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ISSUE 339 01 May 2024

Digital Transformation

Tom McHugh of FINBOURNE disccuses the future role of AI and automation

Innovation is key

Addressing challenges facing European fund administrators

Not slowing down

Current and future trends in securities litigation

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Lead news story

DTCC collaborates with REGnosys

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."

Syed Ali, managing director of DTCC repository and derivatives services, adds: "As more and more firms consider how to simplify their architectures, this is the next step towards providing a streamlined, standard trade reporting generation application that evolves as rules evolve along with machine-readable regulatory requirements, from a single source." ■

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Berenberg selects Kaizen for regulatory reporting

Berenberg, a privately owned German bank, has chosen Kaizen as its regulatory assurance provider.

The agreement between the two entities allows the bank to use Kaizen's ReportShield Accuracy Testing, which will help Berenberg to meet regulatory requirements for EU and UK MiFIR transaction reporting.

ReportShield Accuracy Testing is an automated, managed solution which tests the quality of trade and transaction data that is reported to the regulator.

Commenting on the news, Jean-Marie Mamodesen, managing director and head of European sales at Kaizen, says: "It's a challenging time for firms as they grapple with significant regulatory change including EMIR Refit and the EU's MiFIR Review.

"The solutions we offer at Kaizen help ensure that firms have the best control framework in place and are better served to deliver the high standards that the regulators have come to expect."

Stephan Henning, head of TS Clearing & Reporting at Berenberg, adds: "In this way, we can further automate and improve processes in the area of reporting and create significant added value for our customers." ■

Gen II Fund Services acquires Crestbridge

Fund administration provider Gen II Fund Services has acquired Crestbridge to expand its presence in Luxembourg. The acquisition of the European private capital fund administration services provider, allows Gen II to add jurisdictional reach in the UK, Jersey, Ireland and international markets.

Steven Millner, CEO of Gen II, explains: "Blending Crestbridge's private equity and real estate fund administration businesses with our service offerings, provides our clients with many more options to support their success and growth."

Dean Hodcroft, former CEO of Crestbridge, has become Gen II's head of Europe.

Hodcroft says: "We look forward to empowering our unified teams to support international private fund managers through all stages of their fund lifecycles." ■

SBI Securities selects Broadridge's post-trade solution for equities brokerage services

SBI Securities has selected Broadridge's post-trade solution to launch its equities brokerage services for clients in the UK.

These services will be distributed through its subsidiary SBI Shinsei International, and will use Broadridge's Swift Service Bureau to automate Swift messaging workflows with its custodian.

Ichiro Takahashi, head of global operations of SBI Securities, says: "Building on our existing relationship in Hong Kong and Singapore, Broadridge has demonstrated a deep understanding of our requirements for global expansion. This has allowed us to go to market in the UK quickly and with confidence, while leveraging the benefits of the existing application service provider cloud environment."

Mike Sleightholme, president of Broadridge International, adds: "Broadridge is committed to providing a leading suite of innovative and globally scalable solutions to our clients across the trade lifecycle, to help simplify and innovate trading." ■

BBH expands relationship with AllianceBernstein

Brown Brothers Harriman (BBH) Infomediary Data Solutions has expanded its relationship with AllianceBernstein (AB) by adding to its data management services for fund operations.

Powered by BBH's data integration and connectivity engine Infomediary, the service involves the curation of fund holdings data, which can be leveraged as part of multiple fund output publications, including fund disclosures.

BBH's data management services can be configured to aggregate data across all administrators and third parties, enabling a provider-agnostic model that gives flexibility and interoperability to the asset manager.

Joe Mantineo, head of fund administration at AB, says: "Having easy access to high quality fund holdings data that can be leveraged in our fund reporting is critical for us to evolve our business.

"With BBH as our partner in this regard, we have consistent and reliable data to support these activities — data that is available on-demand and is customisable."

Joshua Fine, co-head of Infomediary Data Solutions at BBH, comments: "An asset manager's ability to focus on the front office is limited by inconsistency and the burden of manual reviews and processes.

"Our work with AB demonstrates the value of addressing those issues with authoritative data sets. What started as a specific use case with fund disclosure documents, is now scaling to other use cases across fund operations." ■

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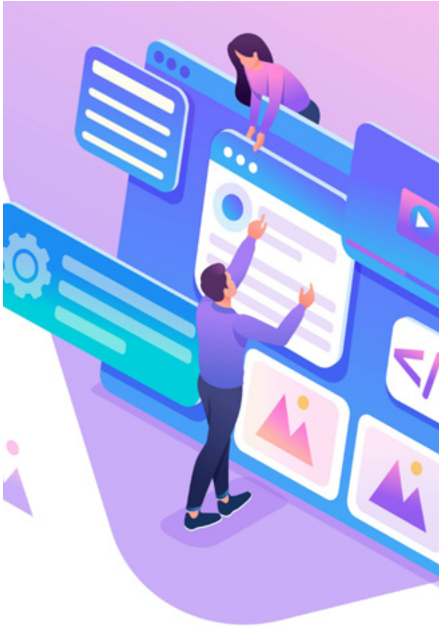

Euroclear appoints Deutsche Bank

Euroclear has appointed Deutsche Bank as a cash settlement and foreign exchange bank — under Euroclear's direct link — with the Korea Securities Depository. The new appointment aims to build on Deutsche Bank and Euroclear's relationship which spans multiple markets and products across both the corporate and investment bank.

The mandate is to support South Korean government bond activity for Korea treasury bonds and monetary stabilisation bonds.

In the previous year, Deutsche Bank increased its capital allocation for its Seoul branch by €150 million, to grow the business and undertake more activity for its clients, demonstrating the bank's commitment to South Korea.

Peter Sneyers, CEO of Euroclear Bank, says: "As a financial market infrastructure, our role is to support and drive efficiencies to grow the global marketplace.

"We have been working closely with the Korean capital market and our network with the common objective to provide a solution for international investors to access efficient and safe settlement of local Korean government bonds."

Hyun-Nam Park, branch manager for Deutsche Bank Seoul, comments: "We are delighted to extend our partnership with Euroclear in South Korea. This new appointment is a milestone for our local business, and we are proud to support the South Korean bond market, which is becoming increasingly important globally." ■

Sterling to add fixed income support to Risk and Margin service

Sterling Trading Tech have announced plans to support fixed income securities by the end of Q2 2024, through the extension of its Sterling Risk & Margin (SRM) system, which aims to deliver advanced analytics as a Risk-as-a-Service (RaaS) solution.

This allows firms to monitor client Reg T, portfolio margin, and custom house policy requirements in real-time, and includes the ability to view advanced post-execution risk analytics for US and global equities, options and futures, as well as secure FINRA reporting.

Saldeen, senior product manager – Risk & Margin, at Sterling, says: "Firms must have the tools to effectively manage their risk across all asset classes. ■

Euronext Securities launches corporate actions service

Euronext Securities has announced the first go-live of its new corporate actions service.

The service uses a platform developed in partnership with software provider Vermeg, to manage the entire lifecycle of corporate actions and delivers automated client experience across all Euronext Securities markets, says Euronext.

The service gives users the opportunity to manage corporate actions across all the Euronext Central Securities Depositories (CSDs) on a single platform.

The service adheres to corporate action standards and applicable legislation such as the Shareholder Rights Directive II. ■

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SimCorp introduces SimCorp One

SimCorp has introduced its new flagship integrated platform solution for the global buy-side, SimCorp One.

Combining the technology company's software and services into one integrated platform, SimCorp One is designed to enable faster and more cost-effective business solutions and decision making.

The solution will achieve this by delivering best practice workflows and reducing the time-to-value for clients, says SimCorp.

The platform includes dimension, axioma, client communications, data management services, business services, as well as SimCorp's ecosystem of third-party solutions — all connected to the Investment Book of Records (IBOR).

Christian Kromann, CEO of SimCorp, says: "The introduction of the SimCorp One integrated platform reflects our commitment to simplifying every touch point in the client journey and represents the culmination of years of innovation. SimCorp One is a full suite of investment solutions to address the front-to-back needs of all investment managers."

He adds: "We understand [the complexity] and know that we can be a key part of the solution for our clients. We call this 'The Decision Era' and it reflects this new operating reality for our clients. We believe simplification is a key to unlocking the potential for better decision-making – from the choice of operating model to ongoing alpha optimisation and operational execution." ■

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Apex Group acquires IPMC

Apex Group has acquired IP Management Company (IPMC), in an effort to expand their South African reach. The acquisition of the South African unit trust management company adds new expertise in collective investment scheme administration and foreign collective investment scheme representation, for Apex Group.

Peter Hughes, founder and CEO of Apex Group, says: “IPMC will provide white-label, collective investment portfolio administration to third party investment managers.

“The additional scale and resources are needed to continue delivering our solutions to our African and global clients.”

IPMC’s clients have access to Apex Group’s global single-source solution which provides services across the full value chain of their business. ■

Sumitomo Mitsui Trust Asset Management adopts DTCC’s ITP services

Sumitomo Mitsui Trust Asset Management has adopted DTCC’s Institutional Trade Processing services (TTP). The move aims to enhance the speed of trade processing ahead of the US markets shifting to a T+1 settlement cycle.

Adopting DTCC’s ITP service allows Sumitomo Mitsui Trust Asset Management to fully automate their post-trade processing, and support the achievement of same day affirmation for cross-border transactions within the APAC region. ■


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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." ■

Northern Trust upgrades cloud-based insurance accounting and analytics application

Northern Trust has announced the upgrade of its SAP financial asset management application to SAP S/4HANA in an effort to enhance its insurance accounting and analytics services solutions.

The application has been developed to support the full spectrum of investment accounting and regulatory reporting needs for US insurance companies and corporate and endowment markets.

The upgrade incorporates Northern Trust's interactive digital interface with the power of SAP S/4HANA that aims to provide an end-to-end solution covering all investment types and reporting needs. ■

FINBOURNE Technology

Providing the tools for digital transformation

Having recently signed a deal with Northern Trust, FINBOURNE CEO and co-founder Tom McHugh, sits down with Karl Loomes to talk about market trends, delivering exceptional client service, and the role AI and automation may have to play in the future

FINBOURNE has seen great success since it was founded almost eight years ago. What do you believe has driven this growth and what would you say have been some of the key milestones in that time?

At FINBOURNE we have always strived to build meaningful relationships with our clients. We work with them closely to deliver market-leading tools that will empower them to reach their organisational goals.

Our premise is simple — we use our open, cloud-based platform to help financial firms boost revenue, reduce costs, and manage risk more effectively, all while simplifying their operational data processes.

The success we have seen over the last eight years has been built on a deep understanding of the financial service industry, and total focus on delivering the data management and investment solutions our clients require, through consistent and relevant product development. We have built a client roster that includes some of the world's largest and most successful financial services firms. Each new client win is a milestone in our ongoing strategy to help firms deliver efficiencies across their front, middle, and back office teams.

What do you think are some of the biggest trends impacting the asset servicing industry at the moment? How have you seen client demand evolve over recent years and how is this shaping your development strategy?

I see two macro trends impacting asset servicers. The first is a constant downward fee pressure, which is impacting their ability to maintain a healthy cost-to-income ratio. The other is the need to invest in platforms that provide them with the agility they need to service their clients efficiently and effectively.

Together, those two trends create something of a perfect storm for asset servicers. The industry has ageing technology that struggles to keep pace with demand, and the cost of changing that technology makes interoperability harder across disciplines like fund accounting, middle office, and managed data services, for example. We know that the firms that manage to execute well and transition to simpler and better core technology will find they have a significant competitive edge, not only in terms of efficiency but, critically, in their ability to quickly deliver the kinds of features and functionality that legacy technology can struggle to support.

Given all of this, firms are actively looking for new technologies and partnerships that can spur growth and ensure they keep delivering a world-class service.

Northern Trust recently chose FINBOURNE to support its digital transformation. With quality service to end clients paramount, what are some of the most important processes and considerations for clients such as Northern Trust when future proofing their data strategy?

Clients need the ability to manage their data and operational processes in a scalable and efficient manner, regardless of geography or complexity.

Northern Trust is a firm with a laser-like focus on client service. We are partnering with them to help modernise the firm's technology to enhance client service levels and address the macro trends I mentioned previously.

All firms need more automation, as well as better and more immediate access to the accurate and timely data requirements of their customers. It is important too, that this data is delivered in the clients' preferred channel. The days of building an SFTP or API and simply letting customers 'consume' from it, have gone.

Asset servicing firms need to be nimble and agile enough to meet the demands of their clients, even as those demands rise and processing times fall. Better, faster, cheaper, more nimble technology is what is needed.

How does automation and a reduction in manual intervention improve on legacy systems? Does it offer new opportunities to analyse or use the data in ways that would have been impractical before?

An overall trend in the market is that the amount of computing power on a single machine is increasing significantly. In addition, due to the proliferation of cloud service providers, the capital costs for firms are falling. This means that firms can do more with less.

However, what we also see is increased siloing across the lifecycle of a transaction. Twenty years ago, a fund accountant would work across all aspects of every single transaction. This is not the case today. Most teams work across a single channel of the process, with individuals very much being domain experts.

To be successful, firms need to lean into that trend of increased specialisation and automate even further, so that the amount of processing required goes down across a transaction, and we can reach a point where transaction management becomes exception based.

In conjunction with that, teams require the right training. Ideally, you would reduce elements of human intervention as much as possible, and when it is required, those teams should be better educated and more specialised. As you increase the automation, you also need to increase the capability of the human in the loop.

How do systems such as those offered by FINBOURNE impact a firm's ability to develop and deploy new service lines to clients? Have you noticed any trends or patterns in this area?

FINBOURNE's goal is to provide the tools that enable asset servicers to increase efficiency and meet their clients' needs. We build entitlements engines, virtualisation engines, we build engines to represent core elements in financial services like bonds and payment-in-kind notes.

By building this infrastructure, we enable firms to answer questions like, 'what do I own?' and 'how much is it worth?'.

We take elements of investment accounting, fund accounting, custody accounting, and transfer agency building blocks together, and drive better automation, process design and data integration. In turn, this allows firms to solve any problem they have.

We offer our customers an agility that other systems do not. Our products are fully customisable and nimble in a way that underpins our clients' ability to efficiently launch products and expand geographically in a timely manner, while maintaining control over their cost structures. That used to be an expensive process. Our products can simplify the process and reduce those costs.

Do you think AI has, or will have, a role to play in this democratisation of data? Are there areas where you think human intervention will always be necessary, and perhaps even preferential?

I think of AI as lowering the barriers to market entry, in terms of process automation, business tasks and data insights.

This is similar to the way a modern smartphone made mobile phone use more common across a broader range of people.

AI is excellent at bringing data together and summarising it, but its application in terms of effective data dissemination is limited.

I see data democratisation as having greater access to data, or having access to more data, but arguably the stronger AI becomes, the opposite may be true.

The more value people see in their data, the more likely they are to limit access to it. Why would they allow their data to train a model, adding value to a product, if they are not going to get paid for it? We see a lot of interest in our entitlement engines and digital rights management tools and engines.

To answer the second part of the question, there will always be a place for human intervention in processes and transaction management. If you consider machine learning and AI, fundamentally they offer results based on probability models, giving you an answer within a certain confidence level.

That answer needs to be verified, and a human will have to confirm that the assumptions the model is making as it learns also remain accurate.

In addition, depending on the situation, you will have to have a human confirm that even if the answer is correct, that is relevant and appropriate.

Just because a thing is true does not mean it is helpful. In the core processing engines in financial services, I do not think AI or automation will ever reach the point where human intervention is not needed.

As a decision support system, or an outlier detection system, AI is a great place to start, but by definition it can never get to 100 per cent confidence level. If it could, it would no longer be an AI model but an exact decision tree system.

You have touched on some of the current trends impacting the industry, do you have any predictions or expectations of how things will change over the next five years?

One of the things that will have a large impact in our markets, and one that may currently be underestimated, is the emerging trend in hardware. In terms of technology hardware for example, there could be a three times increase in processing speed over the next 12 to 18 months.

That will naturally have a significant cost implication, and it will be interesting to see if that accelerates the move to the cloud.

The other trend I predict is that we will see an increased focus on tokenisation. By which I do not mean cryptocurrency, but actual tokenisation. This is already leading to legal infrastructure changes for the securitisation of assets and funds. That is an area to watch as well. ■

Having recently chosen FINBOURNE to aid in its digital transformation, Northern Trust Asset Servicing's Nadia Ivanova, executive vice president and global head of business services, spoke with Asset Servicing Times about the partnership.

With this new partnership with FINBOURNE Technology, how do you see the collaboration adding even greater value for your clients?

As an asset servicer, our mission is to deliver accurate, timely and on-demand data that underpins clients' investment programmes. FINBOURNE's LUSID solution helps us to enhance core valuation and reporting functions, driving the client experience.

Northern Trust's collaboration with FINBOURNE supports the less visible but essential tools that make us faster, more scalable, and nimbler in key aspects of our daily processing and delivery capabilities. Clients feel this as improved quality, flexibility and timeliness of the services we provide.

How do you see FINBOURNE's solutions aiding your digitisation strategy and Northern Trust's efforts to modernise your data strategy and build a digital backbone?

FINBOURNE is an exciting addition to our digitalisation journey and our Matrix Data platform. By optimising data processes and publishing that data to Matrix, FINBOURNE feeds this new digital backbone quickly and flexibly.

In addition, FINBOURNE's technology is built specifically to accelerate the kind of modernisation journey we are undertaking. They have watched the industry try to solve these challenges for decades, and their founders and engineers have helped address these complex problems at top-tier financial institutions before.

With the benefit of hindsight and experience, FINBOURNE's cloud-native comprehensive data model builds on those lessons learned, so we can modernise our business without requiring a platform conversion.

With a data race seemingly underway, how do you see FINBOURNE helping Northern Trust's efforts in this arena and how do you think it will help Northern Trust stand out as best in class?

We have been very impressed by the quality of FINBOURNE's leadership. They are capable and deeply passionate about removing friction from processes and lowering the cost of savings and investing in order to unlock value for retirees and investors. That approach creates value for everyone in financial services.

That passion translates to FINBOURNE's tools — they provide us with a truly modern foundation for key processes.

When you add in the flexibility and extensibility of their solutions, we gain a leg-up in the data race. We can not only accommodate what clients need today, but whenever the next big trend comes, we will be able to support it faster and more easily than peers built on older frameworks. ■

Innovation is key

Jack McRae speaks to a number of European fund administrators on how they are addressing some of the challenges facing the industry

"The new challenges posed by macro-conditions have prompted managers, allocators and fund admins to become more innovative, which we think will continue to prevail in 2024," Navita Yadav, super regional head of Europe at Apex Group, explains.

Fund administrators across Europe are responding to various market challenges and trends throughout the industry.

These have been shaped by sociopolitical factors, regulatory changes and the expansion of technology, but what do the industry's fund administrators consider these trends to be?

Yadav continues: "Private assets are clearly leading the way in key European markets with private debt as a leading asset class, but private equity is also coming in close, followed by real assets".

This is expanded upon by both David Fowler, European head of fund administration at Ogier Global, and Stéphanie Gaudoux, head of coverage for continental Europe at Société Générale Securities Services (SGSS).

Ogier Global's Fowler argues that "the fund administration sector in Europe has been through a significant period of consolidation". This involves larger firms in the industry acquiring smaller groups in order to expand their offerings and global reach.

SGSS's Stéphanie Gaudoux echoes Fowler's argument but is keen to emphasise the impact this is having on the industry.

She warns: "Consolidation in the asset management market is putting fund administration under considerable pressure in terms of production cost and quality, as well as flexibility."

The industry has also focused its investment and efforts into expanding its ESG reporting and compliance solutions.

Gaudoux continues to predict that "the trend towards ESG investing is expected to continue, and fund administrators will need to offer ESG reporting and other related services to meet the demands of their clients".

The demands of the client

For SGSS's Gaudoux, the demands of the market and their clients are clear: "Tailor-made, local and industrial."

She develops: "The demand for tailor-made and local [solutions] best serve our customers, and 'industrial' lowers our production costs. To achieve this, our setup combines offshore activities organised as a 'factory model by process' with a local presence organised by customers."

Ogier Global's Fowler shares the belief that clients want teams and solutions customised to their needs. He explains: "Our clients expect high-quality services provided by a dedicated team of experts who understand their structure, their asset class and are flexible and responsive to their needs.

"Implementing advanced software solutions for fund accounting, investor reporting, and risk management improves the client and investor experience."

For Ashley Vardon, senior director at JTC (based in Jersey), responding to the demands of their clients is integral to their business. He says: "Managers and investors are particularly interested in how data is managed, from client due diligence to bank account details to payment transactions. Ensuring the business is keeping pace with investment in this space is necessary to meet client expectations."

Keeping pace

One of the ways that JTC maintains pace with their clients is through technological developments. Yet, the drive to enhance technology has also been shaped by the demands of regulatory bodies. Vardon explains: "Technological enhancements continue to be made across the industry. The increased regulatory burden is also impacting the market, leading to technology advances in specific areas such as ESG reporting for impact funds and the investment in regulatory technology to automate compliance reporting."

Yann Bloch, head of product and pre-sales America at NeoXam, insists that modern regulatory requirements require modern technology solutions. “Take ESG funds,” Bloch speculates. “The required data can arrive in many different forms, and from a plethora of different suppliers who specialise in very particular types of sustainable investing information.”

Bloch goes further and suggests that “many financial institutions are realising they can no longer rely on legacy data systems — which sometimes may be little more than a scattering of excel spreadsheets across the business — to manage and utilise the vast amounts of data being consumed.”

He is concerned that, without the modern infrastructure in place, “the information will not be utilised to its maximum potential, and that it may not even be easily accessible to all relevant teams within the institution”.

“It is becoming increasingly imperative that firms adopt modern data infrastructures to avoid drowning in the deluge of data that is now an innate part of the modern European fund administration market,” Bloch adds.

Ogier Global’s Fowler, on the other hand, points to a wider, global challenge that technology will have to keep in line with. “Cyber security will become even more of a focus,” he explains.

“With the current global hostilities increasing the threats of cyberattacks and security breaches, technology will advance to keep up with these threats.”

Alongside a strengthening of cyber security, Fowler, as with many in the industry, is expecting a greater use and reliance on AI. In addition, he suggests: “Further use of blockchain technologies is likely, with the potential for blockchain to streamline the settlement process, enhance transparency, and reduce fraud.”

Following the rules

“IT security is a growing concern,” Anne de Nonancourt, product development manager at efa, contends. “Although

Navita Yadav
Super regional head of Europe
Apex Group

David Fowler
European head of fund administration
Ogier Global

fund administrators are not in scope of regulations such as the Digital Operational Resilience Act (DORA), our interdependence with all other players means that we must comply with the same rules."

Fund administrators must stay abreast of regulation developments and changes across the industry in order to ensure they remain compliant within their own space. This is "the main regulatory challenge" for fund administrators in Europe. De Nonancourt says: "An illustration of this is the number of fines imposed by regulators that can be observed in all markets."

Ishita Shah, global chief commercial officer, and Michael Johnson, chief commercial officer Europe, of Gen II Fund Services go further, saying: "Regulation is an integral aspect of the European business landscape, providing reassurance to clients and investors when managed effectively.

"The regulatory environment is expected to continue evolving, introducing additional complexities to our clients' reporting obligations. As fund administrators, our responsibility is to stay ahead in technological advancements, ensuring compliance with current standards and proactively developing solutions to anticipate future regulatory enhancements."

NeoXam's Bloch explores the regulatory changes on the horizon for the European fund administration space. He points to the UK's Financial Conduct Authority (FCA) announcing plans to review private market valuations, and the European Council placing leverage limits on private debt funds as indicators that regulators are growing concerned with "allocations to private credit from systemically important institutions. including insurance firms and pension funds, continuing to rise".

Bloch understands their concern, "given that the substantial inflow of money flooding into the sector is being channelled into debt funds that offer little to no transparency".

The overarching discussion point with regards to regulation across the entire financial services sector, is North

Stéphanie Gaudoux
Head of coverage for continental Europe
Societe Generale Securities Services

Ashley Vardon
Senior Director (based in Jersey)
JTC

America's impending switch to a T+1 settlement cycle, starting on May 27.

SGSS's Gaudoux believes that the UK and Europe will be closely monitoring the switch — but, at "two different paces".

She points to the UK's aim to move to a T+1 settlement cycle by the end of 2027, with a preliminary milestone during 2025. This milestone aims to have achieved all prerequisites established in the Geffen Report.

The EU's European Securities and Markets Authority (ESMA), will, likely by the end of 2024, "report on the feasibility, the advantages, and challenges of a move to T+1, and to potentially propose a point in time", Gaudoux explains.

She also highlights the review of the EU's Sustainable Finance Disclosure Regulation (SFDR), which "includes the potential establishment of a categorisation system to replace article eight and nine classification and, or, to reinforce reuse of labels".

NeoXam's Bloch details the impact of overhauling SFDR which means "fund administrators can expect to adjust their SFDR reporting over the coming years given that a 'SFDR 2.0' regulation might emerge".

A deeper challenge

Although the demands of clients, technology and regulation steal the headlines as key challenges for European fund administrators, there remains one major, underlying problem for the industry. Given a significant number of fund administrators in Europe are stationed in the likes of Luxembourg, the Channel Islands and Ireland, they naturally face difficulties in recruiting and retaining staff. The smaller populations of these jurisdictions makes finding and holding talent difficult.

Gen II's Shah and Johnson consider this to be a constant hurdle. They say: "In the context of the globally expanding administrative industry, attracting and developing skilled talent remains a persistent challenge.

Yann Bloch
Head of product and pre-sales Americas
NeoXam

Anne de Nonancourt
Product development manager
efa

"We rely on the distinguished reputation of our various locations to attract a significant share of new talent and, critically, to retain the exceptional individuals we already employ."

On the other hand, efa's de Nonancourt explains how accruing the best talent has always been a "general challenge" for firms across Luxembourg. The firm is part of the Universal Investment (UI) Group, which helps remedy the challenges smaller fund administrators face in attracting new staff. De Nonancourt says efa has been addressing this challenge by capitalising on UI Group's resources and our various locations. "More teams are hybrid [working], and team members may be located in different countries depending on the required skills. We therefore attach paramount importance to the quality of our managers, who are the guarantors of the success of this model," she adds.

Apex Group's Yadav explained how the new challenges facing the space had "prompted managers, allocators and fund admins to become more innovative".

However, what is harder to combat is the problems created by the fund administration industry's own success and growth.

"In many of the major markets, such as the Channel Islands, Ireland and Luxembourg, the growth of the industry has outpaced the growth of talent available, so the markets are ultra-competitive from an employment perspective," Yadav explains. Despite this challenge, Yadav argues that, once again, the fund administration industry is finding innovative solutions to this challenge.

"This has often meant outsourcing work to global operating centres in order to keep pace with client demands," she explains. "We are making a lot of investment in skill development and robust training programmes for our staff on shore, mid-shore and in service centres."

Whether confronted with challenges of updating technological systems, responding to the ever-changing regulatory landscape, or finding the best and brightest talent to shape these solutions, the underlying message is clear — innovation is key. ■

Ishita Shah
Global chief commercial officer
Gen II Fund Services

Michael Johnson
Chief commercial officer Europe
Gen II Fund Services

Not slowing down

Trip Chong, senior director for global class actions at Broadridge, speaks to Justin Lawson about the current and future trends in securities litigation

What are the main factors driving growth for securities litigation globally?

In terms of securities class actions, the ability to recover investment losses through a settlement process is well established, particularly in the US. But the surge of global investor actions has largely been accelerated by a US Supreme Court decision in the 2010 Morrison v. National Australia Bank case. This decision essentially excluded US investors and non-US investors from participating in class actions in US courts, in cases where securities have been acquired on non-US exchanges.

The response from global institutional investors was to seek legal redress outside of the US, frequently in jurisdictions where the stock was primarily listed. What has followed are jurisdictions adopting mechanisms to facilitate a restitution process and, as a result, as these markets continue to mature we have seen the volume of litigation rise, notably in jurisdictions like the UK, Germany and the Netherlands.

Another factor, in terms of growth, is the implementation of the EU Representative Actions Directive, which will eventually be adopted by all 26 member states. This will provide additional avenues of shareholder protection for newer jurisdictions.

It is also worth noting that this growth and these developments are not simply limited to Europe; litigation across the APAC region continues to rise, spearheaded by Australia, which has had a class action framework in place since the mid-90s. There are several cases pending in Japan, which continues to be an active jurisdiction in APAC, while at the same time China, Singapore, and New Zealand, are all making good progress as they move towards improving legal redress options for shareholders.

We have seen a lot of legislative changes that have resulted in this growth. But I think one of the other significant reasons for growth outside the US, particularly in the last five or six years, is that investors are now becoming increasingly activist on ESG issues — aiming to protect company value and, ultimately, their long term investments.

While all securities litigation has some kind of governance failings at its core, many of the cases outside the US are not only high profile, but are often driven by some kind of ESG failing — whether that be accountancy fraud, bribery, corruption, or greenwashing. The good news from an investor perspective, is that there are now more options available to participate in some kind of litigation process, no matter what the motivation might be.

It could be a straight monetary recovery, or as I mentioned, pursuing litigation to drive corporate governance changes within a company.

The clients that we have welcomed at Broadridge have all emphasised the need to ensure that this space has comprehensive coverage, coupled with expertise, for investors to have the ability to review the litigation options from an informed standpoint.

How would you say this growth and these developments have impacted the way investors outside the US view litigation?

Because of the globalisation of investments, I think it is inevitable that investors will be impacted by securities litigation globally. We have a varied client base on both the asset owner and asset manager side. Some have historically been very active in non-US securities litigation, while others have been a little bit more cautious in their approach.

But I do think the mindset is changing slowly. For example, a conservative pension fund or asset manager who has traditionally been litigation-averse, may now be starting to consider the options put forward, and carrying out an initial due diligence on what options are available to them.

I think the more high profile the case, the more likely internal stakeholders will have an awareness. Institutional investors are certainly looking at potential litigation in more detail, and I think knowing where you will be impacted is half the battle. Having this information available well in advance of any deadline to participate is vital.

Typically, we do not tend to see just one law firm bringing a claim against a company, but a number of competing actions, not all of which are widely publicised. So having information on all the available options is really important, before that decision to participate is made — whether that be to join the litigation or indeed, not to join the litigation.

I believe there is an increased awareness of potential litigation opportunities outside the US, particularly in the more established jurisdictions like Germany, the UK, Australia, and the Netherlands.

The big driver for any investor when looking at potential participation is risk versus reward.

In terms of facilitating investor participation, a real game changer in this space has been access to litigation funding. Litigation funding is now commonplace, particularly with opportunities outside the US, whether that be US law firms establishing practices outside the US, European-based law firms offering internal funding structures, or partnering with a third-party litigation funder.

There is greater access to justice in terms of propelling these cases into real recovery opportunities, and, from an investor perspective, litigation funding reduces the risks and burdens, providing more options for investors to seek legal redress.

For litigation outside the US, what do investors need to be aware of?

Each investor will have their own internal policy of what criteria need to be satisfied in order to proceed with potential litigation or participation. For some, it could be purely based on whether an internal materiality threshold has been met.

For others, it could be a decision based on who the company is or if litigation could potentially damage, or pose a risk to, a long term relationship. Though each institutional investor decision making process is unique to them, there is a lot of commonality that we see when assisting our clients in navigating some of these complexities.

Aside from understanding the legal claim and the drivers behind the litigation, understanding the jurisdiction and the participation requirements is also essential — is litigation funding available? Is there any chance we could be on the hook for costs? How many resources and how much time do we need to allocate to this? Is litigation even the right option for us? Is there a mediation option that's available?

There are more likely to be multiple case proposals for an investor to consider, and more questions to be asked on how these proposals differ.

Participating in litigation is not a decision that is taken lightly, but I believe the opportunities that are now available to investors should be viewed as a positive step towards legal and financial restitution. By weighing up potential risks and opportunities, investors can now have the ability to make well informed decisions, echoing their internal policies and safeguarding their long term investments.

Has the role of intermediaries changed, and if so how?

Because of the evolving landscape of securities litigation, and with awareness and informed decision making becoming ever more important for investors, this active approach now being taken by some investors can be a real challenge for intermediaries to keep on top of. In the asset manager space, for example, historically a class action service was seen as 'nice to have'. But the increased emphasis on investor stewardship has moved the needle for asset managers.

The impact for the investment community of not participating in securities litigation is more than just leaving potential money on the table. Increasingly, there is the need for the asset managers to be accountable to their internal stakeholders.

If, for example, a strong case is being presented by a law firm, it is backed by litigation funding and, on the face of it, there appears to be no downside to participating, it could be argued that active steps should be taken to ensure that at litigation that these options are at least being reviewed.

In terms of global custodians, many of which have been offering some kind of US settlement process to their clients for many years, a class action solution was seen as a value add, rather than an actual core service offering.

But now, this is not the same proposition as it was a few years ago. Most global custodians are now reviewing their internal service offering against what is required by their clients, and are looking to fully outsource to specialists like Broadridge who have the technological capabilities and industry expertise to be able to handle the entire process on their behalf.

What does the future hold for securities litigation?

Overall I think there is little chance of activity slowing down. Considering the US, for example, we are seeing a rise in the volume of cases that are being filed year-on-year, we are seeing a variety of different cases coming through the courts relating to crypto currencies, data breaches and Covid-19. We are also seeing more complex settlements, and particularly related to the non-securities cases.

If we look outside the US, the class action landscape is going to continue to expand with diverse investor involvement. The key to success in this dynamic environment is staying informed and understanding the global impact of securities litigation claims, as well as leveraging the expertise of professionals in the field. Investors will have the ability to navigate the options available to them and, more importantly, they will be able to make decisions that align with their best interests. ■

"Because of the globalisation of investments, I think it is inevitable that investors will be impacted by securities litigation globally"

Trip Chong
Senior director for global class actions
Broadridge

Zimmerman joins SimCorp team as head of Americas

Allen Zimmerman has joined Danish fintech company SimCorp, taking on the role of managing director, head of Americas.

As well as leading the company in the region, Zimmerman will head up SimCorp's Axioma analytics business, and will be responsible for defining the company's strategic direction in the Americas.

Zimmerman joins SimCorp with 18 years experience in financial services, most recently at Blackrock, where he served more than nine years as a managing director, focusing on business development for its investment management technology arm.

Prior to this, he served in leadership roles in both Barclays and Citi, notably in their portfolio analytics and quantitative models businesses.

Speaking about his appointment, Zimmerman says: "With 360 clients across the Americas, SimCorp already has a strong presence in the region, and I am energised by the challenge of leading initiatives here and delivering value to our clients." ■

Duco welcomes Monroe as chief revenue officer

Duco, an enterprise platform for data automation, has appointed Josh Monroe as chief revenue officer. He will report directly to the company's CEO, Michael Chin.

Based in New York, Monroe will oversee global sales, account management, marketing, customer success, solution engineering, and partnerships. Prior to his new position, Monroe most recently served as chief revenue officer at Xceptor.

Before this, he held key leadership positions at Itiviti, FIS, and SunGard. His career also includes time at Morgan Stanley and Point72 Asset Management.

Commenting on his new position, Monroe says: "I look forward to joining the leadership team, contributing to the continued success of the company, and making a meaningful impact for our clients, partners and shareholders."

Chin comments: "With Josh at the helm of our revenue organisation, we will realise our vision of becoming the partner of choice for chief operating officers of financial institutions, empowering them to streamline operations, enhance data quality, and optimise workflows."

Shane Kuros returns to CIBC Mellon

CIBC Mellon has appointed Shane Kuros as chief business development officer. He will be responsible for the financial services company's growth and business development functions.

Kuros has over 30 years of experience in the asset servicing industry and has previously served as head of business development at CIBC Mellon.

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He returns having most recently served as global head of business development for banks, broker-dealers and advisors and Hedgemark at BNY Mellon.

Kuros comments: “Canada is one of the most dynamic markets in the world, with pension plans and asset managers that are pioneering operating models that are examples in the world. There is no better place to grow with clients as they access better technology, global scale and our dynamic open architecture and platform strategy.”

Mal Cullen, CEO of CIBC, welcomes back Kuros.

He says: “As our global enterprise continues to innovate and transform to serve our clients, Kuros is the right leader to help our clients capture opportunity and grow their businesses on the foundation of our enterprise innovation, data and technology capabilities.”

Ocorian’s Nordic Trustee has welcomed Anatoly Sorin as head of UK.

Commenting on his new role, Sorin says: “It’s an exciting opportunity for me to further expand Nordic Trustee, and I am focused on supporting existing clients and showcasing Nordic Trustee’s expertise to the wider UK market.”

Sorin’s appointment supports Ocorian’s growth in capital markets in the UK, allowing it to leverage Nordic Trustee’s proprietary systems, track record and expertise, to support bond trustee and loan agency products sold in the UK and Europe.

Prior to his new appointment, Sorin worked as UK head at Global Loan Agency Services and US Bank where he most recently held the role of senior vice president, CDO relationship management.

Davies promotes Vallejo to CEO of consulting division

Professional services and technology business Davies has promoted Pino Vallejo to CEO of its global consulting division, formerly known as Sionic.

Vallejo joined Davies in 2015, having served in senior roles in the banking and markets team. His multidisciplinary background spans finance, operations, international business and regulatory environments.

The consulting division at Davies incorporates eight practices: asset and wealth management, banking and markets, customer experience, assurance, financial crime and compliance, insurance, people and organisational performance, and specialist operations.

Under Vallejo’s leadership, it forms part of Davies Global Solutions, which also incorporates the SaaS technology suite and insurance services, and forensic accounting businesses.

In 2021, Davies acquired the financial services consulting firm Sionic, rebranding it to Davies last year.

The acquisition enabled Davies to diversify and broaden its consulting offering and expertise.

Davies operates across 15 countries with a team of over 8,000 professionals, servicing more than 1,500 insurance, financial services and public sector businesses. ■

Nagarajan to lead IQ-EQ's Asia business

Sridhar Nagarajan has been named managing director for Singapore and regional CEO for Asia, Middle East and Africa. He also joins the IQ-EQ group management team.

Speaking on his appointment, Nagarajan comments: "The future holds immense opportunities for Asia, and I am eager to work collaboratively with our stakeholders and team to build on the great work achieved over the last few years and to help shape the next exciting chapter here in Asia."

Najarajan has been part of IQ-EQ's senior leadership team since 2019 and served as regional managing director for Africa, India and the Middle East (AIME).

Mark Pesco, IQ-EQ's group CEO, adds: "Sridhar's proven track record and leadership skills will be invaluable as we continue to strengthen and grow our position in the region. Sridhar and I have worked together for many years now and I'm confident that under his stewardship our business in Asia and in AIME will enjoy continued success."

Prior to joining the investor services group, Nagarajan spent 12 years at Standard Chartered before a three year tenure as CEO of MauBank. ■

FIS hires Tenggren as senior director of product management

FIS Global Transfer Agency Services has appointed Peter Tenggren as senior director of product management.

He joins forces with vice president, Lisa Shea, as part of the firm's solution management leadership team.

Tenggren brings extensive experience in fund servicing. Prior to joining FIS, he held a 12-year tenure at BNY Mellon, where most recently he served as senior principal of product management.

Before this, he was a senior vice president and managing director at PNC Global Investment Servicing, between 2007-2010.

Hazeltree name Gallant as chief product officer

Hazeltree has appointed Paul Gallant as chief product officer. Based in New York, he will report to Hazeltree CEO Miller.

In his new role, Gallant will oversee solutions for hedge funds, private markets, data insights, the liquidity platform, and cash and payments.

Miller says: "[Gallant's] exceptional understanding of the full asset class spectrum, trade lifecycle and market ecosystem, will be instrumental to his role as the leader of Hazeltree's product strategy."

Gallant has over 20 years of experience in the industry and joins from BlackRock, where he served as head of post-trade product management.

Previously, he worked in senior positions at J.P. Morgan, Citco Fund Services and SS&C Technologies.

Apex Group appoints Yadav as Super Regional Head of Europe

Apex Group has appointed Navita Yadav as the super regional head of Europe, and as a member of the group executive committee.

The firm says the move demonstrates its “commitment to driving growth and innovation in the European financial markets”.

In her new role, Yadav will steer more than US$1 billion in revenues. Her leadership will encompass a diverse range of services including fund services, digital banking, depositary, custody, middle office, corporate services and ESG ratings and advisory.

Yadav brings 25 years of senior financial services experience, covering a range of global ownership roles, from banking to asset servicing and outsourced business services.

Moos joins Depowise

Melanie Moos has joined Depowise, an Estonia-based startup fintech company. Her appointment aims to automate asset servicing processes and boost customers’ scalability and profitability.

Moos explains her decision to join the start-up: “Depowise’s mission to revolutionise operations resonates with me, because I’ve seen very closely how manual and risky current processes can be. I’ve been thoroughly impressed by what Depowise has achieved in just two-and-a-half years – it is already servicing world-leading banks and financial institutions, and its growth is unstoppable.”

She joins from KPMG where she was a partner. At KPMG, she directed large-scale transformation programmes and led business development initiatives. Prior to her time at KPMG, Moos was senior vice president at Clearstream. In this role she led product management for investment funds services, overseeing partnerships, acquisitions and transitions in Europe and Singapore. ■

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