulators on a daily basis, not just on new trades, but on changes to existing trades. Their reason for doing so is to try and identify roadblocks or liquidity squeezes in the system.

Zimmerhansl adds: "The SEC has taken this transparency focus with 15 fields of data reported within 15 minutes of transactions, and some of it being made publicly available. A completely different approach. SFTR, as onerous as it has been, is about risk reduction in the sense of identifying gaps, where possible. The SEC's Rule 10c-1 is a misguided transparency regime."

The final word is left to EquiLend's McNulty. He concludes: "We have some sympathy with what the SEC has proposed, but there is no denying that its proposals are challenging for market participants, who have pushed back strongly. Some of its solutions lie in technology, some of them lie in refining existing operational processes. While political pressure is being applied to the SEC to slow down its proposals for market reforms, the Commission remains determined to push ahead with its agenda, and it would be unwise to expect dilution. Thinking about what will need to be done, in order to comply, could prove beneficial. Our message, ultimately, is: be prepared." ■

You can read detailed analysis on the proposed content of the 10c-1 regime and the SEC consultation process in the two-part article published in Securities Finance Times in February 2022 **here**.

The second part of this article also comments on practical challenges of implementing the 10c-1 proposals and potential lessons that can be drawn from SFTR. It can be found **here**.

IQ-EQ welcomes Illias Georgopoulos

Global investor services group IQ-EQ has appointed Ilias Georgopoulos as global head of private and institutional asset owners. Based in Luxembourg, Georgopoulos will report to group chief commercial officer, Emma Crabtree.

As global head of private and institutional asset owners, Georgopoulos will drive the development and implementation of global and regional strategies to support IQ-EQ’s business objectives.

Georgopoulos has more than 25 years’ experience in financial services. Most recently, he was CEO of Credit Suisse’s MultiConcept Fund Management SA in Luxembourg, where he was responsible for supporting cross-product, cross-segments development and service evolution.

Before that, Georgopoulos was global head of relationship management, sales and marketing at Alter Domus. He also served as managing director and head of sales and relationship development at RBC Investor Services Bank SA.

Crabtree comments: “Ilias’ impressive career and well-honed expertise made him the natural choice to lead IQ-EQ’s private and institutional segment as we enter the next phase of our growth journey.” ■

Rob Woods has resigned from The Australian Securities Exchange’s (ASX’s) board.

Woods has been a non-executive director at ASX since January 2020 and has served on the boards of ASX’s clearing and settlement companies since 2015.

He is also a former chairman of ASX Clear Pty and ASX Settlement Pty.

ASX has faced significant criticism in recent months, following the halt of its CHESS replacement programme in November. The exchange said it was “reassessing all aspects” of the planned update.

In the same month, ASX appointed Tim Whiteley as project director for the next phase of the CHESS replacement project.

He will be responsible for revisiting the solution design, establishing new project governance arrangements, strengthening vendor management and positioning the project for the next delivery phase. Daniel Moran was appointed as chief compliance officer in January.

Post-trade technology service Torstone Technology has appointed Sam Farrell as head of North America.

Based in Toronto, Farrell will be responsible for all US and Canadian operations at the company, expanding its North American footprint.

Farrell has more than 35 years’ experience working in Canadian financial services.

Prior to joining Torstone, Farrell was senior operations leader at Credit Suisse Canada where he was responsible for Credit Suisse’s migration to Torstone’s Cloud Platform.

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He has held other senior roles at RBC, TD Securities and Scotiabank.

Commenting on his new role, Farrell says: "I am extremely excited to be joining Torstone at this pivotal moment in the industry, especially as we approach the move to T+1 in 2024.

"I am honoured to be a part of the leadership team that will help drive the firm's growth and success in the North American markets as the industry looks to modernise its technology solutions with cloud and SaaS."

Brian Collings, CEO of Torstone Technology, adds: "Sam's vision and willingness to be an early adopter of Torstone were key to the success of our project with Credit Suisse. We are confident that Sam will drive our expansion in North America, strengthen our brand, and establish Torstone as a leading provider in the US and Canadian markets."

Simon Martin has been appointed head of sales at Clearstream, based in Sydney.

Martin has more than 15 years of experience in the financial services industry. He joins Clearstream from SS&C Technologies, where he served on the Aloha sales team.

Prior to this, he spent more than two years at IHS Markit as a software solutions director and sales director for Markit EDM and thinkFolio. Martin also spent several years working in London at Northern Trust, most recently as an investment manager liaison representative.

He then joined J.P. Morgan Chase in Sydney, where he served as a client relationship manager before becoming a vice president and securities lending sales and relationship manager for South East Asia, Australia and New Zealand.

HSBC has promoted Daniel Brueckner to head of securities services in Germany, based in Düsseldorf.

Brueckner has spent the majority of his career with HSBC, most recently serving as head of business development and client managers for asset owners and managers in Germany.

Prior to this, he was head of custody for the country.

Earlier in his career, Brueckner was a vice president at the AG Vienna Branch of Deutsche Bank.

Technology provider FIA Tech has named Gregg Whitbread as senior manager for global product sales, based in London.

He reports to Andrew La Manna, head of business development.

In the role, Whitbread will be responsible for the sales of FIA Tech's Databank to buy-side firms across Europe.

Whitbread has almost three decades of experience in the industry, and joins FIA Tech from data firm Euromoney TRADEDATA where he was business development director for more than five years.

Prior to this, he served as global head of business development and as a product manager at the company.

Commenting on the appointment, La Manna says: "We are thrilled to expand our sales capability in Europe with the addition of such an experienced industry leader. Gregg has a long and respected track record working with the global listed derivatives community. His expertise will help us further build on the successful expansion of FIA Tech's product portfolio."

Apex bolsters valuation team

Apex Group has appointed Anthony Alfonso as global head of valuation. Based in Phoenix, Alfonso will be responsible for product innovation and service delivery of valuation advisory services.

Alfonso brings more than 25 years of financial services experience. In addition to equity and debt securities, Alfonso is also experienced in valuing complex financial instruments, including cryptocurrency, contingent consideration, options and swaps, involving predictive modelling.

Alfonso joins Apex from accountancy and advisory firm BDO, where he was most recently global valuation leader in its International Capital Finance Group.

Alfonso co-led the US corporate finance practice at BDO and was the valuation and capital markets analysis national managing principal. Alfonso began his career with roles at Mellon Bank, Arthur Andersen, KPMG and Houlihan Lokey.

Apex offers valuation services to private equity and debt funds, hedge funds, venture capital, mutual funds, structured credit, family offices, pension funds as well as corporates and insurance companies.

Georges Archibald, chief innovation officer and managing director, Americas at Apex, comments: "In an environment of uncertain global financial markets, growing conflicts of interest and emerging regulatory challenges, it is more important than ever for asset managers to partner with experts to help them navigate the portfolio valuation process and provide objective advice. We are delighted to welcome Tony, a leading industry expert who has an impressive track record of helping clients in their reporting requirements." ■