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ISSUE 338 17 April 2024

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Lead news story

Clearstream joins ECB trials to explore DLT

Clearstream, Deutsche Börse Group's post-trade business, has joined the European Central Bank (ECB) trials and experiments. ECB is exploring the potential of using distributed-ledger technology (DLT) for wholesale central bank money settlement in the light of the development of a digital Euro.

Clearstream says they aim to assess the feasibility of using DLT for wholesale transaction processing, using tokenised securities. To support the trials, the firm has collaborated with Google Cloud to 'enhance' its D7 platform with respective DLT capabilities.

Clearstream will connect to all three central bank digital offerings: Bundesbank's Trigger Solution, Banca d'Italia's TIPS Hash-link and Banque de France's Full DLT Interoperability.

Jens Hachmeister, head of issuer services and new digital markets at Clearstream, says: "We are expanding our D7 digital securities infrastructure with DLT components and fostering connections with the main digital payment solutions across the Eurosystem.

"Of course, Clearstream will leverage the trial insights to further enhance D7 for the industry."

The ECB trials will be conducted from May to November 2024 in a productive environment, using real central bank money. ■

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Andrew Douglas named chair of the UK Accelerated Settlement Task Force

Andrew Douglas has been appointed as chair of the UK Accelerated Settlement Task Force (AST) to oversee the delivery of a T+1 settlement cycle in the UK.

Speaking after his appointment to Alan Cameron, head of financial institutions and corporates client line advisory at BNP Paribas, Douglas says: "It will undoubtedly be a big project. I suspect this will be the biggest infrastructure project in the UK post trade space for the coming years. I'm looking forward to it."

Douglas explains that the key challenges for AST are FX, corporate actions, stock lending and to make sure 'no man is left behind'. He adds that the UK will learn from the United States implementation of the short settlement cycle.

Asked by Cameron how AST will achieve their goals, Douglas says: "The key thing is the technical group, which is now responsible for this next stage. The project has actually been going since January and we've got more than 200 folks involved from 80 different firms from [across] the industry; we've got people from buy-side, sell side, custodians, intermediaries, infrastructure. What I need is that continued level of support and commitment to continue, as we work through those issues".

Last Friday, the AST released their report, chaired by Charlie Geffen, highlighting how a move to T+1 could enhance market resilience, offer cost savings for investors and mitigate risks associated with an extended period between trading and settlement.

Following the report, the UK government gave the greenlight to move the country to T+1 by 2027. ■

DTCC collaborates with REGnosys to test ISDA DRR requirements

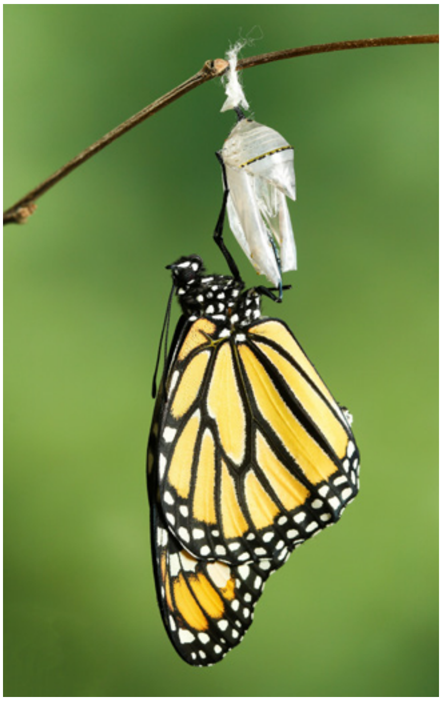
DTCC has connected its Global Trade Repository (GTR) service to REGnosys' Rosetta platform. The collaboration aims to support the testing of ISDA's digital regulatory reporting (DRR) requirements.

Rosetta will be connected to the testing environment of DTCC's GTR, enabling the assessment of accepted trade reporting submissions made using the ISDA DRR.

Leo Labeis, CEO of REGnosys, says: "In a context of rapidly evolving global trade reporting requirements, this is the next step towards offering our clients certainty and effectiveness in hitting compliance deadlines".

ISDA DRR uses the common domain model to convert market practices and trade reporting rules into machine-executable code. This data is transformed into the ISO 20022 format.

Scott O'Malia, ISDA's chief executive, explains: "Using the ISDA DRR brings greater accuracy and efficiency to regulatory reporting and enables firms to comply with reporting rule changes in multiple jurisdictions at scale, so we're delighted that DTCC and REGnosys are supporting industry adoption by enabling the validation of trade reporting submissions generated with the ISDA DRR by the Global Trade Repository." ■



Intertrust Group rebrands as CSC

Intertrust Group has fully migrated to the CSC brand following CSC's acquisition of the group in November 2022.

Both companies will now operate under CSC to deliver their client service, expertise and global solutions.

Rod Ward, CEO at CSC, says: "The name change reflects our desire to be a fully integrated and unified brand as we explore the next exciting chapter of our growth together.

"The rebrand is the next stage of what has been an extremely successful growth strategy geared towards servicing our clients' increasingly complex needs as they navigate an ever-evolving compliance and regulatory environment."

The move comes as CSC celebrates its 125-year anniversary. ■

DSB details industry readiness for UPI reporting

The Derivatives Service Bureau (DSB) has released data on industry readiness for European Unique Product Identifier (UPI) regulatory reporting requirements.

According to DSB data, European organisations will be ready to meet the requirements when they come into force on 29 April 2024.

246 firms have subscribed to the UPI service — this is an increase of over 100 organisations since the US compliance date of 29 January 2024.

Banks represent 44 per cent of these participants, with other participants including clearing houses, brokerages, trade repositories and data management providers.

Emma Kalliomaki, managing director of ANNA and the DSB, explains: "This second UPI compliance milestone reflects the momentum of G20 jurisdictions fulfilling commitments made after the financial crisis, contributing to the ongoing efforts to enhance global systemic risk monitoring through the aggregation of over-the-counter derivatives data."

These requirements form part of the EU's EMIR Refit regulatory reporting requirements. The UK will be the next jurisdiction to introduce UPI reporting requirements on 30 September 2024.

UPI reporting will also roll out to Australia and Singapore from 21 October 2024 and Japan from 7 April 2025. ■

EBA Clearing to provide pan-European verification of payee

EBA Clearing will provide its users with verification of payee at pan-European level. This will come into practice by December 2024. EBA Clearing will support payment service providers (PSPs) in offering IBAN and name-matching services to their customers for their Single Euro Payments Area (SEPA) transactions. Verification of payee will be aligned with the respective scheme of the European Payments Council.

PSPs across the SEPA will have to offer such services to payers from 9 October 2025. This is mandated by the instant payments regulation.

Erwin Kulk, head of service development and management at EBA Clearing, says: "With verification of payee, we are adding another element to our SEPA services that will help our users get ready to meet the requirements of the instant payments regulation."

The company anticipates a growth in volume of payments on the implementation of instant payment regulation.

Eva Herskovicova, head of operations at EBA Clearing, explains: "Building on the experience of the successful SEPA migration in 2014, PSPs across Europe will only succeed in smoothly scaling up their instant payment capabilities if we prepare as a community, together with all stakeholders." ■

Citi adds Fiducian Group to securities services client portfolio

Citi securities services has added Fiducian Group to its client portfolio completing the migration of custody, fund administration and registry service. The project involved transitioning over 1,300 assets, transactions, tax parcel data and unit pricing across Fiducian's Investor Directed Portfolio Service, superannuation wrap and Fiducian funds product offerings.

Fiducian will now use Citi's data and technology solutions, front-to-back outsourcing model and their global network.

Indy Singh, executive chairman of the Fiducian Group, says: "Since appointing Citi as our securities services partner, we have received high levels of service and support. With Citi as our trusted long-term partner, we are well-positioned to continue our strong growth trajectory." ■

Zodia Custody announces partnerships with ETC Group and DWS Group

Zodia Custody has partnered with ETC Group and DWS Group to provide custody for exchange traded products (ETPs). The partnership with ETC Group sees the migration of assets from existing ETC Group products to Zodia Custody. This includes the recently launched ETC Group Ethereum Staking ETP (ET32).

Julian Sawyer, CEO of Zodia Custody, explains the partnership with ETC Group: "We have delivered the robust infrastructure needed to move digital assets into the mainstream for institutions — and our partnership with ETC Group shows that work is paying off."

DWS Group selected Zodia Custody to be its custodian for its ETPs. The digital asset custodian will offer its services for DWS Group's Xtrackers Galaxy Physical Bitcoin and Ethereum ETPs.

Sam Sadayo, director, Xtrackers product and platform development at DWS Group, says: "With digital asset ETPs capturing the attention of the market, the combination of our education-first approach and partnering with institutional-grade service providers like Zodia provides a compelling offer."

Zodia Custody will offer DWS Group a cold storage security model, designed to maintain the availability of digital assets at all times and remove them from threats, unnecessary risk or potential loss. ■

Clear Street launches clearing service

Clear Street has launched a clearing service for registered market makers in listed US equities and options.

According to the New York-based financial services firm, this "marks the first successful entry into the professional clearing market in close to a decade".

The service is powered by Clear Street's cloud-native prime brokerage platform and enables US-registered market makers to gain insights into strategies tailored to their needs, including global expansion and their diversification into new asset classes and products.

Commenting on the release, Kevin McCarthy, chief administrative officer, says: "Clear Street is entering the space with new technology that gives us the agility to deliver new markets and products to clients, which has historically been a challenge for incumbents.

"Our immediate focus is to collaborate closely with clients seeking to expand their current strategies while mitigating counterparty risk."

Clear Street CEO and co-founder Chris Pento comments: "Clear Street's clearing offering aligns with our strategic vision to utilise our cloud-native prime brokerage platform to expand into new customer segments.

"Our ambition is to become a multi-asset provider of clearing and financing services to a global, institutional client base. The market is ready for a new provider focused on building technology that can scale across asset classes, client types and geographies." ■

Ultimus partners with PennHaven

Ultimus Fund Solutions has partnered with PennHaven Brokerage Partners. The partnership will allow Ultimus to offer outsourced trade execution and trading desk services to asset managers through PennHaven.

Gary Tenkman, CEO at Ultimus, comments, "I am excited that we've teamed up with PennHaven to provide our clients with full trade execution services and institutional trading platform to offer an end-to-end solution for our clients."

Asset managers will be able to use Ultimus' middle office services, including post-trade settlement, investment book of record (IBOR), performance reporting and institutional investor services. ■

BNP Paribas to provide depositary services for Cobas Asset Management

Cobas Asset Management has selected BNP Paribas' Securities Services business to provide depositary services for its investment funds and pension plans.

BNP Paribas' Securities Services will act as a depository bank for all of the Spanish investment fund manager's collective investment vehicles.

These include six investment funds, one investment company with variable capital (SICAV) and three pension funds. These represent a combined €2 billion in assets. ■

Amazon partners with AXA to develop global risk management platform

Amazon Web Services (AWS) and AXA have collaborated to build a digital commercial platform (DCP) and associated software services. AXA DCP is a secure risk management platform that combines industry, business and environmental data with geospatial analytics and generative AI technologies. It will help clients globally monitor their assets and navigate complex and interconnected risks, including natural disasters, supply chain disruption and cyber threats.

AXA will use AWS analytics capabilities to provide numerous services for existing clients and for AWS clients through the AWS Marketplace and the AWS Data Exchange.

Scott Gunter, CEO of AXA XL, says: “Globally clients are grappling with extreme weather, cyber-attacks and other shocks and disruptions. We believe that building resilience is more essential than ever.

“That is why we are working with AWS, combining their tech capabilities with AXA’s expertise in commercial insurance to develop the next generation of risk management insights and services to help clients unlock their full potential.” ■

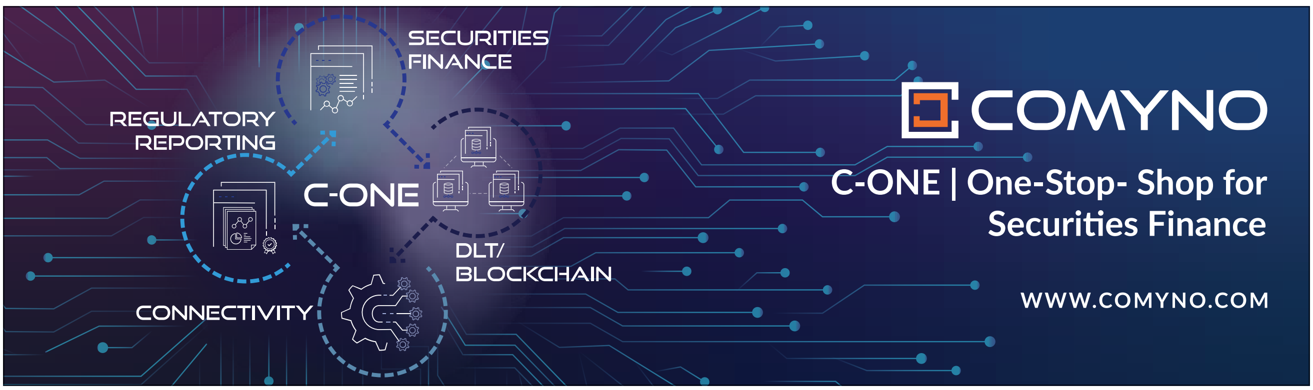
Fondenergia selects BNP Paribas for depositary bank services

BNP Paribas’ Securities Services business has been selected by Fondenergia to provide depositary bank and securities lending services for its global assets.

The Italy-based pension fund for workers in the energy sector will have access to BNP Paribas’ approach to technology and global operating model, as well as proxy voting and securities lending.

Andrea Fiordelmondo, president of Fondenergia, comments: “BNP Paribas’ Securities Services business’ support will help us enhance the efficiency of our processes and reinforce the safety of our assets, while increasing the profitability of the fund through securities lending services.”

Andrea Cattaneo, head of Italy, Switzerland and Iberia for Securities Services at BNP Paribas, adds: “We are delighted to start this mandate with Fondenergia, a leading player in the Italian pension funds sector.” ■



Island of expertise

Alex Smyth, director of funds at Oakbridge, speaks to Asset Servicing Times about the challenges facing private equity fund administration and why Jersey is an ideal jurisdiction

How have recent changes and challenges, such as rising interest rates and the impact of Covid-19, influenced private equity?

There have definitely been fundraising and valuation challenges since Covid-19 began. These challenges have remained and other global macro events have only added to the challenge. It is fair to say it's been a difficult few years for private equity.

Outside of the already established mega fund managers — which have a loyal following of investors and are of a scale large enough to consider investment pipelines that other managers can't achieve — Oakbridge have seen smaller to mid-cap investment managers implementing niche strategies, both with fundraising and investments.

For example, some managers have alternative fund structures which don't carry dry powder, but raise money as and when needed for follow ups or new investments.

With Jersey's variety of investment products and speed to market, it is an ideal jurisdiction for deal-to-deal activity.

How is the role of the fund administrator evolving in response to changes in the industry landscape and emerging trends?

Like the investment managers, fund administrators have had to adapt their processes in order to accommodate these changing trends and strategies, applying to both the servicing and pricing of structures.

It also requires Oakbridge to be agile and proactive to problem solve for our clients — speed of turnaround can be the difference between helping them complete a deal or missing it.

What is co-sourcing in the context of private-equity fund administration, and why is it becoming increasingly popular among managers?

Co-sourcing is when the manager holds the licence to its main software system, and so retains control of their data, but allows the fund administrator certain access rights to their software in order to perform data input services.

"I think AI and automated programmes will soon replace some of the administrative tasks, such as scraping data from agreements to upload into other fund administration software"

The principle behind co-sourcing is similar to the typical fund administrator's role to the manager — it allows the fund administrator to complete more routine jobs as an outsourcing function, and allows the manager to focus on the high value tasks in investment management.

Co-sourcing can also lead to a better quality data being produced, and higher levels of transparency for investors.

In what ways are private-equity fund administrators expected to support managers amidst increasing regulatory standards and rising investor expectations?

Similar to the SEC's new private fund-advisor rules response, this will allow for more opportunities for the fund administrator and investment manager to collaborate.

Fund administrators can also add that extra level of independence from the fund manager, and give additional comfort to both the regulator and the fund investors with their involvement.

Fund administrators, such as Oakbridge, are well placed to provide additional reporting to regulators and investors.

Part of the administrator's role includes capturing and holding the relevant fund's registers and data points, which are usually already uploaded to their fund administration technology solutions to automate this reporting.

How is technology, particularly AI, reshaping private equity fund administration, and what benefits does it offer?

With data becoming ever more prevalent in our industry, and even becoming 'king' in some circumstances, AI will continue to become more mainstream within the fund administration world.

While there is no blueprint from any single fund administrator, with a technological end-to-end solution that would fix all of the industry's challenges, there are many great solutions in the market that interface with other non-brand related platforms via APIs.

Certainly I think AI and automated programmes will soon replace some of the administrative tasks, such as scraping data from agreements to upload into other fund administration software.

And finally, what is new on the horizon for your organisation and how will this benefit your clients?

Oakbridge is focused on building a longstanding quality business, which forges strong relationships with our clients. This is demonstrated by our rapid year-on-year growth.

We remain focused on the continued improvement of our service offering via new technology solutions, speed of delivery, and providing that same bespoke service offering to smaller and medium cap investment managers, who really value and need an outsourced provider to partner with, so that they can focus on their bread and butter.

Our clients are benefiting from the breadth of expertise on the island, and the opportunities that Jersey has to offer as a jurisdiction.

The funds industry is continuing to be driven by private equity and venture capital fund activity — accounting for a total of US$424billion of assets — as can be seen in the popular Jersey Private Fund product, which has grown to 692 funds since its launch in 2017. ■

The road to T+1

What market migration means for the UK’s securities markets

With the increasing pace of transactions in global securities markets, Chris Elms, interim CEO of Euroclear UK and international, examines the implications of T+1 settlement in the UK, after the release of the Accelerated Settlement Taskforce’s findings and the expected market transition by the conclusion of 2027

The Chancellor of the Exchequer, Jeremy Hunt MP, announced the 'Edinburgh reforms' in December 2022, aiming to boost the government's ambition for the UK to be the world's most innovative and competitive global financial centre. An instrumental part of these reforms was the establishment of an Accelerated Settlement Taskforce and the appointment of an esteemed former corporate lawyer, Charlie Geffen, to chair industry discussions. The role of the Taskforce was to look at the best approach for the UK to speed up the time it takes to settle trades to increase the efficiency of UK financial markets.

Meanwhile, the US is already planning to shorten its securities settlement cycle from trade date plus two days ('T+2' in industry jargon) to T+1 on 28 May 2024.

Indeed, the SEC's decision for the US to move has led policymakers, regulators, brokers and infrastructure providers on this side of the Atlantic to think about the potential opportunities and risks for capital markets in Europe. In the EU, authorities are consulting on T+1, with a report expected in the second half of 2024, while India is already trading on T+1 and its Securities and Exchange Board has already consulted on adding options for T+0 and even instant settlement.

Speeding up settlement times

At present, the most common standard is settlement on 'T+2' – which has been prevalent in Europe since 2014. In the move from T+3 to T+2, the US followed the EU, with American markets migrating in 2017.

Although there are some exceptions. The settlement of UK Government bonds known as 'Gilts' already takes place on T+1, while the settlement of the remaining physical certificates in circulation follows a different process to electronic securities—and typically requires a longer settlement cycle. Primary issues such as IPOs, rights issues and syndicated bond issues follow a separate regime, and funds subscription and redemption cycles range between T+1 and T+4, with most settling on T+3 or T+4.

As the report from Geffen outlines, 'Those who are not familiar with how securities trade are surprised by the T+2 settlement cycle. Today, consumers can buy and receive an airline or train ticket on their phone within a matter of minutes. They can make payments through their banks and exchange currency almost instantaneously. Yet it takes two days to settle a trade in securities.'

"It is clear that with the direction of travel in international markets, Europe cannot remain on T+2 indefinitely"

There are good reasons why market convention does not leap towards instantaneous settlement. One of these has to do with market participants arranging financing. A lag between trading and settlement means that 'pre-funding' trades is not necessary. Market participants have a period of time in which to find cash to pay for the securities they have purchased—for example, by entering into a repurchase agreement or drawing down on a credit facility.

Participants in the current environment do not need large amounts of cash set aside in advance of each order they place, affording them the possibility to enter the marketplace more often—in aggregate, this facilitates greater market liquidity, and keener prices for investors. However, the settlement cycle gives rise to its own risks—including so-called 'counterparty credit risk'—which are diminished as the settlement cycle is reduced.

Before the electronification of UK securities and the creation of CREST as the UK's securities settlement system, settlement took place on a fortnightly, account-based cycle. Clunky telex machines were used for a lot of post-trade processing in the absence of centralised infrastructure, such as a clearinghouse. The cycle later changed to ten business days, then T+5 and T+3 shortly thereafter. At first, these reductions were driven by changes in technological capability, and more recently the settlement cycle has been set out in regulation.

Not least considering the number of business hours available to settle a trade, a move from T+2 to T+1 will involve considerably more change than the move from T+3 to T+2 did in 2014, given the deadlines for intermediate processes like confirmations and affirmations.

> **"The industry in the UK is now coming together in technical working groups to explore new ways of working and to draw lessons from the US move later this year"**

Obstacles to market migration

As the Accelerated Settlement Taskforce highlights, ‘one of the challenges for the capital markets sector is the diverse range of actors. Whilst larger firms stand to benefit significantly from the investment in extensive automation, it takes smaller participants a lot longer to recoup those costs.’

The wide array of impacts for different types of securities, and different varieties of financial institutions, makes a transition more complex than might be immediately apparent. As Geffen outlines, ‘No one will invest to upgrade their technology to enable T+1 unless the whole market does so at the same time. So for the system to improve, everybody must invest in a coordinated way. And that will only happen when mandated by regulators and government.’

There are anticipated to be difficulties for Asia-Pacific financial centres as those to the West move to a shorter cycle, particularly when market participants need to execute foreign exchange trades to settle their securities transactions.

However, it is clear that with the direction of travel in international markets, Europe cannot remain on T+2 indefinitely. A recent survey by Citi found that 89 per cent of global market participants expect their jurisdictions to move to T+1 (or T+0) within five years.

Geffen has suggested the UK shift its settlement cycle by the end of 2027, and the industry is eager for this to be done in coordination with the EU and Switzerland to reduce friction costs.

So there is work ahead. Reducing settlement times effectively means reducing the number of steps between trade and settlement.

This will require significant investment in upgrading back-office technology and more automation to improve processing efficiency. The industry in the UK is now coming together in technical working groups to explore new ways of working, and to draw lessons from the US move later this year. Proponents of accelerated settlement expect that over the long term a shorter settlement cycle will mean counterparties enjoy reductions in processing costs, together with lower capital requirements and reduced risk exposure.

Where does the CSD stand?

As the Central Securities Depository (CSD) in the UK, Euroclear UK and International (EUI) are committed to bolstering market integrity and client satisfaction. Our robust CREST settlement system is poised to embrace accelerated settlement procedures as soon as the UK advances. Timing and seamless coordination are imperative. While there’s a sense of momentum towards expediting trade settlements, especially with the US forging ahead, transitioning from T+2 to T+1 will substantially compress the settlement window for shares, marking a pivotal shift.

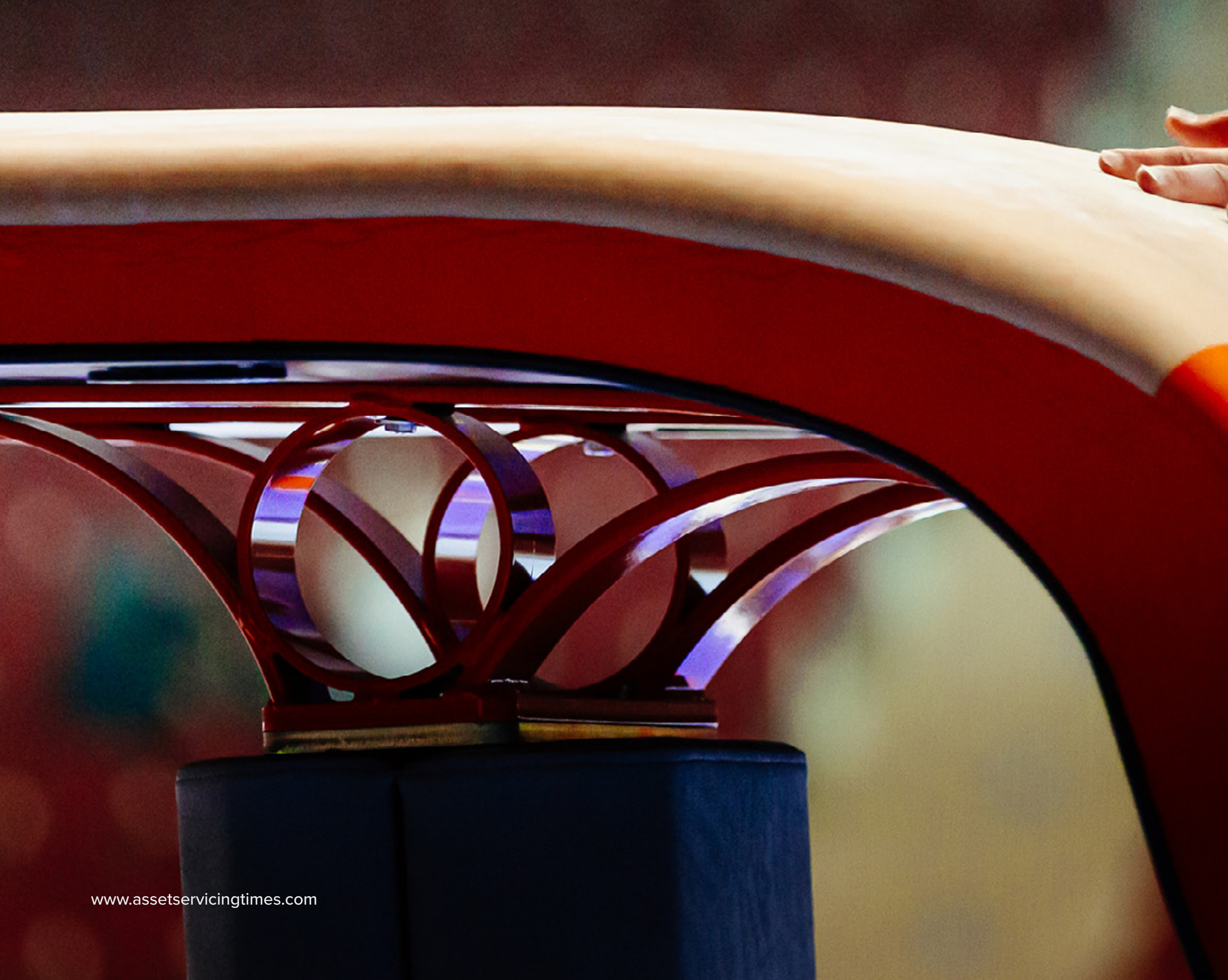
Failing to execute this transition optimally could incur avoidable expenses and operational hazards, potentially eroding confidence in the reform initiative and market credibility. To achieve the benefits of shortening the settlement cycle, such as mitigating counterparty and market risks, the UK must meticulously consider the steps to implementation. Failing to execute this transition optimally could incur avoidable expenses and operational hazards, potentially eroding confidence in the reform initiative and market credibility.

Euroclear is a pan-European market infrastructure, catering to a diverse clientele ranging from large corporations to niche players operating across domestic, European, and global spheres. We are aligned with financial institutions determined to effect a transition that minimises expenses and risks while optimising cross-border financial efficiencies.

Efficient securities markets are essential for fostering prosperity among companies, governments and investors — the very essence of the financial sector’s purpose. As a linchpin infrastructure within this ecosystem, we are committed to collaborating with all stakeholders towards a synchronised transition in the UK, harmonised with EU and Switzerland, thus modernising our markets to meet evolving global practices. ■

Providing a springboard

Six months on from establishing their Luxembourg chapter, the Women in Asset Servicing group speak to Jack McRae about their progress, ambitions and developing safe spaces for women



"You need to be positive and curious." Myriam Aswad, Luxembourg board member and founding member of the Luxembourg chapter of Women in Asset Servicing (WiAS), has learnt what it takes to guide women in the world of asset servicing.

With over two decades of experience in the industry in Luxembourg, Aswad wants to give back. "It takes a lot of commitment, but it's rewarding because you meet so many new people and have new opportunities. It's a really exciting journey and one you have to be open minded for."

WiAS has grown, and helped others grow, from strength to strength since their founding in the UK in 2018. Faced with the need to expand, the group formed its Luxembourg chapter six months ago – and they are not looking back.

Two Rivers

Kate Webber, founder of WiAS, saw the need for her growing number of peers in Luxembourg to have their own base. She describes the importance of the asset servicing industry in the nation, believing women were not being given enough support in the country.

The creation of the Luxembourg chapter has given Aswad, alongside Gaelle Bernard, the opportunity to build WiAS in their own image, moulded by the aspirations of women in Luxembourg.

"Myriam [Aswad] is gently building this network into a safe space that facilitates her events in Luxembourg," Webber explains. "She is really trying to get visibility and draw on the [WiAS] brand. It's almost her own network, but within the context of something wider. She can pull on all the stuff that WiAS has done before and continue to be as successful."

After speaking to Asset Servicing Times last year on WIAS's five-year anniversary, Webber, an industry stalwart with over 25 years experience, emphasises her determination to the cause has still not wavered.

Speaking with an intensity that is underscored by incredible humility, Webber steers our conversation away from her achievements. WiAS is not about her, it never has been.

Yet, there are similarities between when Webber first established the network and the new chapter in Luxembourg. She remembers: "In the early days of WiAS in the UK, I would be going out and

"When we realised diverse networks were really the key for success, then our shared goal to empower women grew stronger"

Myriam Aswad
Luxembourg chapter of Women in Asset Servicing

talking to people one-by-one, drawing them in and trying to create advocates."

For Aswad and the Luxembourg chapter, they are reaping the rewards of their hard work already.

"Gaelle's [Bernard] and my networks combined like two rivers merging into one," Aswad explains, drawing her index fingers together. "We have built these networks over 20 years in the industry in Luxembourg, and that has reinforced the foundation for WiAS."

Just six months since their inception, WiAS Luxembourg is up, running and soaring. "I think we achieved significant milestones over the past six months," Aswad says. "We have witnessed a significant rise in participation at our events, our LinkedIn connections and website sign-ups."

Not only is expanding their network of importance to the group, but ensuring this expansive network is both seen and heard, is just as vital. Aswad emphasises that, "WiAS is becoming more visible in the industry in Luxembourg, and we have been invited to represent women at key events in the marketplace.

"When we realised diverse networks were really the key for success, then our shared goal to empower women grew stronger."

That first step

Webber sees only two potential options — either women are included at the forefront of the industry, or women are not included and the industry won't survive. She envisions: "It's not just about diversity, gender equity or inclusion anymore, it's about the future of our businesses. Women are the investors of the future and we have got to get more women into senior positions.

"If we see women as a vanguard and change leadership profiles for women, the next generation will be able to work just as well."

WiAS aims to provide a safe space for young women to be able to seek advice, support and companionship in the financial industry — long perceived as an 'old boys club' — to help them develop into senior positions.

Aswad explains: "Many unconscious biases persist and affect the way women are perceived in the workplace. It's really important that we continue to get that support and work hand-in-hand with men [to challenge these attitudes]."

Webber laughs at the simplicity of some biases, saying: "If your website shows only old, grey-haired, white men at the top of an organisation, it is not particularly conducive to younger women wanting to join."

However, Webber does not wish to limit the boundaries faced by women to just the asset servicing industry, but encourages a holistic perspective. She stresses that WiAS is not 'fighting the industry' — instead, they are breaking down societal constraints.

"We still bring girls up to be perfect and boys to take more risks," Webber vents incredulously. "WiAS supports young women, and some young men, to take that step and realise that when they jumped off the springboard, they haven't fallen off a cliff, life does go on and they've actually succeeded."

This point is expanded upon by Sarah Sandle, marketing manager at Embark Group — sponsor of WiAS. Sandle says with clarity: "Confidence, that's what it's about, isn't it? Underlying confidence. I think the person women compete with is actually themselves a lot of the time.

"Sometimes they feel that it is a failure to ask for help. In general, women tend to ask permission to do things, when a male psyche is to just do it and then seek forgiveness afterwards."

Coaxing young people to make that step, however, is the toughest challenge. Yet, this is the key role of the WiAS for Webber, who "keep[s] seeing that women don't necessarily feel able to take that first step on their own. We have to be very encouraging to support them."

One of the ways in which WiAS is supporting young women, is through the creation of mentorship schemes. Webber, alongside other senior figures in the industry, will lead smaller groups to offer advice. She wants to "facilitate personal networks within the network, and use mentoring and access to leadership as the way to spring forward." A greater stumbling block proves to be getting young people involved in the network initially. Webber speaks to the fears young people hold in having to "feel established in their own career before they feel sufficiently comfortable to join a network."

Webber believes WiAS has to adapt to help the next generation of women to transform the industry. She appreciates that young people don't always have the appetite for scheduled, in-person events, and WiAS are "trying to create almost podcast-type events that can then be listened to whilst you're walking the dog or sitting on the train. We are starting to understand younger members want stuff on demand, as opposed to when we have scheduled it."

"The younger women involved in WiAS are great advocates and the best on social media"

Sarah Sandle
Embark Group

The transforming potential of young people cannot be underestimated, and Sandle knows this all too well. She expresses: "The younger women involved in WiAS are great advocates and the best on social media. I'm making myself sound old now, but they understand the importance of a digital presence and can give us the information that perhaps we're lacking."

Younger women are not the only ones facing challenges though, and even the most senior and experienced in the industry

"When we realised diverse networks were really the key for success, then our shared goal to empower women grew stronger"

Kate Webber
Founder
Women in Asset Servicing

"We want to convince the new generation that we are successful and can help them navigate through this complex landscape"

Myriam Aswad
Luxembourg chapter of Women in Asset Servicing

face difficulties. WiAS aims to bring all women in the industry together, regardless of how young or old, because they all share a common goal.

Webber becomes adamant, saying: "We can get women through the door, but holding them is really important. Women in their 40s and 50s stop working because they no longer feel valued and they're exhausted by that."

The marathon ahead

What areas does WiAS and its Luxembourg chapter need to develop further to help address the issues raised throughout our lengthy chat?

Aswad describes her immediate goals for the Luxembourg chapter, she explains: "In another six months, I would like to have further reinforced our network. We will be more visible, stronger and prouder. That's my wish.

"We will collaborate with other organisations because, in the end, we are stronger together. We want to convince the new generation that we are successful and can help them navigate through this complex landscape."

For Webber, she takes a moment to reflect on what she and the rest of WiAS have accomplished. How rewarding does it feel that her hard work has helped so many women in the industry?

"Oh God, it's amazing," Webber exudes positivity. "It's a really good feeling to watch individuals go completely out of their comfort zone and then come back to you six months later and show how they've used that one step to think, 'If I can do that, I can do it all.' That is incredibly powerful."

"In another six months, we will be more visible, stronger and prouder"

Myriam Aswad
Luxembourg board member and founding member
Luxembourg chapter of Women in Asset Servicing

Mentoring and leading the next generation of women in the asset servicing industry is a privilege for Webber, but one she cannot enjoy forever.

"[Within the next 10 years,] I hope somebody from the next generation will come along and want to take WiAS forward," she says dogmatically. "The network has grown to cover areas we found difficult in developing our careers. But, the next generation are going to find different things that they have to overcome."

Webber expands: "There's no point in WiAS continually fulfilling the wishes of 50-year-old women. In order to have longevity and meaning, it's got to be run by the next generation of women who want to take it to the next step."

The next stages are crucial for WiAS, and opening more and more chapters in different countries is the dream, but one that will take time to arrive at. Webber insists it is 'not a sprint', but 'a marathon'. Each step is a step closer to completing that marathon, the destination unknown.

She says encouragingly: "We bring everybody on the journey in increments, generation by generation. It's only just over 100 years ago that women got the vote. It was only in 1980 that women were allowed mortgages without a male guarantor."

"In order to have longevity and meaning, WiAS has got to be run by the next generation of women who want to take it to the next step"

Kate Webber
Women in Asset Servicing

It may be a road that stretches beyond the horizon, and they may have a distance to travel, but WiAS are not going to stop progressing.

Webber concludes with a defiant, rallying call: "We have come a long way but that doesn't mean we should rest on our laurels and be self congratulatory.

"We need to keep moving forward." ■

"I think the person women compete with is actually themselves a lot of the time"

Sarah Sandle
Marketing manager
Embark Group

The unintentional consequences of investor protection

Stephen Isgar, head of network management for the Americas at RBC Investor Services, considers the potential for added cost and risk related to enhancing investor protection

Changes proposed by the Securities and Exchange Commission (SEC) to enhance investor protection could pose challenges for custodians, investment funds and advisors alike. First drafted in early 2023, amendments to the Custody Rule under the 1940 Investment Advisers Act are currently pending further discussion.

Segregation of assets

Today, client cash is held on a custodian's balance sheet to support intraday liquidity, foreign exchange transactions and settlement costs. The SEC proposal would require qualified custodians to hold cash — as well as client securities and other forms of assets — in segregated, bankruptcy-remote accounts. This represents a fundamental shift in practice that could impact liquidity management, funding and credit provision.

For example, the changes would require overnight cash sweeps from the custodian to third-party banks, necessitating a shift from end-of-day funding to pre-funded settlement.

The potential for default among the designated cash banks would offset any accompanying risk reduction, and it would be necessary for custodians to restructure their technology platforms and operating models to facilitate the cash segregation.

Expansion of the Custody Rule

Another troubling aspect of the SEC plan, likely sparked by the recent succession of crypto failures, is the proposal to expand the Custody Rule to include virtually all assets held in client portfolios.The change would require qualified custodians to maintain exclusive possession and control over a much broader range of securities.

This includes digital assets, loans, derivatives, FX contracts, collateral posted on swap contracts and short positions, as well as physical assets like real estate, precious metals, artwork and commodities.

The expanded Custody Rule may discourage qualified custodians from agreeing to provide custody services for certain types of assets. This could limit the investment options available to advisers and their clients.

The change also has the potential to result in a smaller pool of qualified custodians, leading to an overall increase in costs for clients.

Regardless, custodians would continue to face the need to determine whether a particular asset qualifies to be 'held in custody.'

Typically, this is based on demonstration that the custodian has possession of the asset; it has control over the asset, including the ability to move the asset; and it administers the asset through recordkeeping, asset servicing or reconciliation.

The asset generally must satisfy two of the three criteria for the custodian to assume the obligations of the custody standard of care. However, even if two of the tests are met, the custodian may still determine that the associated risk of an asset, like cryptocurrencies, is too high to be held in custody.

"The plan to indemnify clients does not account for structural differences between depositories and sub-custodians"

Indemnification against losses

The SEC proposal would require qualified custodians to indemnify their clients against losses that result from 'negligence, recklessness or willful misconduct' across the entire custody chain — right down to sub-custodians and central securities depositories.

The plan to indemnify clients does not account for structural differences between depositories and sub-custodians. For example, the use of a securities depository is generally determined by the investor's decision to invest in securities that are immobilised in the market's depository.

There is no element of choice on the part of the custodian or sub-custodian regarding the investment decision.

Additionally, the SEC indemnification proposal makes no distinction between risk that can be controlled by the qualified custodian — say the selection and monitoring of sub-custodians — and risk that exists regardless of the care that is taken by the custodian to select an agent in a particular market — systemic, geopolitical, economic, structural and market risk.

This is evidenced by market restrictions that investors are facing in Russia — restrictions that are largely being enforced by local sub-custodians at the behest of the Russian Federation and are outside the qualified custodian's control.

As a result, custodians may decide not to support clients with exposure to riskier frontier markets or esoteric financial instruments. According to the Securities Industry and Financial Markets Association (SIFMA), this has the potential to adversely impact investor returns and their ability to achieve portfolio diversification.

Also, if custodians agree to serve clients that trade in higher-risk instruments or operate in riskier markets, the indemnification requirement could translate into higher charges for clients.

The potential for added cost and risk

There is broad industry support for regulatory efforts to increase investor protection. However, several of the proposed SEC rule changes may have unintended consequences, potentially creating additional risk and costs for investors and their custodians in the midst of what are already particularly tumultuous times. ■

Lanyon appointed chief client success officer at Xceptor

Xceptor has appointed Strath Lanyon in the newly created chief client success officer role. The move aims to deliver client experiences across its global operations.

Lanyon will be responsible for the complete post-sale client journey to drive adoption, satisfaction and retention. He also joins both the company's executive leadership team, and the board of directors.

Lanyon says: "The financial services landscape is evolving at an unprecedented pace, so it is essential that Xceptor's clients are able to leverage our technology to solve complex challenges and that they see our commitment as valued partners to achieving their business performance and growth objectives."

Lanyon boasts close to two decades of experience in financial technology services and has held senior positions at Adenza and Calypso previously.

Michiel Verhoeven, CEO of Xceptor, adds: "Lanyon's deep industry knowledge and proven track record, coupled with his commitment to client success, makes him the ideal leader to drive our client charter. We are excited to have him on board and look forward to the positive impact his leadership will bring to our clients and Xceptor." ■

Apex Group hires Vatsa for North America

Apex Group has hired Sanjay Vatsa as regional head of North America.

The appointment aims to transform the financial services sector, driving innovation and growth across the region.

Commenting on his appointment, Vatsa, says: "I'm excited to be joining the Apex team - bringing to our clients institutional grade, single source solutions and platforms.

"Apex's data centric approach makes it uniquely positioned to service its client through the full trade life cycle across diverse products."

In his new role, Vatsa will lead Apex Group's ambitions in the US. This includes creating financial solutions and products and driving positive change within the digital finance sector.

Vatsa previously served as managing director at Citi, BlackRock, State Street and Merrill Lynch.

He also brings a wealth of industry knowledge, having been instrumental in evolving the financial markets across America and internationally, says Apex Group.

Troise joins Broadridge

Broadridge has hired Frank Troise as president of trading and connectivity solutions.

Based in New York, he will also assume the role of vice chairman of Broadridge Capital Markets.

From 29 April, Troise will succeed Ray Tierney, who will serve in an advisory capacity, following his successful three-year tenure.

Petra Funds Group welcomes McCoy

Petra Funds Group has appointed Krista McCoy as senior sales lead.

Commenting on her new role, McCoy says: "I am excited to begin this journey with Petra and provide clients with the trust, accuracy and peace of mind that they deserve when it comes to back-office operations. Together, we will set the standard for excellence within the private fund administration industry."

Prior to this, McCoy served as an executive vice president at Ultimus Leverpoint Private Fund Solutions, overseeing business development, marketing initiative and client relationships.

McCoy brings comprehensive knowledge of fund administration, growing an organization with a focus on identifying new clients and driving business growth, says Petra.

Peter Haskopoulos, co-founder and managing partner at Petra, says: "Krista's experience working within the private fund administration space will be invaluable as we continue to build upon our reputation as a trusted advisor to private equity CFOs." ■

Troise has more than 35 years of trading and technology experience. Most recently, he served as co-CEO and board member at Pico Quantitative Trading.

He also served as a global leader of J.P. Morgan's execution services, and has held senior sales and trading roles at Barclays and Lehman Brothers.

Vijay Mayadas, president of Capital Markets at Broadridge, comments: "Troise's appointment symbolises the latest step in our journey as a capital markets business, and underscores our commitment to delivering solutions that help to optimise trading for global banks, broker-dealers and independent trading firms."

Khor appointed at SS&C GlobeOp

SS&C GlobeOp has appointed Fang Ling Khor as managing director and head of GlobeOp in Hong Kong.

She joins from Intertrust Group where she was head of fund services for Asia Pacific (APAC). Prior to this she held senior roles for HSBC, JP Morgan, Standard Chartered and Vistra.

Michael Li, managing director and head of APAC for SS&C GlobeOp, welcomes the appointment: "We are deeply committed in the local markets and continue to invest in talent. We are excited to welcome Ling to our local management team as we continue to expand our footprint."

Elsewhere, SS&C Global Investor and Distribution Solutions' unit registry services have been retained by Perennial Partners.

SS&C's managed fund administration unit will provide services to the Australian asset manager's investors across all fund types, including active ETFs, unlisted and dual-listed funds and private equity.

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Yealand welcomes McLaren

Yealand has appointed Hayley McLaren as head of business development.

Prior to her new position, McLaren held senior roles at Waystone and T Bailey Fund Services, along with other roles at Capita and Nottingham County Council.

Rob Leedham, chief executive at Yealand, says: “We have ambitious growth plans and [McLaren’s] fund services’ expertise will enable us to better identify and seize new opportunities, allowing us to grow our client base and further strengthen our existing relationships.”

Commenting on her new role, McLaren states: “[The firm’s] ambitious plans for the future are what makes this role so appealing and I am looking forward to utilising our collective expertise to build on the great progress we’ve made so far.”

Apex Fintech Solutions appoint Roame to board

Apex Fintech Solutions has appointed Charles Roame to its board of directors. Roame founded and is managing partner of Tiburon Strategic Advisors and the Tiburon CEO Summits. The appointment aims to strengthen Apex’s position as a technology provider.

Roame comments: “At Apex, it’s not just about cutting-edge tech; it’s about empowering advisors to truly connect with their clients on a deeper level. I’m looking forward to rolling up my sleeves alongside the incredible team who continue to innovate and redefine the advisor-client experience.”

Jenny Just, co-founder of PEAK6 and chair of the board at Apex, adds. “With a proven track record of driving transformative growth, we’re excited to leverage Roame’s unique perspective to ensure Apex remains at the forefront of the advisory industry, empowering clients and advisors to thrive.” ■

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