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ISSUE 315 17 May 2023

Great expectations

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Nordic Focus

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SmartStream and Acadia collaborate on collateral management solution

Financial transaction management solutions provider SmartStream Technologies has extended its partnership with margin automation services firm Acadia.

SmartStream's Transaction Lifecycle Management (TLM) collateral management solution will be available through Acadia's Margin Manager, alongside the latter's substitutions workflow product.

Together, the companies will offer automated two-way communication and substitution coordination between counterparties, with substitution details managed in a standardised format through the workflow lifecycle.

The partnership will improve processing and calculation efficiency of substitutions movements for TLM collateral management clients and their counterparties, the companies say, providing exceptions-based processing and promoting straight-through processing for collateral substitutions.

Jason Ang, programme manager at SmartStream's TLM Collateral Management, says: "Given the current emphasis for optimisation in the market, we see that there will be an increase in substitutions requests.

"These requests traditionally have been a time-consuming process, but we have worked to provide an automated solution to help our clients save time, reduce manual work and automate the process.

"TLM Collateral Management, coupled with Acadia's Margin Manager, provides integration with a powerful collateral management solution, and a user-friendly dashboard allowing for quick exception management, with a complete audit trail with final statements." ■

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published by Black Knight Media Ltd

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Standard Chartered signs MoU with Dubai International Financial Centre

Standard Chartered has signed a memorandum of understanding (MoU) with the Dubai International Financial Centre (DIFC) to collaborate on digital assets, including digital asset custody.

The MOU aims to foster cooperation between Standard Chartered's wider digital assets agenda and the DIFC's Innovation Hub, Dubai's hub for fintech start-ups.

The bank and DIFC will also collaborate on opportunities to promote digital assets throughout the wider UAE economy.

The MoU was signed at the Dubai FinTech Summit by His Excellency Essa Kazim, governor of DIFC, and Bill Winters, group CEO of Standard Chartered.

Subject to regulatory approval, Standard Chartered plans to launch digital asset custody services, starting in DIFC.

The new services will be powered by its subsidiary Zodia Custody.

Commenting on the MoU, Winters says: "We see digital assets as an important part of the future of financial services and we are committed to investing in the infrastructure and talent necessary to be a leader in this space.

"The UAE has a well-balanced approach to digital asset adoption and financial regulation, making it an ideal first market for us to launch our digital asset custody proposition."

Kazim adds: "DIFC welcomes collaboration with partners such as Standard Chartered to further accelerate growth and enable collaboration that triggers new innovation, as we continue to shape the future of finance together."

Euroclear develops presence in Poland

Euroclear has expanded its Poland operations through the launch of a new tech hub in Krakow, enabled by a new legal structure in the region and the creation of a Euroclear SA branch.

Andrzej Mikolajczak has been appointed manager for the new branch, and will work with Euroclear Bank branch manager Stephane Bernard.

The expansion forms part of Euroclear's talent acquisition strategy and the company's investment in data, digitalisation and other capabilities.

The tech hub will create 400 new jobs in the area, adding to the 800 employees in Krakow working on operations, support and control at Euroclear's International Central Securities Depository.

Gryphon Fund Group picks Linedata's Mfact for data services

US fund administration firm Gryphon Fund Group has selected Linedata to streamline its fund accounting, net asset value calculation (NAV) and reporting processes. Linedata's Mfact is a fund accounting and reporting solution used by asset managers and fund administrators to execute back-office activities.

With Mfact, Gryphon will be able to automate workflow and manual processes from data input to final NAV production.

Linedata Mfact is compatible with all fund types including multi-currency share classes, manager-level NAVs and traditional and alternative funds.

Commenting on the mandate, Gordy Jones, president and chief revenue officer at Gryphon, says: "Linedata Mfact has enabled us to simplify a number of our back-office operations and integrate the daily workflow with other reporting requirements seamlessly, allowing our team of accounting experts to focus on our clients' technical matters, rather than simply processing client data."

Bob Moitoso, head of asset management North America at Linedata, adds: "In today's macroeconomic environment, integrating intelligent software into your operations is a necessity to maintain a strong competitive edge. Gryphon understands the role technology plays to deliver faster, accurate results, positioning them as clear innovative leaders in the industry."

BNP Paribas Securities Services partners with Bloomberg for data services

BNP Paribas Securities Services has merged its asset servicing capabilities with Bloomberg's AIM, a buy-side order management system. The combined solution will provide mutual clients with standardised data connectivity to support trade management.

The offering will deliver real-time post-trade workflows, connectivity from automated trade instruction capture as well as status updates and end-of-day recaps.

By utilising the solution, mutual clients will benefit from increased transparency along the lifecycle of a transaction, says BNP Paribas.

They will also be able to reduce their manual touchpoints and minimise post-trade risk and costs, it adds.

Valerie Boléa Waeterloos, head of middle office transaction management product at BNP Paribas Securities Services, says: "We are aiming to provide the best client experience, by facilitating our client's daily journey in the transaction management space as well as accelerating the onboarding of any change in their investment strategy."

Katia Falina, head of buy-side post trade product at Bloomberg, comments: "Bloomberg is focused on establishing direct integrations with asset servicers to promote increased data accuracy across the trade lifecycle and assist our clients in making timely and accurate business decisions.

"As our clients evolve, we aim to innovate with them, and we're pleased to now offer a seamless end-to-end workflow experience with the mutual clients we share with BNP Paribas' Securities Services business. The Bloomberg team looks forward to working closely with them to serve our clients through this new integration."

Artemis selects Northern Trust for asset servicing

UK-based asset manager Artemis has selected Northern Trust as its provider of asset servicing solutions. Artemis offers a range of funds that invest in the UK, Europe and the US. It provides investment management services for both retail and institutional investors.

As part of the mandate, Northern Trust will provide fund administration, depositary, global custody and transfer agency services for Artemis' Luxembourg- and UK-domiciled fund ranges.

Lesley Cairney, chief operating officer at Artemis, says: "As the platform on which our day-to-day business is managed, our choice of asset servicing partner is absolutely pivotal in supporting Artemis' objectives of delivering outstanding returns and service for our clients. Reasons for Northern Trust's appointment include the strong, client-focused cultural alignment between our two organisations, its leading-edge technology platform and ability to support our evolving data and digital requirements — both now and into the future."

Toby Glaysher, president of global fund services at Northern Trust, comments: "Northern Trust's investment in technology, global scale and experience of supporting sophisticated global asset managers allows us to help Artemis to simplify its operating model, while driving efficiencies and opportunities for collaboration across front-to-back-office functions as its single service provider."

State Street launches carbon asset servicing solution

State Street has introduced the Carbon Asset Servicing Solution and depositary services to allow asset managers to integrate carbon-related assets into their portfolios.

By using the Carbon Asset Servicing Solution, clients will be able to incorporate carbon assets into both existing ESG and non-ESG portfolios, leveraging State Street's back and middle-office capabilities.

The solution will provide a range of fund administration and depositary services, including recordkeeping, net asset value calculation, reporting and other oversight functions.

It will also provide data from multiple parties, including top carbon registries, exchanges and cash agents, allowing clients to gain exposure to the growing ESG asset class via spot and derivatives markets.

Phil Kim, global head of ESG product at State Street, says: "The carbon assets market is growing dramatically — the total traded value for compliance and voluntary credits reached a record €865 billion in 2022 and is expected to grow fifteen-fold by 2030 as new regulations in major regions push corporations globally to report on and offset their greenhouse gas emissions." ■

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Keith Hale
Group CEO
TrustQuay

Great expectations

TrustQuay's Keith Hale outlines the expanding expectations of the corporate, trust and fund sectors, and how digitalisation looks set to change just about everything. Nightingale's Laura Lees and Stonehage Fleming's Christelle Theurillat join the conversation

Jenna Lomax reports

Software provider TrustQuay has found that technology spend in the corporate, trust and fund markets is, on average, 3 per cent of annual revenue — compared to at least 6 per cent in other financial sectors.

The finding, included in TrustQuay's annual Future Focus Report, could be seen as surprising — even concerning. Despite this, TrustQuay's group CEO Keith Hale predicted that this is set to change, and soon, when speaking to Asset Servicing Times.

"Ever-increasing regulation will likely drive much higher levels of automation in trust, corporate and fund services technology," he said, particularly in the next five to 10 years.

Hale has been with TrustQuay since its formation in 2019, when it was created by the merger of Microgen Financial Services and Touchstone Wealth Management. The company specialises in trust, corporate and fund services technology, with 360 customers and 26,000 users across 30 countries.

Every year since 2020, TrustQuay has carried out its Future Focus Report to gauge the industry opinion of approximately 120 corporate services providers, trust and fund administrators, wealth managers, private banks and family offices. This year the report is entitled: 'A Digitalisation Pathway for Trust, Corporate and Fund Services.'

Summarising the current market, and the reasons behind the relatively low spend on new technology in trust, corporate and fund services, Hale affirmed that the sectors are undergoing a once-in-a-generation change.

"I think we're expecting an ever-rising tide of regulatory burden and compliance requirements — it's not going to come down," he confirmed..

Hale was joined in conversation by Laura Lees, managing director at Nightingale Trustees SA (Nightingale), a recent adopter of TrustQuay's SaaS service, TrustQuay Online. Nightingale is an independent Swiss trust company, offering services primarily to high-net-worth international private clients.

Voicing her opinion on the catalysts for technological change in the trust, corporate and fund sectors, Lees said: "We recognise that the industry has had to adapt because of regulatory factors, new licensing reporting obligations, and the logistics necessitated by the COVID-19 pandemic. All these factors combined have led to a necessity to make changes and invest in new technologies."

Also a part of the conversation was Christelle Theurillat, partner and head of operations at Stonehage Fleming. The company, formed by the merger of Stonehage and Fleming Family & Partners, is an international family office that utilises TrustQuay's

NavOne. The solution allows workflow processes and compliance tasks to be automated, in an effort to decrease regulatory risk.

When asked how trust, corporate and fund services can navigate wider macroeconomic circumstances, Theurillat affirmed: "This part of the industry needs to make a distinction between OpEx and CapEx when they establish their budgets."

She added: "They should give more leeway to CapEx budgets, while not panicking about spending the money that needs to be spent — that's what is going to help them remain competitive and able to attract clients. Those that have less leeway with their CapEx budget should consider establishing strategic partnerships with fintech providers. From there, smaller businesses can build strategic partnerships."

Expanding on Theurillat's point, Hale commented: "Looking at how much cost could be saved by trust and corporate service providers will become more commonplace — in terms of how much the company would gain in revenue growth and margin increase through technology spend. Technology spend is starting to become more return-on-investment-driven, and is no longer just a cost issue."

Path to digitalisation

TrustQuay's 2023 Future Focus Report also found that a third of firms had only just taken initial steps toward digitalisation, consolidating data and systems onto a common digital platform.

"We've been looking at how digital the industry has become across the last three years, and survey participants have often come back with the same answer — five out of 10, on average, which isn't particularly interesting or telling!", Hale admitted.

"Instead, we asked what steps they were taking toward digitalisation, which included answers such as the consolidation of data, and providing the regulatory services associated with that.

"From there, we asked if they had been able to differentiate themselves in the market by offering digital services. More than 80 per cent of trust and corporate service providers don't yet offer their clients any digital services, such as a client portal."

He added: "Digitalisation is inevitable. It's what has already happened in most industries. Who would've thought that taxis would become digitised? Yet, look at Uber. Look at what has happened to the music industry — it started with vinyl, then tapes, then CDs, then MP3 players and download services like iTunes, and now we have online streaming services. In financial services, it's only a question of when and how digitalisation will happen."

Lees said: "Change is expensive and it takes motivation — when you've got your clients' work, which is incredibly important to the business, you still need to keep your eye on the future. Juggling those two jobs can be tough.

"However, those who don't take that approach are going to struggle in the future. Prices will keep rising and costs will be passed on to clients, but there's only so much clients will be willing to pay for. If they have an option to go to a firm which has invested more in technology, and has reduced baseline operating costs, they are going to go to those firms rather than providers who haven't adapted."

Theurillat affirmed: "There's simply no choice — you cannot sit around the table with the next generation and not offer them something different. Corporate services and the trust markets need to evolve. The only way to evolve — and at a reasonable cost — is by making decent investments in technology."

Lagging behind

TrustQuay's 2023 report also found that trust, corporate and fund service providers are lagging far behind other financial sectors in terms of digitalisation, by relying far too much on highly manual practices. Is this lag driven by a collective fear to change, the strain to stretch corporate budgets, or both?

Lees explained: "In recent years, certainly in Switzerland, licensing processes and specific regulatory changes have meant more stress put on an already stress-filled business. It requires a lot of investment — a lot of people having to do more than their job description details."

She added: "When you're focusing on the next most important thing, sometimes innovation technology can be pushed to the sidelines. The decision can be split into surviving or developing. However, the end justifies the means and there's a payoff at the end. The right technology investment is going to keep businesses more agile and flexible. However, in reality, pressing regulatory issues will always take precedence over innovation."

Theurillat said: “There is no choice, you have to invest. While you’re continuing to invest in technology, consultants will be needed for implementation assistance, or you will need to partner with the right provider. What many industry participants don’t realise is that you will still need the same amount of operations staff while developing and implementing — it is a team you cannot, and should not, decrease in numbers.”

Hale added: “Sometimes it’s not called ‘digital transformation’, sometimes it’s called ‘digital disruption’, because some vendors often claim it’s easy, but it’s not. It takes a collective effort of all parties including vendors, customers and often third-party change experts. But the benefits and resulting returns are massive, if you get it right.”

Sign of the times

Around 33 per cent of trust, corporate and fund firms believe they are investing the right amount in innovation, TrustQuay’s research found. To what degree has this statistic been determined by the current state of the fiscal market, and current layoffs in the technology industry?

Hale surmised: “During COVID-19, the wider technology industry saw a demand for digitalisation due to working from home and a boom in online purchasing, among other things. Many large technology companies and highly funded start-ups were hiring ahead of their actual needs, hoping for the growth to continue. More recently, we have seen significant lay-offs by these technology companies, particularly since their expected growth has slowed.

“However, that, to my mind, is not connected to the need or lack of technology adoption in trust, fund and corporate services, it’s more to do with the wider technology market. We have actually seen the opposite in fund, corporate and trust services — clients want and need to invest more in technology.”

Adding his thoughts on wider macroeconomics, Hale said: “A number of people are worried about higher interest rates impacting the returns in the private equity market and the companies they back, due to the cost of leverage that private equity firms use to fund their investments. However, I think there are many interesting companies and market opportunities that can make good returns over the next few years, irrespective of higher interest rates and the cost of leverage.”

Expanding on Hale’s point, Theurillat said: “There’s an interest in private equity alternatives, which, of course, help to lower volatility and inflation protection.”

Bringing the conversation back to digitisation, she added: “Private equity alternatives is a complex space, and with all the regulation around that field, you need to have a proper platform that can provide you with what you need.”

Utilising TrustQuay Online

Last October, TrustQuay expanded TrustQuay Online, its end-to-end, cloud-native SaaS platform which allows service providers to manage their regulatory and business requirements for their entity and practice management. TrustQuay Online leverages the infrastructure of Microsoft Dynamics 365 Business Central, and is interoperable with Office 365.

“I describe TrustQuay Online as the non-identical twin of NavOne, with the same underlying trust and corporate services capabilities, but deployed as a modern SaaS product,” affirmed Hale. “It includes all the necessary underlying infrastructure and pre-requisites as well as the application software. It appeals to firms who don’t necessarily have or want an in-house IT team managing infrastructure and upgrades.”

Nightingale was one of the first businesses to adopt the platform. Commenting on the use of the product, Lees said: “We wanted a product that was built for the future of the industry, as well as a fully-integrated cloud-based service to make us more flexible. TrustQuay Online corresponds with our ideology of having everything digitalised. It’s been a very exciting few months, and we really appreciate the support that TrustQuay has given us.”

Looking ahead

When asked about her predictions for the future of digitisation in the trust, corporate and fund services, Theurillat affirmed: “In five to 10 years, those businesses that are already on a successful digitalisation pathway will be particularly efficient with robotics and AI.”

“This will allow them to increase their use and adoption of blockchain,” she adds. “That sort of technology is not something that the trust industry, or even the funds industry, currently leverages.”

Lees forecast: "Companies that haven't adapted well to regulation are likely to exit the market in five to 10 years' time, or they may be consolidated with bigger organisations, under which they may be able to continue with their boutique and client relationship-orientated business models. There's a famous Bill Gates quote: 'Everybody always overestimates what happens in five years, and underestimates what happens in 10.'

"The trust, corporate and fund service sectors will catch up with other industries sooner or later. Currently, they are behind — still using traditional manual processes and payment-based services.

"The successful firms will catch up with other areas of financial services." ■

TrustQuay

TrustQuay was formed from the merger of Microgen Financial Systems and Touchstone Wealth Management. Software and services investor Hg became its majority owner last year.

TrustQuay houses TrustQuay Online, TrustQuay Portal, NavOne and 5Series, among other products.

Nightingale Trustees SA

Based in Geneva, Switzerland, Nightingale Trustees SA is an independent Swiss trust company offering services primarily to high-net-worth international private clients. Nightingale Trustees adopted TrustQuay Online in July 2022.

Stonehage Fleming

Stonehage Fleming was formed when Fleming Family & Partners, the family office run by relatives of banking pioneer Robert Fleming and James Bond creator Ian Fleming, merged with Stonehage, an international family office with connections to South Africa.

Stonehage utilises TrustQuay's NavOne. The solution ensures workflow processes and compliance tasks can be automated, in an effort to decrease regulatory risk.

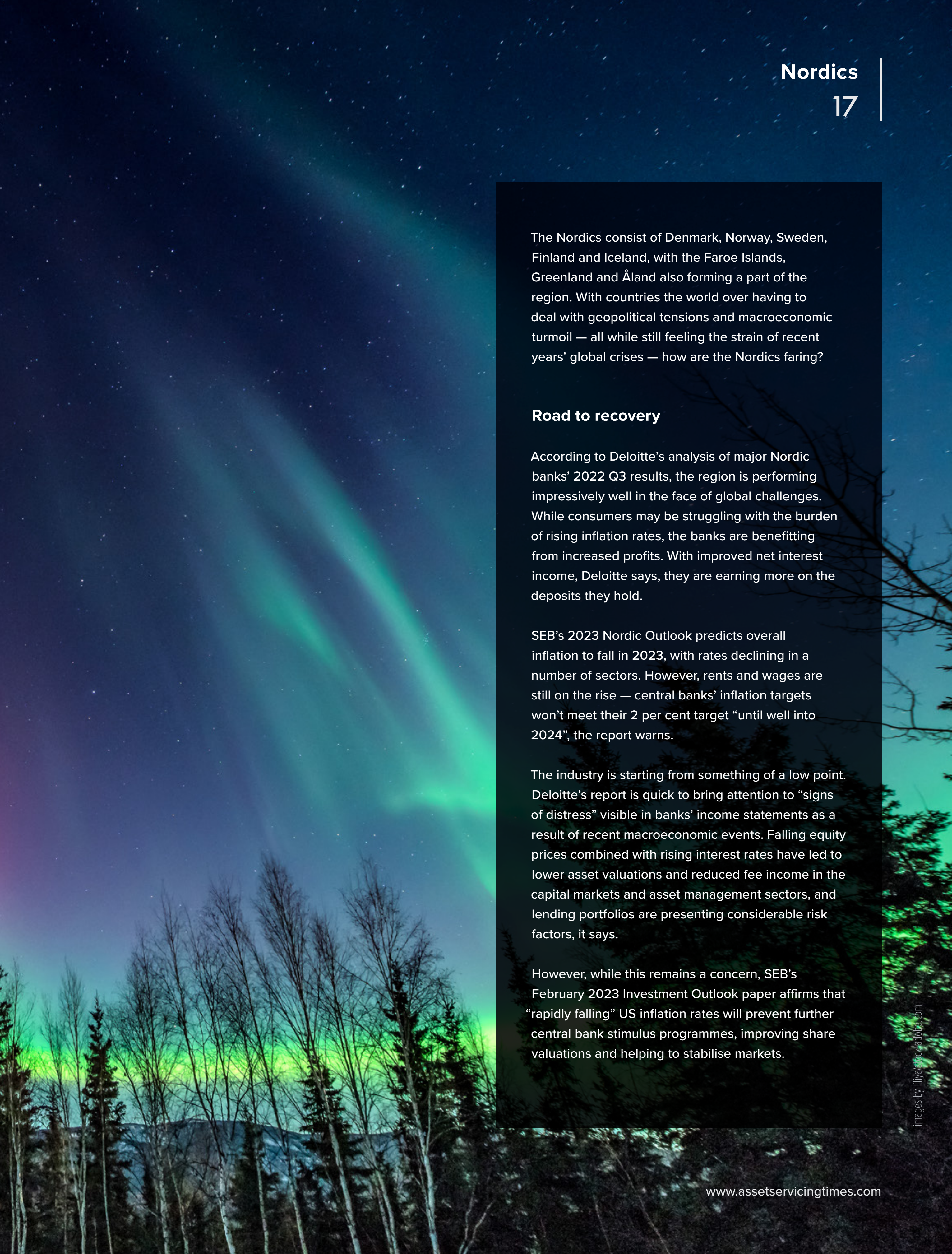
Laura Lees
Managing director
Nightingale Trustees SA

Christelle Theurillat
Partner, head of operations
Stonehage Fleming

Clear skies

Mentions of Nordic countries bring to mind fjords, frost and fish, but the region continues to provide a rich source of financial innovation

Lucy Carter reports



The Nordics consist of Denmark, Norway, Sweden, Finland and Iceland, with the Faroe Islands, Greenland and Åland also forming a part of the region. With countries the world over having to deal with geopolitical tensions and macroeconomic turmoil — all while still feeling the strain of recent years' global crises — how are the Nordics faring?

Road to recovery

According to Deloitte's analysis of major Nordic banks' 2022 Q3 results, the region is performing impressively well in the face of global challenges. While consumers may be struggling with the burden of rising inflation rates, the banks are benefitting from increased profits. With improved net interest income, Deloitte says, they are earning more on the deposits they hold.

SEB's 2023 Nordic Outlook predicts overall inflation to fall in 2023, with rates declining in a number of sectors. However, rents and wages are still on the rise — central banks' inflation targets won't meet their 2 per cent target "until well into 2024", the report warns.

The industry is starting from something of a low point. Deloitte's report is quick to bring attention to "signs of distress" visible in banks' income statements as a result of recent macroeconomic events. Falling equity prices combined with rising interest rates have led to lower asset valuations and reduced fee income in the capital markets and asset management sectors, and lending portfolios are presenting considerable risk factors, it says.

However, while this remains a concern, SEB's February 2023 Investment Outlook paper affirms that "rapidly falling" US inflation rates will prevent further central bank stimulus programmes, improving share valuations and helping to stabilise markets.

> *"AML considerations are now being viewed as a crucial operational aspect, particularly for banks"*
>
> **Felix Edgren, Apex**

New money

As so many central banks around the world are considering, the Swedish Riksbank is investigating the possibility of issuing the e-krona. While it's still in the discussion phase, the project began more than five years ago, in 2017. Since then, national and international agents have been consulted, Accenture has been brought on board to work on a technical platform model and legal issues have been reviewed.

Denmark's Nationalbanken, too, is looking into producing a CBDC, as is the Central Bank of Norway. The e-krona pilot has been part of a collaborative effort from the Bank of Israel, Norges Bank and the Bank for International Settlements, considering the role of CBDCs in cross-border payments. With two of the four firms in the group being based in the region, it's clear that the Nordics are engaged with digital assets and technology developments.

Regulation around digital assets and cryptocurrency differs across the region, with countries taking different approaches and building on EU law in a variety of ways.

Norway has proved itself to be a popular location for blockchain start-ups. While anti-money laundering (AML) regulations were put in place for crypto storage services and virtual currency exchanges by the Financial Supervisory Authority of Norway and the Ministry of Finance, other crypto services can operate freely.

That being said, the Authority has been clear about the risks associated with crypto, the prevalence of money laundering, illicit activities and scams outlined in published warnings.

Sweden's Financial Supervisory Authority and central bank have been equally vocal about the risks associated with crypto. As in Norway, Sweden requires financial institutions to comply with AML.

Finland has been more strict in its approach, requiring virtual currency exchange providers, wallets and issuers of virtual currencies to register with the Financial Supervisory Authority.

Without doing so, they cannot market virtual currencies or related services. This practice was introduced in May 2019; as of April 2022, less than 10 companies are registered as supervised entities.

Cleaning up AML

Money laundering is an issue that goes beyond just cryptocurrencies. Despite historically high standards of financial supervision, some recent cases of money laundering have been identified in the region.

In December 2022, Denmark-based Danske Bank pled guilty to money laundering in its Estonian branches, following years of investigation and significant reputational damage since the scandal came to light in 2018.

The company was fined DKK 3.5 billion (€470 million), paid €1.9 billion to resolve fraud investigations against the US banks that were targeted, and had €168 million in profits from transactions by its subsidiaries confiscated. In total, more than €200 billion had been laundered through its Estonian division.

The scandal shone a spotlight on AML in the region. SEB and Swedbank were fined SEK 1 billion and SEK 4 billion respectively after suspect payments in their Baltic branches and insufficient AML procedures were uncovered.

Banks weren't the only ones subjected to extra scrutiny after the landmark case, with the EU and European Banking Authority investigating Danish and Estonian regulators to find out how so great a crime went undetected for so long.

Since the string of crises, there has been "a shift in the region's mindset," says Felix Edgren, regional head of corporate products for Nordics at Apex Group. "AML considerations are now being viewed as a crucial operational aspect, particularly for banks."

Cross-border payment security and know-your-customer (KYC) practices are two areas that the region has worked to improve over recent years, with Edgren observing a greater number of firms "using pre-payment callbacks, proactively contacting parties for unexpected payment streams, and investing in technological solutions for enhanced screening capabilities."

A green approach

Along with the rest of the world, financial or otherwise, "ESG has been, and will likely continue to be, a key area of focus" for the Nordics, says Edgren. After being seen as a pioneer in the sustainability field for many years, the global push for greater ESG consideration has led to "a greater alignment of ambitions" between the Nordics and the rest of the world, he affirms, with "a number of regions joining the Nordics in driving sustainable development."

> ***"ESG has been, and will likely continue to be, a key area of focus, [with] a number of regions joining the Nordics in driving sustainable development"***
>
> **Felix Edgren, Apex**

Nordea's report on sustainable finance for Q1 2023 shows that the Nordic sustainable bond supply is slowly but surely on the rise, with green bonds taking an 86 per cent share of volume over the quarter and the remaining 14 per cent being made up of sustainability-linked bonds.

These figures are above the global average, and did not suffer the dip in volume seen globally in 2022.

Perhaps one of the most glaring signs of the Nordic region's commitment to ESG is its blacklisting by the US state of Kentucky, which passed a law banning ESG investment practices in the state earlier this year.

The Nordics have faced numerous challenges over recent years, both regional and worldwide. However, the region appears to be recovering from its wounds, learning from its mistakes and reclaiming its image as an innovative and trustworthy jurisdiction. ■

Keeping it sustainable

Vicky Dean, chief revenue officer at Goal Group, investigates the issues around ESG compliance and its significance for successful global commerce

A company's ESG policies and performance are increasingly scrutinised as part of its overall investment strategy. Companies are closely monitored for the impact they have on the community and the environment, and are held to account by investors, clients, regulators, employees and stakeholders looking for a holistic approach to business. With this focus, how should a responsible company ensure best practice?

As a major global fintech, Goal Group is committed to the UN Principles for Responsible Investment. Our ESG governance policy conforms to ISO 27001 and we strive to apply recognised ESG standards, where they exist, in all business dealings.

ESG is a relatively new term and has developed from the initial strategy of Corporate Social Responsibility (CSR). CSR aimed to make businesses accountable, but at the point of its inception, there was no measure of comparison.

The criteria for ESG policies is much more proactive and enables a clearer measurement of a company's activities. However, despite there being at least 13 voluntary codes, there is no universal standard.

In the US, ESG disclosure requirements are being rationalised. The EU is rolling out a series of mandatory ESG compliances, and the UK Government is currently holding a consultation on whether regulation for providers of ESG ratings should be introduced.

> *"Shareholders should be aware of their accrued rights and their power within a company's ESG policy"*

Understanding your rights as a shareholder

Governance in ESG refers to the leadership and management of a company; decision-making, policy creation, how shareholders are included and informed, the rights and responsibilities of all management participants, and how its leadership approach is aligned to the expectations of its stakeholders.

It also analyses what controls can operate internally to ensure accountability and transparency.

Good governance practices inevitably make better businesses. A prudent, honest and effective management team, accountable to and enjoying the trust of all its stakeholders, will inevitably lead to sustainable and long-term growth.

Research suggests that companies with demonstrable governance policies are stronger financially, more efficient and resilient. They are more likely to attract customers (and investors) and have reduced risk complications.

A 2020 survey by Deloitte revealed that 59 per cent of companies reported positive top-line impact from ESG investment, and more than half the companies surveyed noted a positive effect on overall company profitability.

In comparison, lack of a comprehensive ESG policy, or poor ESG compliance, can create substantial regulatory risks and lead to incompetent decision-making. An analysis by RobecoSAM of 4000 public equity companies found that those with the lowest governance scores underperformed in the market by 7.8 per cent, compared to those with better ratings.

At Goal, our extensive securities class action recovery service involves constant interaction with company shareholders and, as a result, we recommend unambiguous information-sharing with them as a key part of ESG strategy.

Shareholders should be aware of their accrued rights and their power within a company's ESG policy, such as how to utilise that power to submit shareholder proposals, or to embark on a class action lawsuit — should that course of action become necessary.

Proxy voting is another area where shareholders can wield their authority. If voting by proxy, it's important to check that the recommendations of the board of directors align with your own views. Good governance should take advantage of this power and harness it responsibly. In fact, we have found that shareholders are frequent drivers of ESG policy.

Fulfilling fiduciary duties and legal responsibilities are critical for good governance. The trust between customer and company can only be achieved when business operations are conducted with integrity and respect. Our withholding tax claims and recovery service is conducted within a framework of robust anti-bribery and anti-corruption procedures, which inspires confidence in the process from our clients.

Good governance should ensure company resilience is built into ESG policies by putting in place detailed plans for both risks and crisis mangement. The difference between the two terms can sometimes cause confusion. Risk management involves planning for events which might happen in the future, whereas crisis management involves the reaction to a negative event.

If a company's risk management is sound then the response to a crisis should kick in instantly when a problem occurs, in order to demonstrate competence and reassure shareholders. From GDPR breaches to a once-unimaginable global pandemic, contingency plans should be regularly updated and tested.

Maintaining relationships with stakeholders

The social aspect of ESG is largely about a business's relationship with its stakeholders. This includes all human resources, such as an equitable pay structure, health and safety provision, ensuring employee satisfaction and engagement, and the embracing of diversity, equity and inclusion.

Investors will increasingly explore a company's commitment to driving higher standards of health, welfare and human rights. In addition, talented people will prioritise it when job-hunting, and customers will make purchases based on ethical considerations. This doesn't just apply to the company itself, but has the wider remit of principled interaction with suppliers — ensuring their ethics are equally sound — and with clients and the community in which it operates.

As a worldwide market leader in both withholding tax reclaims and securities class action recoveries, Goal takes GDPR, and the security of our data capture measures, extremely seriously. We are proud of our rigorously applied safeguards.

Our ESG social framework also encompasses support for the arts, education and community events and has a particular emphasis on staff volunteering projects, with every employee being offered two days a year to volunteer for an approved organisation. We have established a diversity, equality and inclusion policy which applies not only to our employees, but also to our associates, vendors and clients.

Responsible business operations

The environmental aspect of ESG encompasses the carbon footprint that a business leaves on the environment. This includes its guardianship of natural resources and energy use, how it deals with the creation of waste and pollution, and how it responds to climate change issues, such as flooding and other extreme weather events. We have taken a proactive stance on our environmental obligations, with detailed energy conservation and recycling strategies, and the use of environmentally-friendly technologies implemented wherever possible.

We have committed to the UN Global Compact, a non-binding pact that encourages businesses to adopt responsible policies and practices in human rights, labour, the environment and anti-corruption.

A raft of worldwide ESG legislation is due to come into effect in 2023, including the Sustainability Disclosure Requirements (SDR), introduced by the UK Financial Conduct Authority. This has been developed to clamp down on 'greenwashing', where companies make exaggerated and unsubstantiated sustainability claims which lead to shareholder confusion.

SDR will ensure that data presented to investors is well measured and accurate. For companies dealing with the EU, compliance with similar measures is already mandatory under the Sustainable Finance Regulation (SFDR) and EU Taxonomy regulations.

At Goal, we expect this transparency to increase as consumers and investors become better informed about the businesses they support. We have seen first-hand the positive connection between practical, impactful ESG policies and commercial growth.

We remain convinced that businesses who continue to ignore ESG do so at their peril. ■

> *"Our ESG social framework encompasses support for the arts, education and community events and has a particular emphasis on staff volunteering projects, with every employee being offered two days a year to volunteer for an approved organisation"*

Vicky Dean
Chief revenue officer
Goal Group

Gresham Technologies welcomes Dan Kennedy

Global fintech Gresham Technologies has appointed Dan Kennedy as senior vice president of sales, North America as part of the company's continued expansion in the market.

Based in New York, Kennedy will be responsible for all business development, sales, account management and partnering activities in the region.

Kennedy has more than 25 years of experience in financial services technology. He joins Gresham from a seven-year tenure at Corvil, now part of Pico, as managing director and head of sales, Americas.

At Corvil, Kennedy was responsible for real-time data analytics, cloud, cybersecurity and managed service solutions for financial markets.

Most recently, he was chief revenue officer at the AI and machine learning firm, Devron.

Commenting on his new role, Kennedy said: "Gresham has built an enviable reputation in the North American financial markets as a trusted partner solving critical industry problems. I am impressed with the team's passion and am confident that we will play a large part in Gresham's continued success."

Ian Manocha, CEO of Gresham, comments: "[Dan] brings a wealth of experience in strategic business development, major account management, partnering and sales execution and joins a strong team at a time when there is good momentum in the market.

"Our business has grown significantly in North America since winning our first customer in 2015. We now have more than 150 customers in banking and investment management supported by a team of over 60 people. There is a significant opportunity to deepen customer relationships and accelerate growth in the market." ■

BNY Mellon Pershing has appointed Colin Murphy as chief commercial officer for its EMEA business. Based in London, he reports to EMEA CEO Cécile Nagel.

Murphy will be responsible for the company's commercial teams in the region, including sales, relationship and product management. He will also join BNY Mellon Pershing's EMEA executive committee.

With more than 25 years of experience in the financial services industry, Murphy joins BNY Mellon Pershing from smartTrade Technologies, where he was chief revenue officer. Prior to this, he was global head of sales — optimisation at CME Group and chief commercial officer at NEX Group.

Commenting on his appointment, Murphy says: "Clients today are increasingly seeking experienced partners to ensure that they can continue to grow and innovate. By combining the capabilities and strength of BNY Mellon with Pershing's strong presence in the UK, Ireland and the Channel Islands, we are ideally placed to support clients on their journey across both the UK market and those expanding across the continent."

Fund administrator service Ocorian has appointed Sarah Grantham as business development associate director for capital markets.

Based in London, Grantham will be responsible for supporting growth in Ocorian's loan agency and trustee services with a focus on direct lending, leveraged finance, restructuring, debt capital markets and escrow transactions.

Grantham joins Ocorian from Global Loan Agency Services Limited where she was a business development associate, working with clients in the UK, Netherlands and

INDOS appoints Abi Holland as CEO

Fund services provider INDOS Financial, a JTC Group company, has appointed Abi Holland as CEO.

Based in London, Holland replaces Alan Davies who has held the role since May 2022.

Holland will lead operations at the firm's three offices in London, Fareham (UK) and Enniscorthy (Ireland).

Holland has more than 25 years of experience in financial services, and has served as head of client relationship management at INDOS since November 2019.

Prior to this, she was a compliance officer at alternative investment manager Stratton Street Capital. During her time with the company, she chaired the risk committee.

Commenting on her appointment, Holland says: "I am excited to have been appointed CEO at a time when best-in-class governance and compliance across the alternative fund space is absolutely critical. We have a leading proposition for asset managers, and I'm looking forward to working with colleagues to maintain and develop our position in this space."

Bill Prew, group director at JTC and founder of INDOS, adds: "Since INDOS' inception we have been focused on delivering best-in-class fund oversight services to the alternative fund industry. I am delighted that Abi is taking on the role of CEO as we continue to support asset managers and evolve our business, in what is an increasingly complex environment.

"I would also like to thank Alan for his valuable contribution to the business during his tenure as CEO and for his ongoing support ahead of his retirement." ■

Belgium on transactions across the full spectrum of the debt markets.

Before that, she worked in recruitment for law firms and debt fund clients in the UK and the Middle East.

Trust, corporate and fund services software provider TrustQuay has appointed Diane Betts as global head of professional services.

Based in the UK, Betts will lead the delivery of TrustQuay's new project implementations and programmes to clients.

Betts joins TrustQuay from IT services and consulting firm Fiserv where she was director — head of client programme delivery for EMEA from August 2017 to October 2022.

She also served at Dovetail as client programme director from May 2011 to September 2018. Prior to this, Betts led software implementations and designed service operating models during tenures at Visa Europe, Reuters and IBM.

Commenting on Betts appointment, Keith Hale, group CEO of TrustQuay, says: "We are delighted that Diane has joined the team to lead the delivery of TrustQuay's digital transformation programmes and help customers progress along their digitalisation pathway."

Betts adds: "I'm very excited to join TrustQuay and to help customers best utilise TrustQuay software within their businesses. From there they can realise the full benefits to margins, profitability and enterprise value that digitalisation brings." ■