Asset Servicing Times
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A NEW START

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HSBC exits South Africa

HSBC has agreed to transfer the business of its branch in South Africa to FirstRand Bank (FRB).

This will see the branch's clients and banking assets and liabilities transferred to FRB. HSBC's branch employees will also transfer to FRB as part of the agreement.

Also, Absa has agreed to provide HSBC Bank's global equities and securities finance clients with continued access to the South African market.

Colin Bell, CEO of HSBC Bank and HSBC Europe, said: "Following a strategic review, we are pleased to have signed agreements with FRB and Absa. They both have extensive networks and are leading corporate and investment banks in the region. They will continue to provide clients with a broad offering in terms of service and products."

The transactions are expected to be completed in the fourth quarter of 2025 and are subject to regulatory and governmental approvals. ■

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Euronext Securities acquires Acupay

Euronext Securities has acquired Acupay, a provider of financial reporting, corporate actions and securities processing. The acquisition will expand Euronext Securities' services offering to investors and issuers, and will utilise Acupay's presence in Italy to distribute Euronext's offerings across Europe.

Acquiring the company is also said to strengthen Euronext's non-volume related revenue streams, and will enable investors to manage the impact of cross-border withholding tax.

Stéphane Boujnah, CEO and chairman of Euronext's managing board, comments: "The acquisition of Acupay is a step further in broadening Euronext Securities' services offering. We are glad to welcome the Acupay team, whose expertise in financial reporting, and securities processing will contribute to further reinforcing Euronext Securities' ability to serve issuers across borders."

President of Acupay, Stef Lambersy, adds: "The acquisition by Euronext of Acupay demonstrates the high relevance and quality of our services towards customers and validates our ambitions as a service provider for the future, backed by the pan-European market infrastructure." ■

Kaleido Growth picks RBC Investor Services

Kaleido Growth has selected RBC Investor Services (RBCIS) to act as custodian and fund accountant for its IDEO+ registered education saving plans (RESPs) and legacy funds.

This new partnership will take effect on 1 October with the transition of assets, and reinforces RBCIS's reputation as a provider of asset services in Canadian financial markets.

Commenting on the selection, Claire Johnson, CEO of RBC Investor Services, states: "We are thrilled to welcome Kaleido Growth as a client, and to be a part of helping them achieve their aspirations." ■

WisdomTree appoints BNY for asset servicing

BNY has been appointed by WisdomTree to provide custody, accounting, ETF, and fund administration services across its US listed ETF assets.

In addition to this, BNY has also been awarded fund accounting and administration of WisdomTree's Bitcoin ETF and tokenised funds.

This selection marks WindomTree's aim to expand growth initiatives across its digital assets and financial models. The company says utilising BNY's experience within the financial ecosystem, as well as its numerous clients, will further provide the company with greater operational efficiencies and scalability.

Emily Portney, global head of Asset Servicing at BNY, states: "This is a great example of how BNY is bringing together solutions from across our enterprise to create an operating and distribution support model that will help accelerate WisdomTree's ongoing growth and innovation story."

"We're thrilled to deepen our relationship with WisdomTree to now provide them with a front-to-back solution from sub-advisory through to fund administration and investor servicing, digital assets support and distribution." ■

Spuerkeess selects Clearstream

Clearstream has been chosen by Spuerkeess for the execution and distribution of the company's investment fund business. Utilising Clearstream's trade dealing and execution platform, Vestima, will enable Spuerkeess to consolidate its mutual and alternative funds businesses.

The collaboration is said to further enhance operational efficiency, and provide Spuerkeess with a higher standard of asset safety and fund processing.

Clearstream will also provide a wide range of services to Spuerkeess clients, including fund data and post-trading.

Philippe Seyll, CEO of Clearstream Fund Services, states: "The partnership is a testament to our mutual pride in Luxembourg and our commitment to service excellence. Clearstream can ensure streamlined, efficient and safe processing and distribution services for all fund types."

Deputy CEO and member of the executive committee at Spuerkeess, Aly Kohll, adds: "Clearstream's proven track record and comprehensive service offering from subscription to execution, settlement, custody and trailer fee collection will allow Spuerkeess to enhance operational efficiency and cost-effectiveness." ■

Nonco collaborates with TP ICAP's Fusion Digital Assets

Nonco has collaborated with TP ICAP's Fusion Digital Assets to provide liquidity for the Bitcoin and Ethereum order books.

Fusion Digital Assets, a marketplace operated by TP ICAP, provides clients with a secure and efficient environment for order matching and trade execution. Through this collaboration, Nonco aims to strengthen the digital asset exchange through tighter spreads and enhanced liquidity.

The company's involvement in Fusion Digital Assets further reinforces its commitment to facilitating the development of secure digital asset markets.

Head of North America and partner at Nonco, Jeffrey Howard, states: "We are excited to contribute to the growth of TP ICAP's Fusion Digital Assets exchange. By enhancing liquidity and ensuring smooth execution, we aim to support the success of this innovative exchange." ■

Integral Corporation expands partnership with Apex Group

Apex Group has expanded its partnership with Integral Corporation to provide fund administration services to Integral Fund V Series.

The continuation of Apex Group's 10-year relationship with Integral Corporation represents the company's commitment to growing the private equity sector in Japan.

Apex Group will now offer Cayman Fund administration, regulatory reporting and tax reporting services to both local and international investors.

Commenting on the partnership, Yuko Shimizu, business development director of APAC at Apex Group, states: "Integral is one of the largest independent Japanese private equity firms, participating in the most exciting markets for investors across APAC. Apex Group is proud to have grown with Integral for the last ten years and to continue to expand our relationship."

CFO at Integral Corporation, Yasuaki Sumikawa, adds: "We are excited to be working with Apex Group, a strategically important partner of our group, on our fifth fund series, as we have done for the past ten years." ■

BNP Paribas integrates Pirum connectivity in Triparty Collateral Services

Pirum has integrated its connectivity services with the Triparty Collateral Services of BNP Paribas' Securities Service business to provide mutual clients with real-time, automated exposure and collateral management solutions.

Through this collaboration, mutual clients of both firms gain automated exposure and collateral management processing visibility, efficiency and transparency across their securities lending, repo, and over-the-counter (OTC) derivative transactions.

Frédéric Pascal, head of market and financing services, Securities Services, BNP Paribas, says: "The connection between Pirum and our Triparty Collateral Management platform is a major milestone in the development of our franchise.

"Our goal has always been to help clients deliver on their securities finance strategy while making the move to Triparty as easy as possible. With Pirum as a new partner, we are excited to be able to keep on delivering on that promise to our mutual clients."

Pirum automates the management of the entire collateral lifecycle — from calculation and matching to submission and validation of collateral requirements and allocations.

Pirum's Exposure Management service is designed to enable clients to reduce settlement fails and Central Securities Depositories Regulation (CSDR) penalties, as well as collateralisation timeframes while increasing operational efficiencies for all participants. ■

Titan Wealth forms Titan Settlement & Custody

Titan Wealth Group has formed a new division of the business, Titan Settlement & Custody.

Led by Mike Fullalove, the newly appointed CEO of Titan Settlement & Custody, the division aims to provide execution, settlement, and custody services to clients and wealth managers.

Titan Settlement & Custody, previously known as Global Prime Partners, was acquired by Titan Wealth in 2021. This formed part of the group's expansion to provide enhanced client to custody offerings alongside asset management.

Andrew Fearon, joint CEO and head of mergers and acquisitions at Titan Wealth, states: "Titan Settlement & Custody complements our two other strategic pillars of advice and asset management by fulfilling every aspect of Titan's end-to-end client-to-custody strategy."

Fullalove adds: "The settlement and custody business is an integral part of the offering, whilst also ensuring that state-of-the-art technology and commitment to delivering a quality service sets us apart in the wealth, settlement and custody markets." ■

Spiko and Twenty First Capital select CACEIS

Spiko, a French blockchain-based fintech, and Twenty First Capital, an independent asset management company, have selected CACEIS to act as the custodian and depositary of their tokenised money market funds.

As custodian, CACEIS will enable clients to subscribe into the first French Undertakings for the Collective Investment in Transferable Securities (UCITS) money market fund delivered on Ethereum's public blockchain.

Future developments will further enable clients to receive redemption proceeds directly on the blockchain, with the integration of stablecoins and tokenised deposits.

Co-founder and CEO of Spiko, Paul-Adrien Hyppolite, states: "With CACEIS's offer, we now bring investors a cutting-edge technology solution for custody of shares in the first tokenised money market UCITS on Ethereum's public blockchain."

Laurent Majchrzak, group head of digital assets at CACEIS, adds: "Clients are now able to invest in digital assets with the same level of security and reliability as enjoyed by traditional assets." ■

HornbyChapman partners with The Henka Institute

HornbyChapman has collaborated with The Henka Institute to extend its service offering to its financial services client base.

Paul Chapman, founder and managing director of HornbyChapman, comments: "We are delighted to partner with a firm of Henka's capabilities and reputation to provide a holistic life cycle offering through onboarding to executive leadership coaching, making using HornbyChapman, powered by Henka, a relevant proposition."

Rachel Treece, CEO of The Henka Institute, adds: "We are thrilled to collaborate with HornbyChapman to deliver a full spectrum of support for professionals and organisations alike.

"Our combined expertise allows us to offer a unique blend of strategic career development, leadership coaching, and transformation services that empower individuals and teams to thrive in an evolving financial landscape.

"Together, we are creating a partnership that goes beyond recruitment, supporting long-term success and sustainable growth for our clients." ■

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Apex Group acquires Trustees Executors' custody business

Apex Group has acquired Trustees Executors' custody and investment accounting business.

This marks the expansion of the company's New Zealand investment operations footprint, and is said to strengthen Apex Group's standing as a provider of administration and custody services in the region.

Trustees Executor's clients will now receive access to Apex group's capital raising and distribution solutions, which will be supported on its technology platform.

New Zealand country head for Apex Group, Donna Mason, comments: "Apex Group remains committed to expanding access to our offerings for clients. We look forward to further enhancing our technology-enabled solutions to service the asset management industry in New Zealand."

Rob Russell, chair of Trustees Executors, concludes: "We are delighted to announce the successful completion of the transfer of our custody and investment accounting business to Apex Group in New Zealand. Apex's wider suite of products and services will further benefit our clients, so we are pleased to hand over this business division to Apex Group." ■

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Nephelai's AI integrates into Caceis' middle office offer

Caceis has integrated Nephelai's machine learning solution that facilitates middle office trade management.

The solution aims to streamline client transaction processing, from capture, verification, enrichment and confirmation, to settlement monitoring and penalty management.

The solution scans each transaction to detect anomalies and fills in missing information or corrects instruction from clients.

Sandrine Legrand, Caceis' group head of middle office, states: "Caceis' Trade Management service handles over 30,000 monthly transactions, and leveraging the predictive software introduced by Nephelai's solution, we can improve efficiency while enhancing client satisfaction and staff performance."

Éléonore de Vial, Nephelai CEO, adds: "By integrating our SaaS solution in its operational processing chain, Caceis once again demonstrates its desire to take full advantage of fintech innovation." ■

A new start

Stephen Everard, founder and CEO of TaxTec, speaks to Asset Servicing Times about how TaxTec plans to break the status quo of the withholding tax space

Where did the idea for TaxTec come from? What motivated you to start the business?

When I left Goal, I was consulting for various companies in financial services — both in class actions and in the world of tax reclaim. It was during the course of this, two or three of my consulting clients said to me, “Why are you consulting? Why don’t you set up your own business?”

The market needs a new player, a competitive player, and someone who is credible with new technologies. With all due deference to our competitors, their technology is not great — and I can say that based on lots of experience. Our technology is absolutely leading-edge and we’ve partnered with Deon Digital, who have taken on our whole technology assignment globally. They are very much a green technologies company which sits well with our ethos and our ethics.

That was the birth of TaxTec — someone planted the seed in my mind of ‘Why don’t you do this?’ I spoke to Daron [Pearce, co-founder of TaxTec], who I have been close to for longer than we both care to remember, probably the best part of 40 years, since we were at Bank of America together. We got talking and based on Daron’s experience of running BNY’s asset servicing business for EMEA for many years, and my experience in the tax recovery space, we concluded that we could and should do something together.

We started some tentative outreach to the market, just to confirm what I’d heard before, and that culminated in us forming the company in November 2023. We now have three companies: the parent holding company TaxTec Group Limited; we have a US entity, TaxTec Inc., and we have TaxTec UK Limited.

Since forming, we’ve attracted investors from a broad spectrum across our network. Those people have been kind enough to put their faith, trust and their money into TaxTec, which has enabled us to come to market fairly rapidly.

It’s not even a year and we’re at the point where we’ve got technology, which we’ve demonstrated to potential clients. It has been fabulously well received, quite rightly, because it is way ahead of anything else that’s out there.

We’ve now just launched the company, because previously we’ve been working very much in stealth mode. We didn’t see any benefit in being visible sooner, because there are only two or three leading competitors in this space — WTax and GlobeTax are the behemoths that we are targeting and we did not see any point letting them know that we were coming. We really have been in stealth mode until now.

Why should clients be excited about TaxTec? What sets you apart from the competition?

Our technology is vastly superior. The reporting you can achieve with our technology is all real-time, anytime. Our competitors, with all due respect to them, are not capable of doing that.

When we’ve been demoing this technology, we have had comments like “cool”, “awesome”, “slick”, “far better than anything we’ve seen”.

The real time reporting is great because at the end of a dividend programme on American depositary receipts (ADRs) for example, you can get a snapshot the minute the programme closes. You can see what the position is, bucket by bucket. From personal experience, I know that previously it would take at least two to three weeks to prepare those reports from other providers.

How the technology that you have built differentiates you?

Our technology uses a lot of AI. I know AI is very trendy and a lot of people are bandying it out there without really understanding what it is. But we use it to read a lot of documentation that comes in, because tax reclaims are still very much paper-based. Although there are a lot of initiatives to get away from a paper system, it is still very much one.

We use AI to read the forms because, on any given programme, we could get in between three and 15,000 documents that have to be completed correctly.

With AI, give it less than a minute and it is done. It will throw out the exceptions and even if you have five exceptions, someone has got to look at them but that only takes five minutes.

When you say ‘enhances investment returns’, what do you mean?

It means that our technology will ensure that you optimise the tax that you can get back. We’ve got all the correct tax matrices, and there are over 3,000 double taxation treaties in existence globally.

This obviously takes a fair bit of maintenance and research, but because our technology allows us to process the claims faster, and more accurately than anybody else, we will be able to get your money and potentially more of it back quicker. You are going to get use of funds way ahead of anybody else.

We will commit to starting to file reclaims within one business day of the reclaim information being sent to us. Other companies won't have that aggressive timeframe. We will probably get the money back a couple of years ahead of a custodian, just because the nature of our business is very specialised and that's what we focus on. Custodians have got to concentrate on 50 plus different services according to client demand.

They can't invest in everything and historically, tax reclaim has been one of those areas where there's not been much investment. We want to see ourselves, not as a competitor to custodians but we see ourselves as complementary if they need assistance with client deadlines or backlogs.

You have assembled an experienced team, tell me about what makes them so special?

The people we've employed have all got great experience in this very specialist market. They've either worked as custodians, at insurance companies or fund managers. They know the marketplace and we have specifically targeted to hire the best around.

With our technology, we are very fortunate that we don't need a huge team. By March, we will have a team of around 16 to 20 people, as the business grows. But we don't need to expand significantly as we win new client mandates because the technology enables us to be comparatively volume insensitive.

Why is US$16 billion of tax left unrecovered every year? How will TaxTec change that?

There are a whole raft of factors when you look at the various markets. The US is the heavyweight when it comes to investing overseas and most of the reclaimed markets are in continental Europe and Scandinavia. That is where the focus is.

You also ask why [there is such a large sum of money unrecovered] and it could be that some of the underlying beneficiaries don't want the level of visibility that comes with reclaiming withholding tax.

This could be because it makes them visible to another tax authority for another type of tax, which might far outweigh the benefit they're going to get from reclaiming. There are a whole number of reasons which we will explain in a forthcoming series of research reports.

What client types does TaxTec serve and what is important to each of them about what you do?

The underlying ethos for all of them is to optimise getting back the tax as quickly as we can. There are seven or eight different client types, we are looking to service asset managers, hedge funds, pension funds, insurance funds, wealth managers, sovereign wealth funds, high-net-worth individuals, and we want to complement the custodians. The ethic for all of them is to try and get that money back as quickly as possible.

Where do you see TaxTec in three years time?

We have come a long way in 11 months and so three years in the future is a further three times the life cycle of the company. My ambitions are to have been appointed to manage at least 50 per cent market share of sponsored and unsponsored programs in the ADR tax relief agent space. Currently, GlobeTax has a 100 per cent monopoly of both the sponsored and unsponsored which, with absolutely no disrespect to GlobeTax, is not a good position for anyone but GlobeTax. There is too much market concentration and vendor risk, and although they're seemingly a very robust company, we've seen big companies go under before. There are some severe market concentration risks that need resolving, and we are in a position to help reduce that risk. Obviously, there are financial benefits for us. But, we are reducing costs for our clients because our technology is vastly superior.

I want to make great inroads into the tax reclaim space. We will continue to innovate but I don't really want to give away all of our plans and competitive advantage.

There are certain things we're going to be looking to do with unsponsored programs — that's a comparatively under-developed space at present compared to sponsored programs. We are starting to work with one of the larger depot banks on how we can re-define that process, making it easier for all parties involved. We've also signed or are in negotiations with several strategic partners all of whom are industry leading firms. These partnerships will be announced over the coming months.

What can clients expect from TaxTec? How are you going to do things differently?

I think our client service will be of the highest standard and we have award winning client service staff on board.

Our pricing will be very competitive, we're not getting involved in a race to the bottom because that's just pointless. We could afford to do it, others could not, but that is not the way. We just want to offer competitive, compelling pricing.

The underlying structure of the service will be different. For example, we might well offer a service whereby the refunds go directly to the client, as opposed to going to us or to an agent, which takes away financial exposure to the client and should give them more comfort.

We want to disrupt the market. It is quite a comfortable space for some participants who are simply turning over without really having to innovate or do very much to make money.

We want to disrupt the market, and show clients that there is another way and modernise our industry.

What are the key challenges facing the tax recovery sector and how will TaxTec address them?

The main challenges are the ongoing reliance on paper. There are lots of good initiatives out there; the Dutch authorities have good online processing capability and the German tax authority is trying to bring in their new system which has been delayed a couple of times. The intent is there and the Faster and Safer Tax Relief of Excess Withholding Taxes (FASTER) is going to hopefully make the documents a lot quicker and a lot more standardised across the EU.

I think a big challenge, which a lot of people aren't focusing on, is the Digital Operational Resilience Act (DORA). We will be DORA compliant, but some providers may not be able to conform quickly with DORA given their reliance on legacy systems.

I think getting rid of paper, making things more secure and less open to fraud is the main thing. We have to make it easier, quicker, more transparent for everybody involved — clients and beneficiaries, from the fund managers, the custodians to the tax authorities — and make sure everyone knows this is a very transparent system, and you can all see what's going on. ■

"We want to disrupt the market, and show clients that there is another way and modernise our industry"

Securities lending

An ever-evolving market

Three months into his new role as head of Global Business Development, Securities Lending at GLMX, Robert Zekraus speaks with Carmella Haswell to talk about regulations, technology, and the growing securities lending market

You have been in your new role at GLMX for about three months. Can you give us an idea of what you are focusing on?

It has been a quick three months, and it is worth taking a minute to explain how I arrived in this position. For the majority of my career, I was a securities finance trader, focusing on securities lending, and a manager responsible for building, scaling, and leading businesses for global banks. I saw first-hand the multiplier effect that properly developed and agile technology had on the growth of my businesses, so I always worked with internal technology teams and external providers to solve many operational challenges across day-to-day activities. These endeavours led to enhancements across all aspects of trading, including gaining better access to liquidity, improved operational efficiency, and ultimately to more profitable business. I am a staunch believer in the benefits that technology delivers to the market. Three years ago, I left my position as global head of prime services, client capital management, to lead the US expansion of a technology provider. You could say that I put my money where my mouth — or passion — is.

Earlier this year, I saw a unique opportunity to help bring long overdue change to the securities lending industry (SBL), the industry in which I spent the bulk of my career and where I have made lifelong connections. There is currently a significant prospect to evolve market structure to be more resilient and efficient. Borrowers and lenders are aching for alternatives. What was fit for purpose over 20 years ago is no longer sensible for a rapidly growing marketplace. Although there is a general agreement amongst practitioners about what is needed, there remains some confusion about the solutions out there, and uncertainty as to the most efficient and, importantly, practically implementable path ahead. This makes for many interesting conversations with clients and their decision-making units as both small and large institutions cannot afford the resources and time for a misstep.

I joined GLMX because of the people, product and platform. The firm's existing technology offering combined with its fastidious client-centric approach to development, make it uniquely suited to help the industry effect this change. Leveraging my market experience, product knowledge, and deep network, my primary focus is to accelerate market adoption of GLMX's comprehensive, fully built, fit for purpose securities borrow and loan technology.

As a sponsor of the upcoming International Securities Lending Association (ISLA) Americas conference, the team and I have a robust client-focused agenda, from hosting a welcoming event to scheduling over 40 meetings with active and on-boarding clients, and prospective clients looking for solutions. The chance to have an influence on market structure in such a significant way does not come around often.

The securities lending market is forever evolving, do you think the industry is moving forward, and at what pace?

Evolving is a very good way to put it for a market that has historically been slow to pivot and adopt change. But we have seen green shoots over the last several years to accelerate the pace of change — especially in a technologic sense. Some recent momentum can be attributed to a robust regulatory agenda, a global pandemic and mitigating single point of failures. I do think that the market has, and is, moving forward. The statistics bear this out.

Since the trough in the market in 2009, during the 'Great Financial Crisis', there has been significant growth in the both securities on loan and access to liquidity, measured by lendable securities availability. The chart below from S&P Global Market Intelligence Securities Finance provides a good representation of this long-term trend. You can see securities on-loan values have increased approximately 75 per cent to around US$3.5 trillion across equities and fixed income, and availability is approaching US$41 trillion. Near-term growth is impressive as well, with availability and on-loan increasing 18 per cent and 19 per cent year-over-year, respectively.

Additionally, with year-to-date fee revenue for the sector nearing US$8 billion, and an estimated 600 firms participating in global securities lending, there is a significant responsibility to advance how liquidity is accessed and trades are executed and managed.

As more liquidity is looking for a route into the market to support the growing demand for securities, only technology can support increased volumes, lower latency, mitigate operational risks and automate and digitalise all trading bands across asset classes, from matching of high volumes, low margin easy to borrow and general collateral (GC) flows through the intrinsic value layer of warms, specials and hard-to-borrows.

With so many moving parts, connectivity is the lifeblood of SBL. Connecting directly with each counterpart is not conceivable to scale one's business. That is why the market has reached an inflection point and needs to embrace change.

image by dorin/stock.adobe.com

You mention changes occurring in the SBL market. Can you provide an overview of some of these changes you are referencing?

Specific to technology, over the past few years the SBL market has been faced with the unique challenge of balancing its growing adoption and dependence of innovative technology across the trading lifecycle with how to optimise and ensure resiliency around their use.

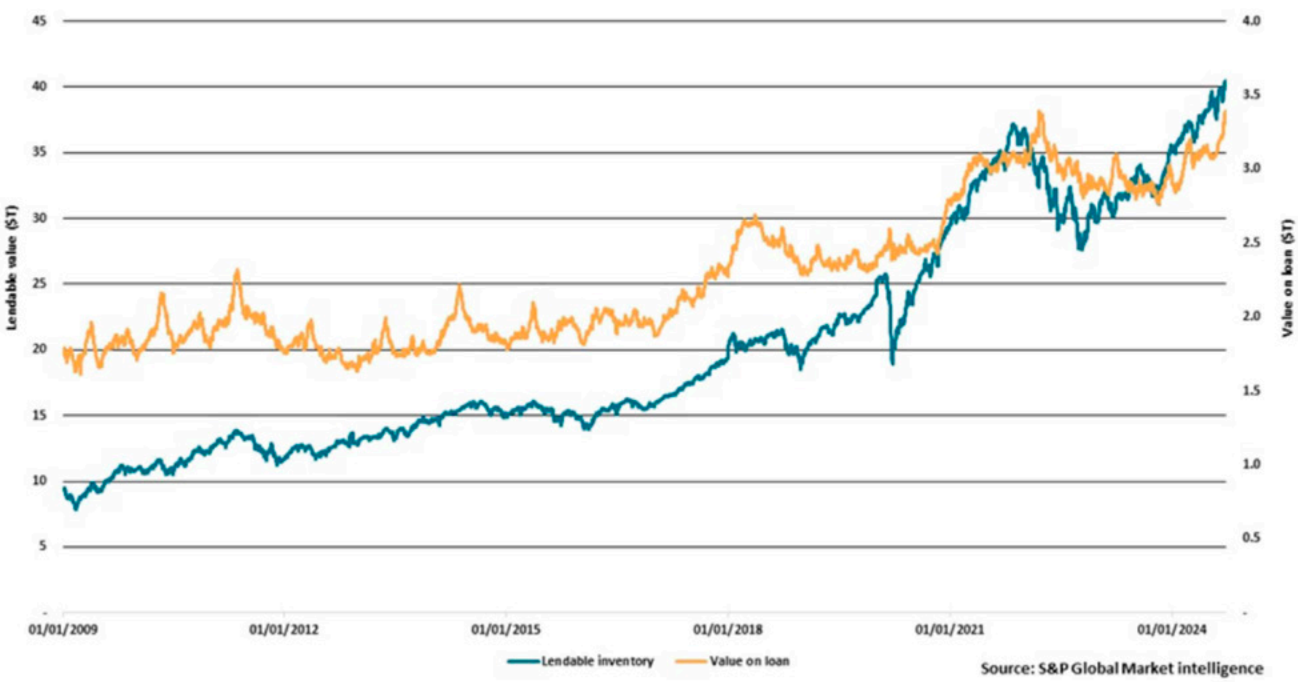
The market has been discussing resiliency for years but has not come together to find and adopt alternative solutions and, unfortunately, the need for redundancy became all too apparent earlier this year. Now there is urgency and determination to support diversification of technology providers and resolve some areas of concern including the single point of failure conundrum. And as you can imagine, there is no shortage of ideas.

I would generally describe the market offerings in three broad categories: technology that roughly fits into pre-trade; trading and execution; and post-trade.

Messaging hubs that provide rule-based matching logic fit into pre-trade. The majority of electronic SBL trading done today is seen as a utility and falls into this category. This type of offering centres around connectivity — connect once to gain access to the many. The dominant platform in the industry is a hub model where lenders and borrowers match availability and needs through an automated process — think machine to machine. This process services the easy to borrow (ETB) segment of the market that generates the majority of the volume and tickets.

There are two new solutions in the market that are building technology with a similar concept. The 'nirvana state' for borrowers and lenders is the promise that through this single pipe they will gain access to the whole market, including borrowers, lenders, trading platforms and market utilities like central counterparty clearing houses (CCPs). The challenge to achieving success for pre-trade hubs is whether they can, in a timely manner, deliver open source, state of the art connectivity to the marketplace, including trading and execution venues, with all of the trading features exposed, but used in a way that efficiently executes all transaction flow.

Lendable value vs Value on loan



Source: S&P Global Market intelligence

Post-trade providers have been a mainstay in the industry for decades. Geared to back office and operations personnel, they provide a valuable service by ensuring that new trades done manually or via a hub and inter-life cycle changes that are agreed to manually have been inputted correctly into front end applications and booking systems. This process flags exceptions and allows the trading counterparties to reconcile, avoiding costly fail charges. These services require different levels of integration depending on the client's needs and come with different costs.

The final segment, trading and execution platforms, provide the ability to source liquidity and to dynamically negotiate terms with enhanced tools provided by the platform. 'At trade' decision support is becoming a need-to-have, not a nice-to-have, as the number of inputs and requirements into trading decisions continue to grow. This dynamic process is well suited for quick decision making while accessing the broad market across equities and fixed income trading bands, with a focus on specials and hard-to-borrows. Percentages vary by firm, but generally this intrinsically valued segment of the market represents 10 to 20 per cent of the transacted volume, but generates upwards of 90 per cent of the revenue. It is easy to understand the value that proven and sophisticated technology can bring to this important segment of the market. In the space, there are only a few providers out there — including GLMX — that are live in this capacity, and working both sides of the aisle to usher automation and move this tranche of trading on platform.

Processing SBL collateral transactions is multifarious and with many manual and automated options to choose from along the chain.

How are client demand and attitudes towards securities lending changing? And what impact is this having on competition and innovation within the industry?

Clients are demanding more, regulators are requiring more and as a result, technology and service providers are producing more. We are in the midst of an evolution — and maybe even a revolution — in securities lending.

The period of 'build and they will buy and adopt' was the norm when technology providers were scarce, solutions that were monolithic to service one part of the SFT market were stretched to serve new needs, and business lines were siloed, causing firms to adopt multiple services that would not connect and communicate with each other.

This question is very timely as firms are in their planning and budgeting phases for 2025 and beyond. As it relates to front end markets, clients are demanding a standardised, comprehensive, multi-product, and multi-asset class platform. Repo, SBL and reinvest and total return swaps (TRSs) achieve the same result, but each come with their own costs, operational processes and liquidity profiles. From our ongoing conversations with clients, common themes are emerging, including one where the industry wants the ability to trade across these products with price transparency and operational ease in a single platform. A technology platform that looks and acts like a trading front end, has a trader or sales-trader 'brain', and one that can handle all aspects of trading, from access to deep liquidity pools to better decision support at the point of execution to lifecycle and trade management for multiple product types. As I have seen before, this type of technology can scale their business through electronification of workflows, from high touch into low touch, reduce costly and prohibitive barriers to entry, and benefit from ongoing innovation.

There are many platforms out there but not many with comprehensive access to multiple products, across multiple asset classes, across multiple regions. Fortunately, GLMX is one. In this world view, GLMX and a few other providers compete to provide the industry innovative technology, premium client support and customisation, ease of connectivity and reasonable cost. Collectively, this is the value proposition the industry demands.

Looking forward to the end of 2024 and into 2025, what hopes do you have for the evolving securities lending landscape? What can participants expect next from GLMX?

Given that the SBL industry is at a pivotal time, it is understandable that many are struggling with how to proceed. Some may simply onboard additional providers across the value chain in order to 'check the redundancy box', while others may look to models from other markets for alternative solutions to optimise technology access and resiliency.

In many markets, and including our recent experience in the repo market, liquidity centralises around a few trading platforms. There are several reasons for this behaviour, but the ultimate leaders often provide the best value for users, measured by breadth of product, depth of functionality and access to the most diverse ecosystem. Cost is always part of the conversation but it is not the most important factor.

As an industry executive from a market leading SBL firm told me last week: "I am willing to pay for something that works."

As I laid out earlier, the SBL market has 'grown up' with disparate technology solutions across the financing value chain. GLMX has succeeded in being the dominant platform for repo, a sibling market to SBL, by building solutions for each step in the trading process, pre-trade, trading and execution, and trade management workflows, into its core technology offering.

The approach for SBL is exactly the same and through a single application, users can utilise automated matching messaging for easy to borrow and general collateral flow, enhanced trading tools to find and negotiate hard to borrows (HTB), and a trade blotter to initiate recalls, returns, rerates and substitutions on outstanding trades. In addition, the platform supports equity and fixed income securities across all trade types, including cash and non-cash and collateral transformations, and this functionality comes with the attendant benefit of electronic trading, pre and post-trade integration for operational ease and risk mitigation.

In addition to the advanced and centralised workflow technology, GLMX provides access to over 150 (and growing) clients, including banks funding desks and securities lenders, dozens of third-party technology vendors and industry infrastructure providers.

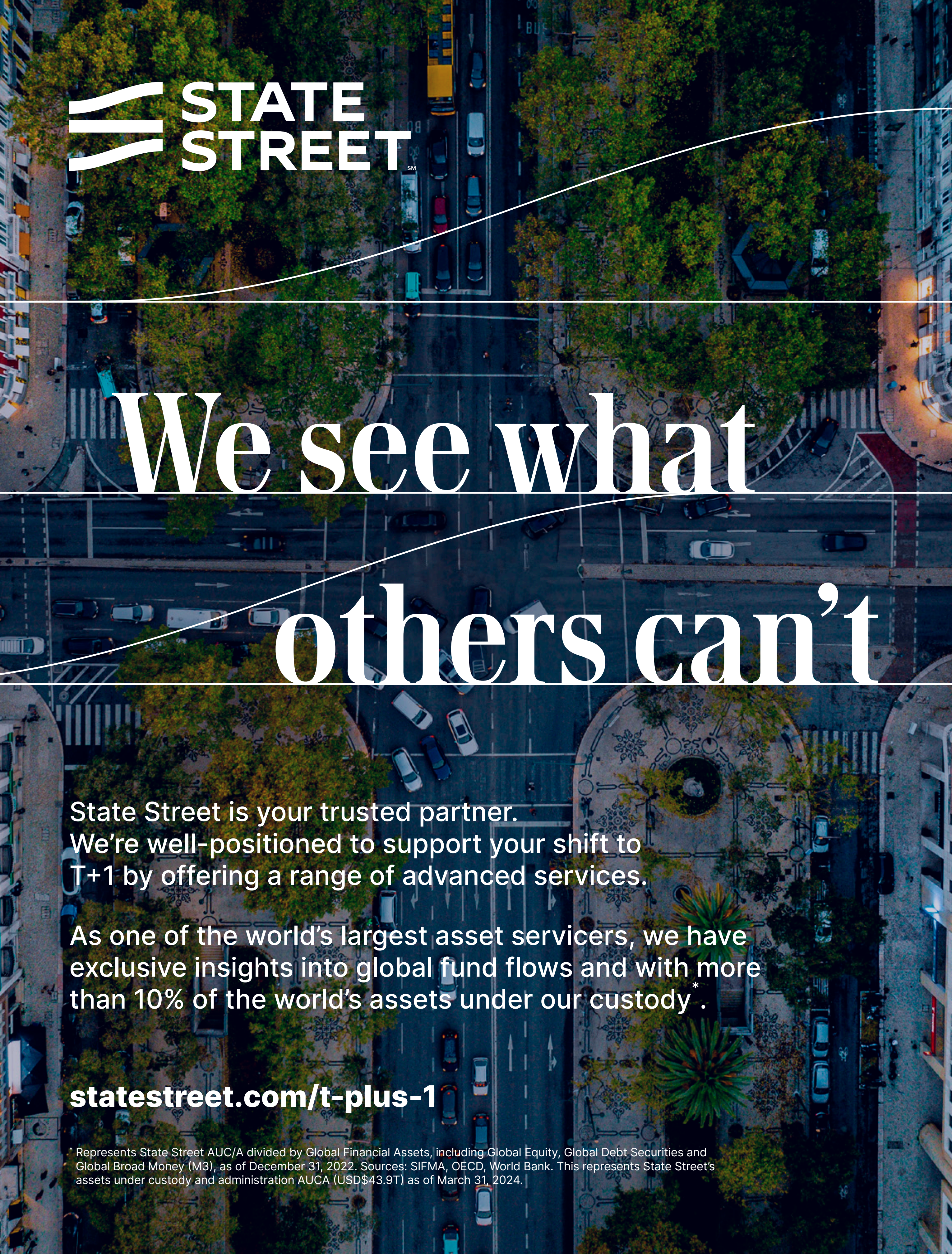
Our clients get the utility of GC trading, the sophistication of specials/HTB trading technology and flexibility to action trade lifecycle events in real-time as well as a viable solution for the industry's need for technology service optimisation and trading resiliency.

Based on client demand and extensive and ongoing client input, GLMX is rolling out TRS for both equities and fixed income very soon. Capital constraints are driving desks to eliminate inefficiencies across their funding businesses and are increasingly driving convergence of collateral usage and across funding desks.

The ability to source liquidity across repo, SBL and reinvest, and TRS in a single platform with straight through processing on new and existing trades is a game changer and GLMX is heavily leaning on its development process to make this a reality.

I have a fervent appreciation of the transformative ability great technology can provide, and once again, I am backing up my conviction by having joined a firm that can deliver these superpowers to the SBL industry. ■

"Connecting directly with each counterpart is not conceivable to scale one's business."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Rallying in the rain

On 26 September, Transparency Task Force led a small rally outside the offices of the Financial Conduct Authority demanding reforms in the name of greater transparency and regulatory oversight

Photography by Jack McRae

The rain pummels the ground of Queen Elizabeth Olympic Park to leave the small water features a sight akin to a broken drain amid a torrential downpour. Dark clouds hang over the Financial Conduct Authority's (FCA) building in Stratford as the City regulator undergoes their annual public meeting.

Outside the offices, a few hooded, umbrella-covered people are milling around, their feet splashing against the small flood that has gathered under their feet. Office workers take no notice of the small crowd beginning to swell and disappear into the FCA building through the ever-revolving door clutching coffees or lunches from the Itsu next door.

Transparency Task Force (TTF) organised 'The Rally for Better Financial Regulation' to begin from 12:30. Fifteen minutes pass and it appears the rain may have gotten the better of the rally, mind the few determined individuals still standing around looking for a semblance of the purpose they travelled to the east side of London for.

Those gathering are united by their concerns about a lack of proactivity, transparency and accountability within the FCA, believing themselves victims of the authority's failings. They share stories of what they lost — both financially and in trust in the authority. Just as the few groups begin to merge, the clouds break and the sodden square is filled with brief sunlight. Almost as the weather was providing a cue, the members of the TTF emerge from around the corner in a flurry of placards and a giant speaker.

Andy Agathangelou, founder of TTF, grabs a microphone and heads straight to the FCA revolving door — the office workers no longer able to ignore the bright pink signs and determined voice booming from the loudspeaker.

The signs read,:

"WANTED! A FINANCIAL CONDUCT AUTHORITY...

"...THAT DOESN'T RISK ANOTHER FINANCIAL CRISIS THROUGH DEREGULATION, AS PART OF THE "COMPETITIVENESS AGENDA."

"...THAT DOESN'T "MARK ITS OWN HOMEWORK" BY APPOINTING THE PEOPLE THAT REVIEW ITS WORK."

"...THAT IS FIT FOR PURPOSE, HONEST, TRANSPARENT AND ACCOUNTABLE"

Before anyone has a chance to finish reading the litany of demands emblazoned on the signs, Agathangelou booms: "Hello everybody at the Financial Conduct Authority, whether you are walking in, or walking out."

The onlookers thrown from the regulator's revolving door walk past, confused but undeterred.

The motivation

"I am here to pass on a message, a very simple message, a very simple solution, a very simple equation, that is: For better financial regulation, we need a better financial regulator. It is as simple as that," Jasthi Alom begins his speech.

The former FCA employee is challenging the regulator in the court and follows Agathangelou's energetic introduction.

The message for TTF is clear.

They believe the financial regulator has not done enough to protect consumers and, in turn, not done enough to protect the financial services industry.

Prior to the rally, Alom expressed his desire for regulatory reform to be completely overhauled. He said: "This Rally is crucial because the equation is simple: better regulation requires a better regulator. Systemic reform of the FCA is urgently needed.

> ***"Unless there is reform, [the regulator] won't be trusted, it can't be trusted, it would be irrational for people to trust it if week in week out, month in month out, year in year out, there is one scandal after another"***
>
> **Andy Agathangelou**
> Founder of Transparency Task Force

"Without it, the FCA risks becoming the next major public catastrophe — a crisis they are already teetering on — and much like the Post Office scandal, it will lead to devastating consequences, including financial losses, ruined lives, and even suicides."

TTF wants to address what they describe as a "trust deficit" in the financial sector, with the group stating that making "the industry and its regulator more accountable for their actions" is the key driver of this rally.

In the statement, Agathangelou said: "Just this week, the FCA admitted its chair, Ashley Alder, failed to keep confidential the names of two of its employees who blew the whistle — but the investigation, undertaken by one of the organisation's own directors, was consequence-free for Mr Alder, an experienced lawyer and regulator who should have known better.

The FCA has a habit of marking its own homework.

"And at tomorrow's annual public meeting, we expect the FCA's senior team to deflect critical questions with answers that are, at best, incomplete and at worst misleading. We've asked that it be reinstated as a hybrid event so people have the option of attending in person, which would enable them to challenge unsatisfactory responses."

The meeting remained exclusively online and, as closing remarks were made, TTF rallied outside their offices.

The message

"The financial industry in the UK accounts for approximately 8.2 per cent of gross domestic product," Agathangelou explains. "It is a massively important part of our economy. In some ways, it is the jewel in the crown of UK PLC."

Despite being its so-called jewel in the crown, Agathangelou is adamant there is not adequate regulatory oversight and it is creating a huge problem for the industry.

"There is a huge trust deficit," he says. "Only about 11 per cent of people trust the financial services industry in any significant way. Only about 11 per cent of people, according to the FCA's own research, rated highly from a trustworthiness point of view."

The public's distrust in the industry impacts the entire ecosystem.

Agathangelou believes this has meant "the market and consumers, both in the UK and overseas, are hesitating to make use of the services and the products that we offer."

The TTF founder also wants to put pressure on the new government.

He is impassioned as he says into the microphone: "This new government is very committed to a growth agenda; it wants, perhaps it needs, growth to occur. How can true potential growth of the financial sector happen if people don't trust it?"

"Reform!" Shouts Sue Flood, the photographer and filmmaker who now volunteers as head of fundraising strategy and is member of TTF's Advisory Group, in defiance of the rain and the headquarters she faces.

Agathangelou appreciates the supportive heckle before adding: "Unless there is reform, [the regulator] won't be trusted, it can't be trusted, it would be irrational for people to trust it if week in week out, month in month out, year in year out, there is one scandal after another, after another."

The Rally for Better Financial Regulation continued to battle the weather and the financial regulator in the dreary conditions.

Yet, their quest for regulatory overhaul is not a simple one.

The small crowd gathered outside the tall glass building of the regulator were relentless in their cries but will keep searching to build momentum to right what they feel are deep, systemic wrongs.

Reflections

A few weeks after the dust has settled and the puddles have evaporated, Agathangelou is pleased with how the rally went and "it was definitely a good move to run it just after the FCA's Annual Public Meeting."

The impact of the rally was made extra pertinent because "we were able to talk directly about things senior FCA officials said that just don't stand up to any scrutiny."

Agathangelou explains: "We're definitely going to be doing a similar rally next year, and so long as the weather is decent I'm sure we'll have a great deal of support from stakeholders that have been harmed by one form of regulatory failure or another."

He adds that those stakeholders harmed includes "the vast majority of the good actors in the industry including the many firms doing good, compliant, ethical and transparent business in the asset servicing space; a sector I know a little bit about through the job I did many moons ago when I was head of Strategic Relationships at Close Brothers Asset Management."

Looking forward, Agathangelou wishes for greater collaboration with the Asset Servicing Industry. "I would actively encourage asset servicing firms to seek reform of the sector by encouraging the FCA to either replace or reform the Consumer Duty, and introduce a proper Duty of Care with a proper Right to Action," he says.

Agathangelou explains that this would help "alleviate a huge amount of clunky, burdensome red tape and high-friction bureaucratic regulation for all the good actors in the industry, whilst simultaneously driving up consumer protections; a true win, win.

"I guess the only losers would be firms that don't treat their clients properly."

The FCA declined to comment

Kasparian starts new role at BNP Paribas

BNP Paribas' Securities Services business has appointed Julien Kasparian as regional head of the UK and Middle East.

Kasparian has been with BNP Paribas for over two decades in a variety of roles.

He was most recently head of Hong Kong SAR for Securities Services and will be succeeded by Laure Ly, previously head of Client Development, Greater China for Securities Services.

Alessandro Gioffreda, global head of territory management at BNP Paribas' Securities Services, comments: "Julien's extensive industry expertise, strategic vision, and deep understanding of client needs make him the ideal leader to drive growth in the UK and Middle East regions." ■

Choudhary appointed Director of Regulatory Analytics at Broadstone

Rahul Choudhary has been appointed as director of regulatory analytics at Broadstone.

In this role, he will support the expansion of Broadstone's Insurance, Regulatory & Risk division across the regulatory analytics space in risk and lending.

Choudhary has over 14 years of experience with expertise in credit risk management, regulatory compliance, and financial and regulatory modelling.

He joins from PwC, where he spent a decade working as an associate director.

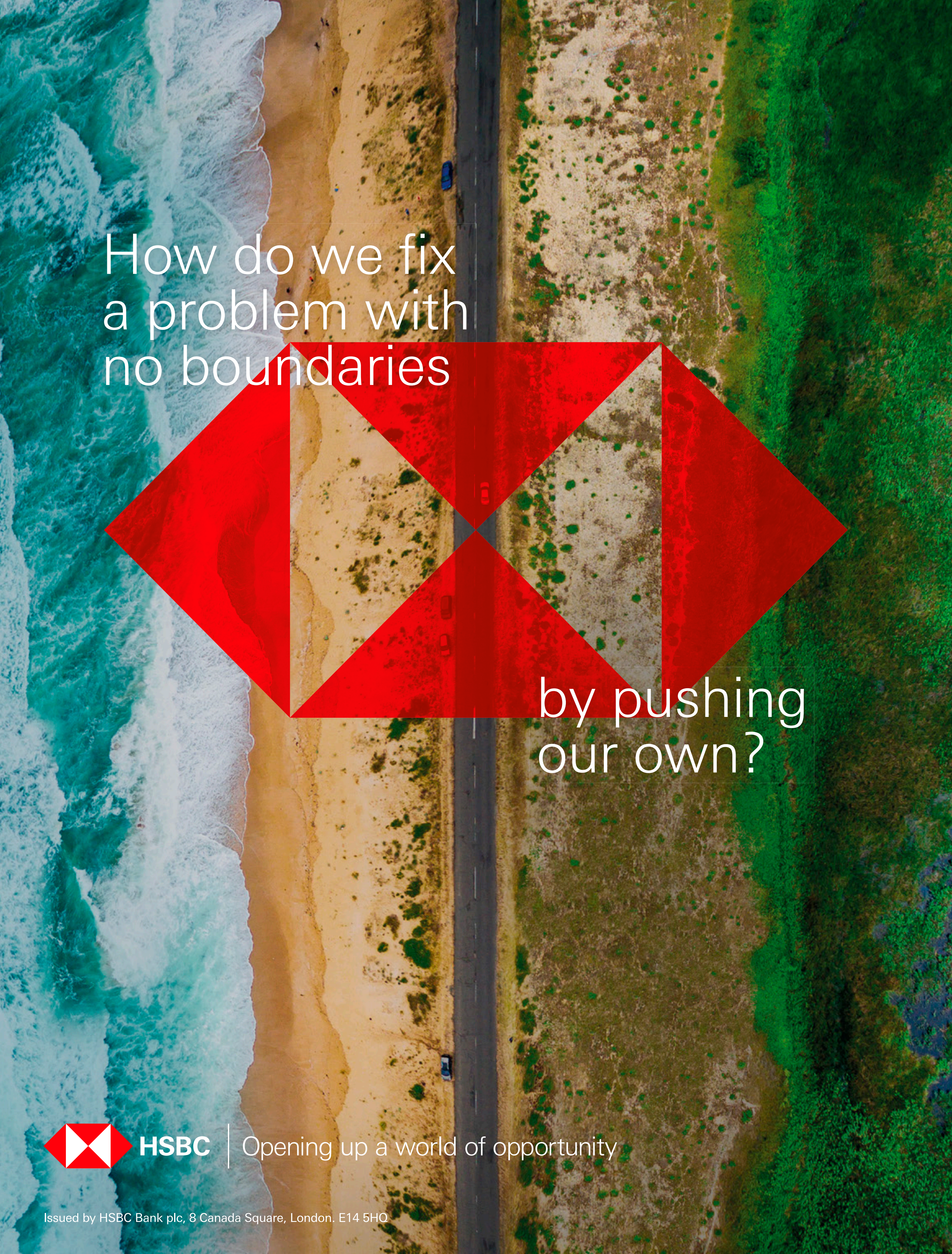
Choudhary comments: "The Insurance, Regulatory & Risk division is a hugely exciting and growing function within Broadstone. I'm delighted to be joining their talented team of credit risk, actuarial, and modelling specialists."

Collier to lead JTC expansion

JTC Group has hired Lloyd Collier as senior director, responsible for driving the growth of JTC's Institutional Client Services (ICS) business in Ireland. He will aim to build upon the firm's ability to serve fund managers, institutional investors, and corporate clients in Ireland.

Collier has over three decades of experience in financial services, with expertise in asset servicing, including in alternative investments, private equity, real estate, and capital markets.

Melanie Herbert, regional head of UK and Ireland for JTC's ICS business, says: "[Collier's] extensive experience and in-depth knowledge of the institutional client space will be invaluable as we continue to strengthen our footprint in Ireland."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Shah joins Deutsche Bank

Sameer Shah has joined Deutsche Bank as head of cash management sales for Middle East and Africa (MEA).

Based in Dubai, Shah will commence his role from 1 December 2024. He will be responsible for developing and strengthening key client relationships in the region, with a focus on liquidity and risk solutions across the Deutsche bank network.

Shah joins the company from J.P. Morgan, where he held a number of positions in Treasury Services covering the MEA region and spanning 15 years. He most recently acted as head of corporate sales, JPM payments for the Middle East, North Africa and Turkey.

Modigh becomes SimCorp's Head of Business Services

SimCorp has appointed Ulrik Modigh as managing director, head of SimCorp Business Services. In this role, Modigh will oversee SimCorp's technology-enabled services for the investment management industry — these include data management services, investment accounting services, and investment operations services.

Modigh has over two decades of experience in investment operations and most recently worked as chief operating officer, head of operations and technology for Nordea Asset Management.

Christian Kromann, chief executive officer at SimCorp, comments: "Ulrik's experience in scaling and optimising end-to-end investment operations, building and leading large organisations to success, and his familiarity with SimCorp is a unique combination that we believe will accelerate the growth trajectory of our business services division."

Barclays appoints Haedrich

Barclays has appointed Denise Haedrich as head of insurance, funds, and corporate specialist solutions for Germany.

Based in Frankfurt, she will report to Tim Glennon, head of insurance and funds Europe, Barclays International Corporate Banking.

She joins the bank after a career in securities finance. Previously, she held a five-year tenure with Standard Chartered where she was most recently executive director of financing and securities services sales.

Prior to this, she took on a number of sales roles at Merrill Corporation, Euroclear, and vwd group (now known as Infront Financial Technology).

At the beginning of her career in the financial industry, Haedrich was a private client advisor at Commerzbank.■

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Fernandes joins as State Street's Head of Digital Assets

Vanessa Fernandes has joined State Street as head of digital assets.

Based in New Jersey, Fernandes will be responsible for driving the execution of State Street digital asset strategy.

Prior to joining the company, she served as managing director and global head of digital experience at BNY. Fernandes holds over 25 years of financial services experience and has held a number of senior leadership positions at Itaú Unibanco, including chief information officer and CEO of digital assets.

Zodia Custody welcomes Pearson

Zodia Custody has appointed Stacey-Ann Pearson as general manager of Singapore.

Prior to her new role, Pearson most recently served as head of Web3 APAC, at Amazon Web Services, and before this, Pearson also worked at Affinidi in innovation and GTM strategy, focusing on sustainability and Web3.

Commenting on Pearson's appointment via LinkedIn, Zodia Custody says: "As a seasoned digital asset leader with a strong background in strategic leadership, Stacey-Ann brings a wealth of expertise."

Nguyen joins Ogier Global

Ogier Global has appointed Hoan Nguyen as commercial director of its Singapore office.

In his new position, Nguyen will be responsible for driving Ogier Global's business development initiatives, as well as providing a wider host of services to clients in the region.

Prior to joining the company, Nguyen led a team servicing asset managers in a Big 4 firm in Singapore. He holds over 17 years experience in asset management and client outcomes. ■

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