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The challenges and opportunities that lie ahead

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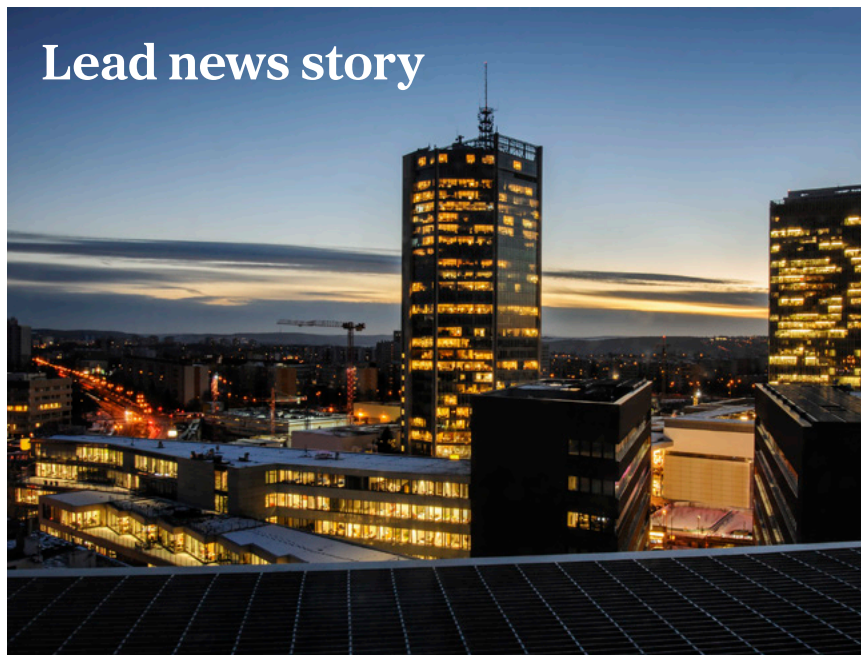
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Lead news story



CSD Prague selects R3's Corda for European DLT Pilot

The Central Securities Depository (CSD) of the Czech Republic has selected R3 as the technological provider for its distributed ledger technology (DLT) securities settlement system.

CSD Prague will use R3's DLT platform Corda as part of its efforts under the European DLT Pilot Regime where financial institutions work to develop new forms of market infrastructure.

The European Securities and Markets Authority (ESMA) has approved Corda as the first authorised DLT platform for the temporary regulatory framework.

With a focus on enhancing local projects such as Czech securities and bonds, CSD Prague aims to modernise its infrastructure and increase efficiency, while ensuring compliance with European financial regulations.

"We are excited to implement R3's Corda technology, which meets the privacy,

security, and regulatory requirements set by ESMA at scale," says Ondrej Dusilek, CEO of CSD Prague.

"Although we are focusing on settlement in the domestic market, Corda's interoperability is very promising. As we look towards the future, this interoperability will be important for expanding our offerings and connecting with a broader range of financial systems while remaining compliant with EU standards."

Corda supports network sovereignty, offering institutions control over the networks they issue onto.

Kate Karimson, chief commercial officer at R3, comments: "R3 is delighted to support the development of new market infrastructures in Europe, and this partnership is a testament to Corda's capabilities as a widely used DLT platform in production and for regulated institutions." ■



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SMARTSTREAM



Industry leaders from across asset servicing descended upon Plasterers' Hall on 7 November, to enjoy an evening of networking, celebrating and, of course, a delicious three-course dinner.

Close to 200 members of the industry attended the fourth annual Asset Servicing Times Industry Excellence Awards, gathering at the iconic venue in central London.

Kicking off the evening, following a champagne drinks reception, the attendees took in an inspirational keynote speech from paralympic cycling champion Jaco van Gass.

In total, 32 awards were presented, the winners having been selected by an independent panel of judges composed of members of The Securities Services Advisory Group (TSSAG).

BNP Paribas walked away with four awards, with their excellent work in the custody space responsible for three of their four victories. Elsewhere, MUFG Investor Services were recognised for their work in fund administration securing top prizes for Global Fund Administrator of the Year and Client Service of the Year 2024 (Fund Administration).

It was a successful night for Apex Group who won Middle East Fund Administrator of the Year and ESG Initiative of the Year, before their founder and CEO, Peter Hughes, rounded off the night by claiming the Lifetime Achievement Award.

The two other individual awards went to Ron Landry, vice president and head of Asset Manager and ETF Solutions at CIBC Mellon, and Agnese Lange, Market Specialist at SEB.

Post-award drinks and networking followed, rounding off a perfect end to a successful evening. ■



The winners

Americas Fund Administrator of the Year: Ultimus Fund Solutions

Asia Pacific Fund Administrator of the Year: BNP Paribas

European Fund Administrator of the Year: Universal Investment

Middle East Fund Administrator of the Year: Apex Group

Single Market Fund Administrator of the Year: CIBC Mellon

Global Fund Administrator of the Year: MUFG Investor Services

Client Service of the Year 2024 (Fund Administration): MUFG Investor Services

Innovation in Fund Administration 2024: Precision Fund Services

Africa Custodian of the Year: Rand Merchant Bank

Americas Custodian of the Year (inc LatAm): CACEIS

Asia Pacific Custodian of the Year: BNP Paribas

European Custodian of the Year: BNP Paribas

Middle East Custodian of the Year: Northern Trust

Single Market Custodian of the Year: SEB

Global Custodian of the Year: Citi

Digital Custodian of the Year: Zodia Custody

Client Service of the Year 2024 (Custody): BNY

Innovation in Custody 2024: BNP Paribas

CSD of the Year: Clearstream

Relationship Management Team of the Year: NSE India

Funds Technology Provider of the Year: Saphyre

Data Provider of the Year: ANNA

Asset Servicing Regulatory Solution of the Year: Fenargo

Corporate Actions Technology of the Year: Broadridge

Asset Servicing Technology Provider of the Year: Broadridge

Digital Asset Initiative of the Year: Digital Asset

Outstanding Innovation in Asset Servicing 2024: NSE Clearing

ESG Initiative of the Year: Apex Group

Equality, Diversity & Inclusion Initiative 2024: Why Everyone Matters

Rising Star Award 2024: Agnese Lange, SEB

Industry Inspiration Award 2024: Ron Landry, CIBC Mellon

Lifetime Achievement Award 2024: Peter Hughes, Apex Group



TaxTec report reveals extent of tax issue

TaxTec has unveiled a new report, revealing the amount of withholding tax on foreign dividends and interest payments remains unreclaimed.

The amount, an estimated US\$16.4 billion, is left unclaimed for a number of reasons, including that the reclamation process remains bureaucratic and complex.

As a result, the study reveals that US cross-border investors lose out on over US\$3.8 billion in rightful returns.

Highlighting the extent of the issue, Stephen Everard, CEO of TaxTec, states: "While some progress has been made over the past decade in withholding tax reclamation rates, there is still a long way to go."

"These returns belong to investors and it is the ethical duty of all market participants to ensure they are not left unnecessarily on the table. Double taxation treaties were set up to ensure that investors are not taxed twice, yet lack of reclamation on the table. ■

Albilad Capital selects Riyad Capital as custodian

Albilad Capital has chosen Riyad Capital as custodian.

This selection follows the successful listing of Albilad CSOP Hong Kong China equity ETF.

Commenting on the successful listing on LinkedIn, Zaid Almufarih, CEO and board member at Albilad Capital says: "This success not only reflects the robustness of our financial ecosystem but also sets the stage for further innovation and collaboration.

"We look forward to continuing to offer pioneering investment solutions that meet the evolving needs of our investors."

Via LinkedIn, Sarah Allothman, managing director, head of securities services at Riyad Capital, comments: "It's a pleasure to be chosen by Albilad Capital as their custodian for the first ever Albilad CSOP MSCI Hong Kong China Equity ETF and be part of their successful story.

"Thank you Albilad Capital for your trust in Riyad Capital Securities Services and congratulations once again on the successful listing on the Saudi Exchange. Wishing you another milestone of growth and innovation." ■

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ECB trials: Clearstream and Intesa Sanpaolo issue commercial paper

Clearstream and Intesa Sanpaolo have jointly issued and distributed a commercial paper using distributed ledger technology (DLT).

The transactions of €10 million took place in the context of the European Central Bank (ECB) trials, which aim to explore the potential of DLT for settling wholesale transactions in central bank money.

The participants used the TIPS Hash Link solution of the Italian central bank, Banca d'Italia.

Clearstream acted as market DLT operator, providing the technical infrastructure with its digital securities platform D7.

The processes included both the issuance of the security itself and the transfer of the assets from the issuer to the investors.

As part of the ECB trials, France has recently issued the first digitally native note in bearer form under its law. ■

Citi and Fidelity International release PoC for on-chain MMF

Citi and Fidelity International have released a proof-of-concept (PoC) of an on-chain money market fund (MMF) with digital FX swap solution. The solution could enable investors to conduct seamless and real-time settlement of multi-asset positions in different currencies, the firms say. In addition, the new solution has been designed to enable faster, seamless management of treasury positions, eliminate delays and improve efficiency.

According to Citi, it could enable investors to access higher yields on foreign cash funds while managing liquidity and FX risk in real-time. For example, a corporate treasurer holding non-USD working capital could invest in US dollar-denominated MMFs to enhance portfolio diversification and yield potential, while ensuring continuous operational liquidity.

Citi and Fidelity International explored smart contracts to synchronise settlement of simulated FX swaps and issuance/redemption of simulated MMF tokens, using interoperability protocols to connect separate networks. The entities also tested built-in fund token standards designed to ensure compliance with on-chain permissions throughout the entire fund lifecycle.

The Citi and Fidelity International collaboration is under the Monetary Authority of Singapore's (MAS's) Project Guardian — a global collaboration between policymakers

and industry players to enhance liquidity and efficiency of financial markets through asset tokenisation.

Sam Hewson, global head of FX sales at Citi, says: "As tokenisation continues to evolve in capital markets, we see a potential future in which investors could trade and settle digital assets in real-time, in different currencies, and across multiple distributed ledger technology platforms. FX markets could enable investors to quickly and efficiently access digital assets globally, with timely liquidity. This innovation could also open potential opportunities to address broader goals, such as portfolio diversification and risk management."

Emma Pecenicic, head of digital propositions and partnerships, APAC ex Japan, distribution at Fidelity International, adds: "Fidelity International is committed to exploring the real-life applications of asset tokenisation. Our aim is to develop practical approaches that promote capital efficiency, democratise access to financial services, and bring value to our clients. As a global asset manager, we are excited to engage with partners like Citi to explore technological innovations like this on-chain money market fund with digital FX swap solution to better understand the efficiencies it can bring, as well as help establish best practices and standards for tokenised funds for the benefit of investors." ■

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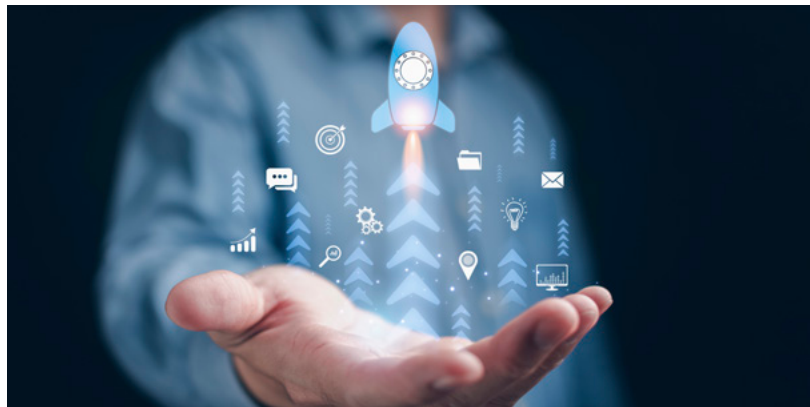
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Centralis Group acquire Admina Fund Services

Centralis Group has acquired Admina Fund Services with the aim of broadening its presence within the Channel Islands and Guernsey.

Admina offers a full suite of integrated fund administration and company secretarial services.

These services are provided to regulated and unregulated, listed and unlisted closed ended limited partnerships, companies, trusts and foundations across multiple asset classes.

These include all related holding structures, management and carried interest vehicles.

Aidan Foley, CEO of Centralis, comments: "The acquisition of Admina is another important milestone for us as we expand our breadth of services to our alternative and corporate client base.

"Admina will take us into the strategically important Channel Islands and also expand our fund administration capability." ■

HSBC receive China fund custody licence

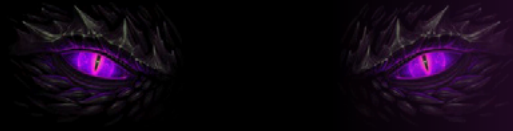
HSBC China has received the domestic fund custody licence from the China Securities Regulatory Commission (CSRC). The licence allows HSBC to provide custody services to onshore funds offered by fund and asset managers domiciled in mainland China.

The bank can directly provide custody services to locally-domiciled mutual funds, private funds, and private asset management schemes.

Fiona Horsewill, global head of securities services at HSBC, says: "HSBC is pleased to have been granted this domestic fund custody licence which allows us to better serve cross-border custody demands using our global network and expertise. As a trusted service provider, we'll be working to further enhance our local products and services for the benefit of onshore fund managers as well as our international clients."


Mark Wang, president and CEO of HSBC China, adds: "The new licence marks another milestone in HSBC's business developments in China, enabling us to participate more deeply in the market's capital market opening and to assist overseas investors to be a part of the vast opportunities that arise." ■

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FE fundinfo acquires Matterhorn

FE fundinfo has acquired Matterhorn Reporting Services, a provider of Alternative Investment Fund Managers Directive (AIFMD) reporting software, in a bid to expand its regulatory reporting capabilities.

This acquisition aims to enable asset managers and service providers to meet increasingly complex regulatory requirements, while reducing operational costs. The company says that integrating Matterhorn Reporting Services will also allow clients to achieve compliance accuracy, through the consolidation of all reporting needs in one place.

Following the acquisition, Matterhorn Reporting Services will

be made available within FE fundinfo's platform.

CEO of FE fundinfo Liam Healy comments: "Integrating Matterhorn's innovative offerings is the latest step in continuing to be the go-to partner for the investment management community in regulatory reporting."

Jeroen Cremer, CEO of MatterHorn Reporting Services, adds: "By integrating our AIFMD reporting expertise with FE fundinfo's comprehensive platform, we are confident we can help asset managers navigate the increasingly intricate regulatory landscape with confidence and ease." ■



SIX and FINBOURNE deliver new solution to Omba

SIX and FINBOURNE have entered into a data delivery and integration partnership, to empower Omba with a cloud-based solution.

The partnership between the two companies will see the delivery of a solution that will enable a secure ingestion of SIX data for Omba. Omba uses SIX data to manage valuations and reporting, market and pricing calculations, among other things.

FINBORNE will serve as a conduit between SIX and Omba through its EDM+ data management software. The company says the software will allow Omba to transform SIX data into actionable information and visualisations for clients.

Thomas McHugh, CEO and co-founder of FINBOURNE, comments: "Our partnership with SIX underpins the power of our technology in enabling organisations like Omba to work more efficiently and ignite the power of data." ■



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Phoenix FSC join TSSAG

Phoenix Financial Services Consulting (FSC) has joined The Securities Services Advisory Group (TSSAG).

TSSAG is a network for advisory, consulting, programme management, research and resourcing members of the post-trade and securities services industry.

Mark Kerns, chairman of TSSAG, says: "We are delighted to welcome Phoenix FSC to our ever-expanding group. We look forward to benefiting from their

expertise and insights as we support our collective, global clients in this critical strategic space."

Mickael Lecuyer and Bertrand Blanchard, founders of Phoenix FSC, add: "We are honoured to join TSSAG and collaborate with its distinguished network of experts. We look forward to actively participating in working groups and events, sharing our global business experience, and contributing to advancing post-trade and securities services' activities." ■

Nium expands partnership with Kinexys by J.P. Morgan

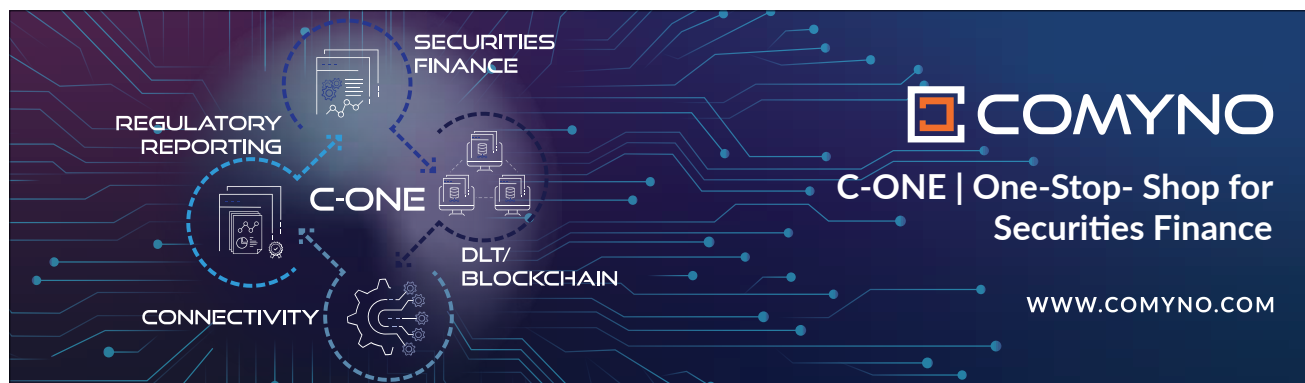
Nium has expanded its partnership with Kinexys by J.P. Morgan, to begin providing data that will validate bank account details used in international payments across southeast Asia.

The solution will provide data to Confirm, a platform developed by Kinexys by J.P. Morgan.

It aims to validate beneficiary account details prior to payment, which the companies say will reduce the occurrence of errors and failed payments during cross-border transactions.

Nium will offer the solution across Malaysia, Thailand and Hong Kong, and is said to provide customers with more secure and efficient transactions throughout those regions.

Zack Chestnut, global head of business development for Kinexys Liink and Kinexys Digital Payments, comments: "The additional markets for which Nium is able to provide data coverage will expand Confirm's significant global reach even further, providing incremental value to inquiring participants on the network." ■



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Boerse Stuttgart Digital partners with Fenargo

Boerse Stuttgart Digital has partnered with Fenargo to accelerate the onboarding of banks, brokers and asset managers launching their own crypto offerings.

The integration of Fenargo aims to enhance the scalability of Boerse Stuttgart Digital's infrastructure solutions for financial institutions. This is designed to also help streamline compliance processes.

Ulli Spankowski, chief digital and product officer of Boerse Stuttgart Digital, says: "Our partnership empowers banks, brokers and asset managers to enter the crypto market, backed by infrastructure that

ensures scalability, security, and full regulatory compliance. Together with Fenargo, we continue to drive the adoption of crypto across Europe."

Ruth Ormsby, managing director for EMEA at Fenargo, adds: "With such intense regulatory scrutiny towards the sector, firms are obligated to deploy robust frameworks for anti-money laundering and KYC compliance, but the challenge is balancing growth. Fenargo's client lifecycle management solution, validated by the world's largest financial institutions, will allow Boerse Stuttgart Digital to future-proof its solutions against regulatory change." ■



Plumery partners with Payment Components

Plumery has partnered with Payment Components to allow clients to accelerate time-to-market and future-proof operations against regulatory shifts.

These shifts include the Instant Payments Regulation (IPR) which aims to make instant payments fully accessible to consumers and businesses across the EU.

The firms say that "while such regulatory changes usually impact core banking infrastructure, the Plumery and Payment Components partnership ensures these systems remain unaffected."

Ben Goldin, founder and CEO of Plumery, says: "This partnership is crucial for institutions needing to rapidly modernise without overhauling their entire infrastructure. Together, we offer a powerful, flexible solution that enables our clients to embrace innovation while staying ahead of regulatory changes like the IPR." ■



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Building for the future

Jack McRae meets Chris Biddick,
managing director for Transfer Agency
at Bravura, to discuss his career, the
company's growth and
plans for the future



Chris Biddick has spent almost three decades in the financial services industry and has no intention of slowing down.

The managing director for Bravura's transfer agency business is in a relaxed mood as the grey, London skies overcast the stretch of the city you can see from the financial software solution company's office.

"This business is addictive and this company is addictive," Biddick explains. "That's why I think people stay here, because we have brilliant products with great prospects and that client base is addictive as well."

Biddick has been with Bravura for 15 years and has found it "quite interesting seeing the business grow from 250 people to 1,500 today."

He explains that his extensive time spent at the company is not an individual feat, but points to a number of colleagues who have worked at Bravura for a long time.

"One of the things about Bravura is the tenure of our staff and experience has been incredible," he says proudly.

"This has really helped build a phenomenal culture in this place. A small to medium-sized business with ginormous custodian clients, it's been like joining a startup, but joining a startup with the best client list that anyone's ever had."

Bravura's esteemed client list means the company has to ensure they are "triple A-star" to retain their services. "We were very focused this year on retaining that sensational client list, which we've now done. Everyone's re-signed long-term deals, which has been fantastic."

New signings

As Bravura continues to grow and expand, the business has had to be careful to recruit the best and right people.

Biddick reveals that they have made a number of senior-level hires in recent weeks and months to meet the demands of their growing business.

"We've recruited a new global head of product management and marketing, Aaron Knowles. Aaron has 18 years experience in products and was chief product officer in his last role at Iress."

"We have a guy in the UK called Matt Pells, who runs our transfer agency product as well," he adds. "So we've now got that product machine really, really running."

Rob Jessurun has also joined Bravura as business development director and Biddick jokes that "it feels like he has been here for ages, but he's only been in about three or four weeks!"

He comes with loads of industry experience and we're really ready to go after growth now. We're really focused on growing."

As the company aims to grow and grow, how important is hiring people who are the right fit?

"It's key. We're not a huge business, so it's more about recruiting quality people and bringing them into that culture — one that is very much a roll your sleeves up, get the job done, type of organisation," he replies.

Maintaining a strong culture has been a hugely important task for the leadership team, and Biddick admits that "a lot of it was hard in the last few years, particularly through that Covid-19 period, to maintain that culture."

Despite those challenges, "it takes a lot of effort from our leadership that we have online meetings but also face-to-face on location to deliver the energy."

The state of play

Biddick believes Bravura are leading edge in the industry and that is down to "operational efficiency and operational resiliency.

They are the buzzwords that you probably hear a lot!" Biddick laughs.

"We deal with four of the five biggest custodians globally, so you might imagine the amount of audit pressure we come under constantly," he explains.

"We're having to constantly prove to ourselves and those clients that we're as resilient as we can be."

One of the ways in which they maintain their high standards is through their "key objective on an annual basis: how do we get better at what we do? How do we take the cost out? How to become more efficient? How do we take the risk out?"

“We deal with four of the five biggest custodians globally, so you might imagine the amount of audit pressure we come under constantly. We’re having to constantly prove to ourselves and those clients that we’re as resilient as we can be”

One of the big industry-wide concerns is migrations from legacy to modern technology, particularly with T+1 around the corner for the UK and Europe.

Biddick has no concerns for Bravura, who are already operating on a T+1 cycle. He explains how “we have a tool called orchestrator, which is all about automation — it is workflow on steroids. You don’t have people pressing buttons, we don’t have people accessing our core tools anymore. They are accessed by the enablement tech.”

Biddick’s optimism is compelling and believes him and his team are ready to seize on the opportunities for growth in the coming years.

Looking forwards

“We’re predicting growth,” Biddick says. “We have to keep guidance as a listed business each year. We’re getting our costs under control, as well as our clients.”

He continues: “We’re seeing cost stabilisation being really good. We’re starting to see green shoots of growth, I don’t think we’ll see significant growth in our FY25. but we will in FY26. We are building towards that trajectory.”

As for the industry, Biddick expects “efficiency and resiliency will continue [to dominate discourse]. We are also seeing clients being more inquisitive about technological advancements. We talk about blockchain and AI all the time, so how do they impact us going forward?”

Biddick and Bravura are noticing that the custodians that they work with are “super keen to do work in the alternatives space. They want to know how they can leverage the great operations processes they have in place today to make that a more accessible investment opportunity for their clients.”

Alongside alternatives, Biddick is closely following the evolution of tokenisation. He also expects that as “blockchain, DLT, and tokenisation moves forward, the industry [will] get aligned on how they’re going to collaborate together and we’ll start to see that move forward in the AI space.”

Biddick is keen to talk more about AI and “can see ourselves being in a position where AI is absolutely fundamental to what we offer our clients or work with our clients. I think we will see an industry that is starting to slowly shift towards a tokenised model.”

Biddick has been at Bravura for over a decade and yet his enthusiasm for the future is unrelenting. The managing director still finds each day all the more addictive. ■

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Leaps of evolution

Clelia Frondaroli explores the challenges and opportunities that lie ahead for financial institutions on the path to tokenisation



To tokenise or not to tokenise?

That is the question facing financial institutions today. As the industry enters the next phase of digitisation, adopting tokenisation is looking increasingly like a feasible direction to expand service offerings.

The idea is supported by the numbers as well. HSBC, in a study titled 'The 10x Potential of Tokenisation' conducted in 2020, predicted that tokenised markets could be worth over US\$24 trillion by 2027.

Despite this, widespread adoption of tokenisation has been a slow and lengthy process, with many financial institutions and jurisdictions remaining hesitant to fully embrace tokenisation.

Why then, does the industry still grapple with uncertainty surrounding the implementation of tokenisation and what opportunities, or challenges, could it bring?

A widely known conundrum

Deborah Algeo, head of global enterprise at Zodia Custody, frames the current landscape of tokenisation as 'exciting yet complex'. The complexity, she explains, lies in the regulatory challenges that currently place constraints on the running of pilot programmes for tokenised assets — tests that banks are hesitant to conduct for fear of breaching compliance requirements.

She continues: "Cross-border compliance further complicates adoption, as differing regulations across jurisdictions create barriers to global tokenisation efforts." Alignment of regulatory framework, she emphasises, is therefore "paramount to give institutions the clarity needed to confidently engage in this space".

As for the excitement?

Algeo eagerly highlights: "Tokenisation can significantly enhance the efficiency of financial transactions, particularly with instant cross-border settlements, and enables broader access to markets previously excluded from traditional finance."

Listing a number of other benefits, such as the use of on-chain traceability to improve transparency and accountability — particularly against fraud and financial crimes — Algeo is clear about one thing: "[Tokenisation] will redefine how value is created, transferred, and recorded globally."

Her enthusiasm is shared by Michele Curtoni, head of strategy at SIX Digital Exchange. He characterises tokenisation as a "transformative opportunity for capital markets," where faster settlement processes, as well as reduced risks, are only some of the potential benefits he says tokenisation will be able to offer.

On the subject of widespread adoption, Curtoni suggests: "The key is to promote new models of asset creation and transaction into institutional-grade systems that are proven to work in financial systems today."

However, "innovation," he warns, "should not come at the expense of financial stability," explaining that safeguarding mechanisms, such as securities depositories and regulated exchanges, offer a secure way to gradually adopt new forms of technology like tokenisation without the risk of financial imbalance or industry harm.

Curtoni also offers a different perspective towards the challenges facing the adoption of tokenisation. He understands it to be a "widely known conundrum of open innovation and incentives," where in financial markets, "risk management is the bread and butter of its participants [and] first mover advantage is not always an advantage."

He stresses that banks have undergone a multitude of discussions, experiments, and proof of concepts prior to even considering adoption, "so, first, one needs to be comfortable with the technology and, subsequently, the benefits [will] be drawn out."

Therefore, the creation of "platforms that can enable players to innovate and find new use cases within their acceptable risk boundaries," along with coordination and a rigorous set of standards, are key, Curtoni maintains, to combating current risk aversion and can play a pivotal role in encouraging financial institutions towards adoption.

Building bridges

So what does the industry need to prioritise — better regulatory guidelines or interoperability — in order to drive the expansion of tokenisation?

In the eyes of Curtoni, neither approach should be prioritised. Rather, he suggests: "Both interoperability and better regulatory guidelines are essential to the growth of tokenisation".

“Interoperability is key to creating a global, liquid market for tokenised assets, but it must build upon a strong regulatory foundation”

Deborah Algeo, Zodia Custody

He highlights that, if and when regulators and central banks adopt a unified approach to managing tokenisation projects, market participants will be more inclined to explore the benefits available.

The same applies for interoperability. Curtoni explains: “As markets move towards the blockchain, it will undoubtedly [require] a mixture of technologies that will constitute the best route forward. Creating bridges between traditional and digital exchanges enables this ongoing migration.”

Algeo proposes otherwise. Explaining her reasoning, she states: “Enhanced regulatory guidelines should be the priority,” where standardised rules lay the groundwork to provide institutions with the assurance they need to launch pilot programmes. Only once these frameworks have been established, Algeo argues, “can the focus shift to scaling and ensuring systems are interoperable”.

“Interoperability is key to creating a global, liquid market for tokenised assets, but it must build upon a strong regulatory foundation,” she advises firmly.

The path to democracy?

One incentive towards tokenisation has been the potentially democratising nature of tokens in regards to high-value assets. Fractionalisation, an integral part of tokenisation, is the process of dividing ownership of an asset into smaller ‘fragments’. In theory, this means that tokenisation can allow multiple people to own parts of a single high-value asset.

Algeo explains: “Fractionalisation is transforming investment by opening traditionally exclusive asset classes — like art, real estate, and luxury goods — to a wider range of investors.

Platforms such as RealT and Fraction allow investors to buy fractional shares in properties, lowering entry barriers and democratising access.”

She underscores her earlier point of tokenisation enabling broader access to markets, and calls to attention the very real possibility of tokenisation pulling down barriers for smaller investors.

Not all asset managers, however, believe this to be the case. Curtoni suggests: “A technology solution alone doesn’t automatically address regulatory constraints, investors’ eligibility requirements, or suitability standards.”

Despite this, he acknowledges the potential tokenisation has on equalising access to ‘luxury’ investments, stating: “Fractional tokenisation, when integrated with platforms (such as a central securities depository) that offer straight-through processing, can streamline the distribution of fractional holdings [and allow] wealth managers to efficiently allocate portions of high-value assets to a broader client base.”

Evolution or revolution

Both Algeo and Curtoni share the perspective of tokenisation as an evolutionary process. They highlight that a phased approach to integrating digital assets will allow institutions to adjust processes and infrastructure gradually, ensuring interoperability as the industry continues to bridge the divide between traditional and digital systems.

However, despite the gradual evolution of tokenisation, Algeo stresses: “The cumulative impact of tokenisation could be revolutionary.”

Understanding how tokenisation can set new standards for transparency, as well as enabling instant settlement and enhanced liquidity, she reaffirms that “[it] has the potential to reshape global financial markets.”

Curtoni agrees. “Success,” he concludes, “will be when tokenisation will not be a term anymore, but the norm in asset creation.” ■



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Hardwiring trust into business relationships everywhere

With the increasing digitisation of the global economy, financial cybercrime is an ever growing risk. Alexandre Kech, CEO at GLEIF, looks at the role Legal Entity Identifiers can play in creating a secure digital environment

Back in 2008, the world faced an intractable global financial crisis. The unprecedented turbulence triggered by the collapse of Lehman Brothers shattered faith in the world's financial institutions, paralysing markets. Two fundamental questions arose — how did this happen and how can we prevent it from happening again?

The world's regulators recognised the challenge that lay behind these questions. The inability to identify parties to transactions across markets, products, and regions was inhibiting the ability to understand and evaluate emerging, systemic risks. Their answer? Develop a universal means of identifying legal entities engaged in financial transactions, the Legal Entity Identifier (LEI), as a 'broad public good', for the benefit of both the public and private sectors.

At no point in history have there been greater incentives for businesses to trust and be trusted. Nevertheless the opening pages of the 2024 NASDAQ Global Financial Crime Report makes for grim reading. In 2023, it says, more than an estimated US\$3.1 trillion in illicit funds flowed through the global financial system. US\$782.9 billion is ascribed to drug trafficking, US\$346.7 billion to human trafficking, and US\$11.5 billion to terrorist financing. Losses to fraud scams and bank fraud schemes totaled US\$485.6 billion.

Today, the global digital economy is grappling with unprecedented levels of identity-related fraud. In the United States alone, cybercrime costs reached an estimated US\$320 billion as of 2023, according to Statista.

Projections suggest that this upward trend will continue, with cybercrime costs potentially reaching around US\$1.82 trillion by 2028. This surge in digital crime is not only causing substantial financial losses worldwide but is also eroding trust between counterparties, especially those operating across borders and diverse legal systems.

In an era of escalating digital threats, secure, reliable, and globally recognised organisational identities are essential for fostering global trade.

Global LEI system

It is no exaggeration to say that the Global LEI System has revolutionised how legal entities are identified and tracked globally. This has been made possible through the collaborative efforts of the Financial Stability Board; the Regulatory Oversight Committee (ROC), which comprises representatives from public

authorities worldwide to ensure effective governance; and the LEI issuing organisations which serve as the primary interface for legal entities wishing to obtain an LEI.

Ten years on, GLEIF and the LEI ecosystem have left an indelible mark on the financial ecosystem in pursuit of a singular vision — one global identity behind every business. Together, we have contributed to a safer, more transparent economy that has undoubtedly transformed the market for the better.

Building a safer, more transparent global economy

The LEI is at the heart of GLEIF. It is an ISO-standardised, 20-digit alpha-numeric code connected to a verified business registration and information record in the Global LEI Index — a data bank maintained by GLEIF and made available to everyone, everywhere, free of charge.

No two LEIs are ever the same. One LEI represents one legal entity. This means that anyone, anywhere in the world, can cross-reference who an organisation claims to be, together with its ownership structure and subsidiary relationships, against a legitimate and verified data source.

GLEIF's myriad achievements are best encapsulated by the 2.7 million legal entities around the world that use their LEI to identify themselves internationally. Global adoption continues to grow, enabled and bolstered by an expanding network of stakeholders, including validation agents, LEI issuers, and mapping partners, all underpinned by GLEIF's commitment to optimising data quality, reliability, and usability.

This is translating into growing recognition of the LEI's unique capacity to bring increased trust and transparency to multiple applications, such as fighting financial crime, simplifying complex and opaque supply chains, and facilitating global trade.

Yet challenges remain. Yes, the digitalisation of business models and industries is creating unparalleled opportunities for economic and social betterment. Yet these opportunities depend on organisations being able to trust in the authenticity of their customers, partners, and suppliers, wherever they are in the world. And confidence in digital authenticity remains in short supply. Compounding this problem, recent technological advances — including the rapid proliferation of artificial intelligence (AI) — are presenting seismic new challenges.

“Identifiability will bring us closer to a world where every transaction is a testament to trust”

As levels of global business cooperation and competition continue to increase, so too does the need to establish a universal and trusted way for counterparty organisations and their key representatives to verify their identities digitally. Solving this problem is now critical to the health, stability, efficiency, and viability of the global digital economy.

Hardwiring digital trust into every relationship

GLEIF has already assumed a leadership role in this regard. In 2022, it introduced the digitally trustworthy version of the LEI, the verifiable LEI (vLEI), to address the urgent global need for digitised, automated authentication and verification of organisations across a broad range of industries. Using decentralised, tamper-resistant cryptography, the vLEI enables any company to digitally bind its LEI code to transactions and other official interactions, and to further supplement it with verified identity data of the authorising role-holder.

As GLEIF enters its second decade, its focus will be on expanding the value of the Global LEI System as a ‘broad public good’ by hardwiring digitally verifiable organisational identity, and therefore trust, into every business relationship.

Achieving this will make the ‘business of doing business’ more straightforward, and the positive effects will ripple across the world. Universal LEI and vLEI adoption will equip businesses, large and small, with a passport that enables them to trade with trust across borders, opening up markets and new opportunities. By helping to address a range of global challenges including, among others: financial and corporate fraud; financial exclusion; friction in international capital flows; the burden of environmental compliance; money laundering and the financing of terrorism, international trade will be eased, and economic growth accelerated.

Realising this vision is no easy task

It begins by driving broader LEI coverage across all regions. Extending GLEIF’s ‘on-the-ground’ engagement and collaboration in regions where the LEI is currently underrepresented will enable local businesses to have better access to GLEIF’s expertise and knowledge. At the same time, it will deepen GLEIF’s understanding of how the LEI can deliver market-specific value, in line with regional business and regulatory priorities.

Equally important is the need to raise awareness of how the LEI ecosystem has evolved beyond capital markets compliance. The organisational identity offering enabled by the LEI and vLEI can fuel innovation, evolution, even transformation, across all sectors and beyond mandates. Here, GLEIF’s close engagement in, and collaboration with, key sectors will allow us to instil a deeper understanding among future beneficiaries. Substantial inroads have already been made in the field of cross border payments. This will continue to be a focus, together with the supply chain, Web 3.0 and ESG sectors, where innovative LEI and vLEI deployments in all and any use cases will be championed.

Finally, the rapid digitalisation of businesses has given rise to many new identity-based risks, many involving digital fraud and impersonation. The vLEI and its supporting infrastructure have been designed to combat these risks by enabling the identities of an organisation and its official representatives to be verified across digital channels. Indeed, individuals credentialled with a vLEI can prove their authenticity both in business-to-business scenarios and where permissible, within the broader public domain. This is advantageous in many trusted identity-dependent situations including, for example, engagement in retail, education, or government services. And because GLEIF, which sits as the root-of-trust for all vLEIs, operates independently of geopolitical, technological, and commercial influence, the system itself can also be trusted by everyone, everywhere.

The next phase of LEI adoption will be transformative. In the digital era, identifiability equals empowerment. Identifiability will bring us closer to a world where every transaction is a testament to trust, where organisations thrive in a safer environment, and where transparency is an expectation, not an exception. Only then can the world’s organisations work together in ways that will unlock the true potential of digitalisation: enabling innovation and collaboration to thrive unlimited by geography, and by allowing money, goods, and services to flow securely around the world faster, more efficiently, and at a lower cost than ever before. ■

ASSET SERVICING TIMES

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Gender Equality
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Gender Equality
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Reshaping the industry

Nicola Le Brocq shares her thoughts with Clelia Frondaroli on the barriers that women encounter in the alternatives sector and how the industry has evolved for the better

Gender equality remains a major concern for the financial services industry, a challenge the alternatives industry is not exempt from. Despite the clear evidence of the benefits of a diverse workforce, the industry remains slow to act on the issue, with a clear and lasting gender disparity. Jenny Francis's Nicola Le Brocq, Director for Funds and Corporate, seeks to address some of these challenges, and ultimately explores the question of how significant the issue of gender equality and bias is in the alternatives funds space.

A bird's eye view

"Only 5 per cent of CEOs in the world are women."

Le Brocq initiates the conversation surrounding gender equity in the alternatives industry with a subtle and sobering statistic, setting the stage for a discussion on the challenges women face in the industry. "Women in the Boardroom study to confirm the issue from a global perspective, noting only actually increased and it carries on at this rate, it won't be until gender parity."

Numerous studies point a similar story in 2022 that the only 25 per cent of have been underrepresented by women and employees are, on average, taking the same pay as men. Understanding these disparities and making the situation clear, "There still work is a significant issue with diversity."

However, she is quick to offer some hope for an increasingly gender diverse set of all. She explains, "If you still have 50 per cent of the industry, it's not a bad thing."

Latest News
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Euroclear acquires strategic stake in Marketnode

Euroclear has acquired a strategic stake in Marketnode, a leading provider of digital market infrastructure, to enhance its digital capabilities and improve its operational efficiency.

Broadridge launches new payments service

Broadridge has launched its new Payments service, designed to streamline the payment process and reduce the risk of errors, providing a more efficient and secure way to manage payments.

People Moves
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Blake joins Liquidnet as Head of Latin America

Liquidnet has welcomed Mr. Blake to its team as the new Head of Latin America. Mr. Blake brings with him a wealth of experience in the region, having previously worked for several leading financial institutions.

Giles returns to President

Mr. Giles has returned to his role as President of the company, where he will continue to lead the company's strategic vision and drive growth across all markets.

Equipe picks Wheeler as Head of Middle East

Equipe has appointed Mr. Wheeler as the new Head of the Middle East region. Mr. Wheeler has a proven track record in the region and will be responsible for overseeing all operations and client relationships.

The role of governance for asset servicers

Rudi Kuntz of ISS STOXX takes a closer look at the 'G' in ESG — governance



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Ogier hire Kelly

Ogier has appointed Richard Kelly to its banking and finance team in Ireland.

Kelly advises international and domestic clients on all aspects of debt capital markets transactions, with a specialisation in structured finance, CLO, ABS and other securitisation products, as well as prime brokerage services.

He currently serves as president of the EU and International Affairs

Committee of the Law Society of Ireland and regularly chairs working groups of the Irish Debt Securities Association.

John Hogan, Ogier practice partner, says: "We are delighted to welcome Richard to the partnership in Dublin. Richard brings a wealth of international and local expertise and market knowledge. He is a fantastic addition to our fast-growing banking, finance and debt capital markets teams." ■

Taskize appoint Adair and Escobedo

Taskize has appointed Helen Adair as global head of business development and Alfred Escobedo as head of business development for the LATAM region.

Adair has close to two decades of experience in financial leadership positions at major investment banks. She most recently was global head of client onboarding at Morgan Stanley, and previously spent over 12 years at J.P. Morgan.

Adair comments: "With significant regulatory changes on the horizon, including the EU and UK move to T+1, Taskize is playing a vital role in improving the operational efficiency of firms within the financial services industry."

Escobedo began his career at Citi and has over two decades of experience. He joins from Greenomy, where he served as a senior advisor for the LATAM region.

He says: "Taskize offers an invaluable solution in resolving post-trade issues, a much-needed service for the financial industry in the LATAM region. I look forward to contributing my knowledge of the region to help expand Taskize's global footprint."

McVey retires as executive chairman of MarketAxess

Founder of MarketAxess, Rick McVey, will retire from his position as executive chairman, effective 1 January 2025. He will be succeeded by Carlos Hernandez, however will continue to serve as the chairman of the board of directors of MarketAxess Limited, the firm's international holding company.

The announcement comes a year and a half after McVey stepped down from his position as CEO of the company, after 23 years in the role.

Hernandez rejoined MarketAxess in 2023, prior to which he acted as executive chair of investment and corporate banking at JPMorgan.

He comments on his appointment: “I look forward to working closely with Chris Concannon during this next phase of MarketAxess as we find new ways to make one of the world’s leading fixed income marketplaces even better.”

Broadridge adds Fella for AI Trading Solutions

Broadridge Financial Solutions has appointed David Fella as vice president of AI trading solutions, effective 16 October. Based in New York, Fella will report to Roger Burkhardt, enterprise head of AI and data, and chief technical officer of capital markets at Broadridge.

In this newly created position, Fella will use data, AI, and analytics to deliver solutions that enable the firm’s clients to improve trading strategies and reduce costs.

Fella brings nearly 30 years of expertise in trading technology, quantitative research, and advanced analytics, as well as leadership experience, to the role.

Most recently, he worked as a researcher at Icosa Computing and IMMIX.

Prior to that, he was the head of international quantitative trading strategy at Instinet for nearly five years.

Earlier in his career, he spent nearly eight years at J.P. Morgan as global co-head of quantitative research.

Between 2007 and 2010, he served as manager of quantitative trading strategies at Liquidnet.



FINBOURNE picks Jordan as VP of Finance

FINBOURNE Technology has chosen Christopher Jordan as vice president of finance.

growth, as well as overseeing FINBORNE’s financial and capital allocation strategy.

Having worked closely with the company in the past, Jordan enters his new role from Santander Corporate and Investment Banking, where he served as VP of technology investment banking.

Thomas McHugh, CEO and co-founder of FINBOURNE Technology, states: “Chris’s extensive background in investment banking and corporate development makes him an invaluable addition to FINBOURNE as we continue to drive rapid and sustainable expansion.

Jordan has held a number of corporate development roles in firms including Torch Partners and Clearwater International, as well as an extensive expertise in advising companies on capital-raising, disposals and acquisitions.

Jordan inputs: “It was a pleasure to advise FINBOURNE during the Series B fundraising process. Having worked closely with the team, I consider it a privilege to join the company as we navigate our ambitious growth journey.” ■

In his new position, Jordan will be responsible for driving the company’s

SimCorp appoints Essofi as managing director for MEA

SimCorp has named Mourad Essofi as its managing director, head of Middle East and Africa (MEA).

Essofi joined SimCorp following its merger with Axioma in January 2024 as head of Axioma Sales EMEA. Previously he worked at Finastra and CDG Capital. He will be responsible for maintaining SimCorp's growth momentum in the region.

This year, the fintech company secured partnerships with Hassana Investment Company and a major sovereign wealth fund in the region.

Alzayed joins HSBC from Northern Trust

Abdullah Alzayed has left Northern Trust to join HSBC.

Alzayed will become vice president, head of accounts management in the bank's Securities Services business.

He holds over a decade of experience within the industry, spending just under five years at Northern Trust — most recently serving as second vice president, client service manager for Asset Servicing.

Prior to Northern Trust, Alzayed worked for SABB and Tawuniya.

Li joins Ogier as Funds and Digital Assets Partner

Ogier has welcomed Dennis Li as its latest funds and digital assets partner in Hong Kong. In his new appointment, Li will assist clients across a number of funds, including private equity and cryptocurrency funds and virtual assets. He will further advise investment managers and financial institutions on maintenance and regulatory compliance of funds and divestments.

Prior to joining the company, Li held a number of positions at CCB International, and Huobi Technology Holdings, where he acted as senior legal counsel. ■



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



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David Malmstrom, manager for Global Class Action Research & Opt-In Litigation Services at Broadridge, lays out the themes and trends from the company's most recent Global Class Action Annual Report.



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Scott Olson, senior manager for Broadridge's Global Class Action Custody Services, talks to Asset Servicing Times about the unique challenges facing global custodians when managing class actions



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Christi Cannon, vice president, Global Class Actions, Broadridge, puts the spotlight on four recent class action cases

Not Slowing Down

A high-speed train is shown in motion, blurred background with a rainbow color gradient overlay. The train is white with a dark stripe and is moving from left to right. The background is a mix of blue, purple, and orange, suggesting a sunset or sunrise. The overall effect is one of speed and modernity.

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

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 27 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.

ASSET SERVICING TIMES *Class actions special pullout*

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 is 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.

Securities Litigation

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. ■

A black and white portrait of Trip Chong, a woman with short dark hair, smiling. She is wearing a patterned button-down shirt and a necklace. The background of the portrait is a gradient of orange, pink, and blue.

Trip Chong

Senior director for global class actions
Broadridge

Top of the class

Asset Servicing Times speaks to Steve Cirami, global securities class actions leader at Broadridge, about how the company responds to clients' needs amid varying trends in the class actions space

How does Broadridge support institutional investors in navigating the complexities of class actions outside the US, particularly in regions like the EU and APAC where new class action laws are being implemented?

Class actions are rapidly evolving globally, expanding beyond their traditional North American roots. Many European and APAC countries have had class action laws for some time, with notable examples including the Netherlands, Germany, and Australia. However, these laws are frequently updated, typically every one to two years, as countries refine their approach. These changes significantly impact the requirements for investors to recover funds in securities-related class actions.

At Broadridge, we've assembled a dedicated team of legal researchers to track these global developments. They monitor:

- *The emergence of new class action laws in various countries*
- *Changes to existing laws and their impact on settlements*
- *Ongoing class actions worldwide, even before settlements are reached*

This comprehensive approach allows us to keep our clients informed about relevant cases involving their investments. For instance, last year saw several settlements in Korea and one in China. We track these cases individually while also monitoring the legal frameworks that influence settlement processes. This end-to-end service is integrated into our process for all clients, ensuring they're well-positioned to navigate the complex global landscape of class actions.

With the rise of novel asset classes such as cryptocurrency and other complex financial products, how does Broadridge ensure comprehensive asset recovery for clients involved in these innovative markets?

The landscape of securities class actions has evolved significantly since its inception in the US 50-70 years ago.

Initially dominated by equity-based settlements, we're now seeing a much broader range of asset classes involved, including options, debt, swaps, FX transactions, and cryptocurrencies. Each of these presents unique challenges in terms of recovery.

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The key to navigating these complexities lies in understanding the legal parameters of each settlement and managing the associated data effectively. Recovery rules are often bespoke and can vary significantly from one case to another. This variability necessitates a deep understanding of:

- *The specific legal requirements of each settlement*
- *The nuances of data storage across different investors, custodians, or blockchain systems*
- *The alignment between settlement requirements and available data*

We've developed expertise in marrying these elements to ensure our clients can maximise their recoveries. Our service is designed to handle the intricacies of each case, regardless of the asset class involved.

How key is data in this process?

Data is absolutely crucial in the class action recovery process. While understanding the legal aspects is important, the ability to leverage data effectively is what truly drives successful recoveries. Our approach at Broadridge is to collect comprehensive client data as early as possible, even for investments not currently involved in class actions. This proactive stance significantly reduces the workload when a settlement does occur.

By maintaining a robust database of client investments, we're able to quickly identify eligibility and compile the necessary information when a class action arises. This data-centric approach allows us to streamline the recovery process and maximise potential returns for our clients.

Given the increase in opt-in systems for class actions in many jurisdictions, how does Broadridge help clients manage and participate in parallel and competing litigations effectively?

The trend towards opt-in class action regimes, particularly in EMEA and APAC regions, has introduced new complexities for institutional investors. Countries like Germany and Brazil have adopted this approach, requiring investors to actively participate in litigation from an early stage rather than waiting for a settlement.



This comprehensive approach ensures that regardless of the jurisdiction or the complexity of the case, we can provide robust support to our clients throughout any settlement or litigation process.

We support our clients through this process by:

- **Monitoring multiple cases:** *We track parallel litigations, which often have subtle but important differences in legal theories, economic damage models, and covered time periods.*
- **Maintaining neutrality:** *We have relationships with various funders and law firms but remain impartial to ensure we can recommend the best fit for each client.*
- **Customising recommendations:** *We match clients with appropriate cases based on their specific trading patterns, timing, and how these align with different legal and economic theories.*
- **Providing ongoing support:** *Once a client opts into a litigation, we continue to monitor and support their involvement throughout the process.*

Our goal is to ensure each client is positioned to make informed decisions about which cases to join, considering their unique circumstances and the nuances of each litigation.

How does Broadridge leverage its technology and data analytics to maximise recovery in international securities class actions, especially considering high-profile cases like Wirecard, Airbus, and Glencore?

We've developed what we call our 'client advocacy model', which combines advanced technology with expert personnel to maximise recoveries for our clients.

This model is integrated into our entire global class action process and focuses on several key areas:

- **Data accuracy and completeness:** We meticulously check all client files to ensure there are no errors or missing data points.
- **Verification of third-party work:** We independently verify the calculations done by claims administrators or law firms to ensure our clients receive their full entitlements.
- **Customised client profiles:** We develop a deep understanding of each client's investment patterns and preferences, which informs our approach to each case.
- **Proprietary technology:** Our industry-leading class action technology allows us to run sophisticated data analytics across our entire client base, identifying relevant cases for each client.
- **Expert team:** We have over 70 dedicated experts globally, averaging 15-20 years of class action experience, including former practising lawyers, technologists, data scientists, and quality assurance professionals.
- **Independent verification:** For settlements with court-approved economic damages formulas, we program these calculations into our client advocacy portal to independently verify the amounts our clients should receive.

This comprehensive approach ensures that regardless of the jurisdiction or the complexity of the case, we can provide robust support to our clients throughout any settlement or litigation process.

Is client service at the forefront of your considerations?

Absolutely. Client service is paramount in our approach. We recognize that each client is unique, with different investment strategies, risk tolerances, and jurisdictional focuses. Some may invest heavily in cryptocurrencies, while others might concentrate on specific geographic markets.

Our client-centric approach involves:

- **Personalised understanding:** We take the time to thoroughly understand each client's investment profile and preferences.
- **Tailored communication:** We ensure clients are aware of any cases relevant to their specific investment portfolio.
- **Integrated expertise:** We combine our technological capabilities with legal and financial expertise to provide comprehensive support.
- **Continuous adaptation:** As the class action landscape evolves, we continuously refine our services to meet changing client needs.

By maintaining this focus on individualised client service, we're able to provide targeted, effective support across the full spectrum of class action activities, from initial case identification through to final settlement recovery. ■



Steve Cirami
Global securities class actions leader
Broadridge

Global class action trends unveiled

David Malmstrom, manager for Global Class Action Research & Opt-In Litigation Services at Broadridge, lays out the themes and trends from the company's most recent Global Class Action Annual Report.

The securities class action landscape continues to be robust, yet billions of settlement dollars go unclaimed each year. Whether distributed to other class members or allocated to a cy pres recipient, investors are leaving money on the table. The first step to address this issue is filing a claim. However, the true challenge is maximising recovery amid the growing complexity of settlement administrations and shareholder class actions.

Broadridge's Global Class Action team annually highlights these complexities, summarising the year's most intricate asset recovery opportunities and identifying emerging industry trends.

The cases, ranked by their complexity from the perspective of a financial institution's ability to recover its funds or those of its investors and clients, include all securities and financial antitrust class actions regardless of jurisdiction.

They also encompass US Securities and Exchange Commission (SEC) and Department of Justice (DOJ) enforcement actions, and other 'mass redress' cases involving financial instruments.

2023 – A historic year and emerging trends

Several records were set in 2023, including the greatest number of 'mega settlements' exceeding US\$100 million. Additionally, there were a historic nine financial antitrust settlements, with a combined recovery of over US\$650 million.

In 2023, there were over 125 opportunities to recover US\$5.5 billion in settlement proceeds across the globe. Broadridge identified more than 300 newly filed class or collective actions worldwide, with the highest concentration in US federal filings at 214 cases, consistent with the historic five-year rolling average for core federal filings. Internationally, England, Switzerland, and the Netherlands led in opt-in jurisdiction filings.

Key industry trends included a focus on environmental, social, and governance (ESG) investing and shareholder activism through securities litigation, especially in EMEA, where most opt-in claims now comprehensively address ESG-related issues. There was also an increase in participation in opt-in litigations, alongside new jurisdictions opening their courts to collective redress claims, such as China's new Special Representative Action regime, which saw its first settlement of 280 million yuan.

Broadridge also highlighted several trends for clients, including a shift in service offerings by broker-dealers who are now providing holistic claim-filing and asset recovery services, with custodians offering comprehensive recovery support as well. Additionally, Broadridge has been advising its DTCC clients on emerging complexities related to direct payment settlement administrations, particularly from the Delaware Chancery Court.

2023 – A look at the challenges

Various factors determine whether a case will be highlighted in the annual report, all of which affect the ability to file a complete and comprehensive claim.

Broadridge is currently tracking 24 unique case complexity challenges, with new ones emerging as the industry evolves. For example, the rise of novel asset classes such as cryptocurrency settlements requires a new approach to claims filing to maximise recovery.

In 2023, seven of the top 10 most complex cases involved numerous eligible securities. For instance, the Arconic Securities Litigation, which ranked first in the report, impacted Arconic common stock, preferred stock, convertible senior notes, and certain depositary shares. Additionally, corporate actions during the class period were a common challenge, also affecting seven cases. This trend will be prominently featured in 2024, particularly as we enter the de-SPAC era following the SPAC boom during the pandemic.

2024 – A look ahead

As we enter the second half of 2024, there have been 92 settlements totaling US\$3.136 billion, with an additional US\$1.777 billion in tentative agreements pending preliminary approval. The largest settlements include the Stock Loan antitrust settlement (US\$580 million), and securities settlements with Under Armour (US\$434 million) and Alphabet (US\$350 million).

Other notable settlements this year feature a trio of data breach-related securities class action settlements, a trend first identified in last year's report. These settlements include Alphabet (US\$350 million), Zoom Video Communications (US\$150 million), and Okta (US\$60 million), marking the first, second, and sixth-largest data breach-related securities class actions of all time.

On the international front, there has been a significant increase in inquiries from clients in the APAC region, which is poised for substantial growth as new firms and funders explore markets and jurisdictional frameworks for mass redress claims. Serco, the British outsourcing conglomerate, reached an agreement to settle opt-in securities claims by a group of investors who alleged the company overcharged the UK government for services in 2013, a scandal that wiped out over 70 per cent of shareholder equity. Additionally, Belgium has become the latest EU member state to comply with the EU Directive on Representative Actions, specifically providing a path for securities class actions under the country's New Collective Redress Act.

These trends inform the services we provide to our clients. Broadridge continues to expand its suite of services around notification, portfolio monitoring, and class action asset recovery on behalf of asset owners and managers as the industry grows and becomes more complex. ■

To read the full Global Class Actions Annual Report, visit: www.broadridge.com/report?

Key industry trends included a focus on environmental, social, and governance investing and shareholder activism through securities litigation, especially in EMEA, where most opt-in claims now comprehensively address ESG-related issues.



David Malmstrom

Manager for Global Class Action Research & Opt-In Litigation Services
Broadridge

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A touch of class



A close-up, artistic photograph of a hand holding a glowing orange ring. The hand is positioned in the upper left, with the ring held between the fingers. The ring has a bright, fiery orange glow. The background is dark, and numerous small, glowing orange sparks or particles are falling from the ring, creating a dynamic, starry effect. The overall mood is dramatic and high-tech.

Global Custodians

Scott Olson, senior manager for Broadridge's Global Class Action Custody Services, talks to Asset Servicing Times about the unique challenges facing global custodians when managing class actions.

Can you explain how securities class actions fit within the world of asset servicing and what trends are evolving?

Class actions can be a complex and time-consuming process that requires specialised expertise and technology to ensure class actions are handled efficiently and accurately. Class actions have historically been an afterthought within the financial services industry. Firms tended to focus on process improvement within other areas of asset servicing, leading to manual processes in the class actions space that are prone to error and potential losses.

One trend evolving is the increasing use of technology to streamline the process. Firms are now investing in technology that can help automate and simplify the handling of class actions, reducing costs and increasing efficiency. This trend is likely to continue as securities class actions become ever more complex and volumes continue to increase.

Another trend emerging is an increased focus on transparency and accountability. Investors, especially institutional investors with significant holdings, are becoming more active in monitoring and challenging the class actions process. As a result, firms are under pressure to provide more detailed and accurate information to their clients.

In this globally changing landscape, what are the unique needs of global custodians as it pertains to class actions, and what are the unique challenges they face?

Probably the biggest challenge is complexity. There are significant and material differences that apply in different jurisdictions. Some jurisdictions have no class actions procedure, while others limit class actions to specific causes of action.

Global custodians often operate in multiple jurisdictions, each with its own regulatory requirements and legal frameworks for

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securities class actions. They need to navigate and comply with these varying regulations while ensuring consistent and efficient handling of class actions across different markets.

Other unique challenges faced by global custodians in handling class actions include data management and technology integration. Global custodians deal with large volumes of data related to client holdings, transactions, and class action notifications. Implementing effective data management systems and integrating technology solutions to automate processes and ensure accuracy can be complex and resource-intensive.

Another challenge relates to compliance with regulatory requirements. Global custodians must adhere to a multitude of regulatory requirements across jurisdictions when handling class actions, including data privacy laws, reporting obligations, and legal standards for client representation. Staying abreast of evolving regulations and ensuring compliance can be very demanding.

Lastly, resource allocation and expertise. Managing class actions requires specialised expertise in legal, regulatory, and operational aspects. Global custodians need to allocate sufficient resources to handle class actions effectively, including hiring legal staff, partnering with external legal counsel, and investing in training and technology.

How is Broadridge and its team of class action experts helping clients to meet those needs and manage challenges?

Broadridge's Global Class Action services team is comprised of more than 70 dedicated members who each have 10-20 years of industry expertise.

Our team includes members with distinguished careers dedicated to class actions, including securities class action litigators, settlement programme designers, claims administrators, claims auditors, data analysts, and QA and anti-fraud professionals.

This range of expertise puts Broadridge in a unique position as many members of the team have first-hand experience of working at some of the biggest global settlement administrators and bring a deep understanding of the settlement administration process from end to end, as well as a high level of strategy and efficiency to the management of all claims.

The Broadridge Global Class Action services team deploys a client advocacy model, in which they proactively manage the claim process and individual claims to maximise client recoveries and ensure that all Broadridge managed claims satisfy claim program timing and requirements.

Each of our clients are assigned a relationship manager who works to provide active management of the securities class action asset recovery programme.

Under the Broadridge model, we leverage our expertise to understand clients' data, analyse specific Court requirements, and check behind the administrator. If necessary, we will advocate on the client's behalf with the administrator, class counsel, and/or the court to maximise recoveries.



Scott Olson

Senior manager for global class action custody services
Broadridge

How is technology and innovation at Broadridge helping clients to uncover new opportunities for ways to maximise recoveries and minimise risk?

The combination of Broadridge's cutting-edge technology infrastructure and robust securities litigation expertise has helped to augment securities class action programmes across the world.

We are continually investing in the infrastructure in order to deliver market-leading technology to our customers. We have dedicated engineers that investigate new technologies to improve our overall innovation, efficiency, and quality. We continue to evolve our class action service based on industry changes and client feedback to keep us up to date.

One key development in the past few years has included the rollout of a newly designed, dynamic Global Class Actions Client Portal, allowing insights right at our clients' fingertips.

We are continually developing the technology and recruiting industry experts for our Global Class Actions Service to ensure that it remains the most efficient and accurate solution available in the market.


What does the future landscape look like for global custodians managing securities litigation? How is their role changing?

The future landscape for global custodians managing securities litigation is expected to continue to evolve in response to various factors shaping the financial industry, the regulatory environment, and technological advancements.

Global custodians will need to place a greater emphasis on regulatory compliance and risk management in the context of securities litigation.

They will need to stay abreast of changing regulatory requirements, implement a robust risk assessment framework, and establish governance structures to ensure adherence to legal and compliance standards.

Secondly, Global custodians will need to adopt a more client-centric approach in managing securities litigation, focusing on enhancing client communication, providing transparency throughout the litigation process, and addressing client needs and concerns effectively.



The combination of Broadridge's cutting-edge technology infrastructure and robust securities litigation expertise, has helped to augment securities class action programmes across the world.

This includes offering proactive updates, clear reporting, and tailored solutions to meet client expectations. One example of this is the potential impact a large class action payment can have to a mutual fund's net asset value (NAV). Asset managers and fund accountants need to stay abreast of the timing of significant payments to properly account for them.

Global custodians may also increasingly collaborate with external partners, such as legal firms, data providers, and technology vendors such as Broadridge, to strengthen their capabilities in managing securities litigation. By forming strategic alliances and leveraging specialised expertise, global custodians can enhance their service offerings and deliver value-added solutions to clients.

Lastly, global custodians are expected to incorporate environmental, social, and governance (ESG) considerations into their securities litigation management practices, reflecting the growing importance of ethical practices, sustainability, and social responsibility in the investment industry. This includes aligning securities litigation strategies with ESG principles and integrating ESG factors into decision-making processes.

Overall, the future landscape for global custodians managing securities litigation is characterised by a shift towards technology-driven solutions, regulatory compliance, client-centricity, collaboration, and ESG integration. Global custodians will need to adapt to these trends, enhance their capabilities, and embrace innovation to navigate the evolving challenges and opportunities in the securities litigation space. ■

Four global class action challenges reshaping asset recovery

Christi Cannon, vice president, Global Class Actions, Broadridge, puts the spotlight on four recent class action cases.

Class actions can be incredibly complicated. In 2023, settlement trends drove complexity to unprecedented heights. The best way to grasp the impact is through the lens of real-world litigation. Taken from Broadridge's latest Global Class Actions Report, these four cases highlight critical administrative obstacles standing between custodians and maximum asset recovery.

1: Filing claims for numerous securities

A single case could involve tens of thousands of CUSIPs and ISINs. Take, for example, the Bank Bill Swap Rate (BBSW)-Based Derivatives Antitrust Settlement. The defendants allegedly coordinated manipulative Australian Prime Bank Bill transactions during the daily BBSW Fixing Window to benefit their trading positions.

Any instrument based on the BBSW or using it as a component of price was eligible for a claim. This included FX derivatives, interest rate derivatives, futures and options, exchange-traded swaps and more. The case ultimately settled for over \$185 million.

Implications: Cases with multiple securities will require substantial effort to identify all affected securities and populate data correctly into filings. Each instrument contains unique challenges that may prevent a filing, reduce the distribution, or cause an outright rejection.

2: Scrutinising corporate actions

Cases affected by corporate actions took a major leap — from one instance in 2019, to 12 in 2023. Glencore Opt-in Securities Litigation was a marquee example.

Investors alleged that the company was aware of bribes used to secure business.

That alleged illicit market manipulation led to a US\$1.5 billion settlement, and drove Glencore's stock down around 20 per cent.

Further allegations centred on potentially deceptive statements in prospectuses, including one released in connection with its 2013 all-share merger with Xstrata. Several opt-in litigations are pending.

Implications: Corporate actions can have a substantial impact on the claims filing process. Each may bring unique complexities. Mergers, for example, are complicated by inconsistent transactional records for acquired shares.

Custodians must conduct separate reviews to categorise exchanged shares. Actions outside of the class period can influence filings as well. Every detail needs attention — overlooking one could reduce claim value or make it ineligible.

3: Dealing with complicated instruments

The number of settlements involving complicated instruments (futures, swaps, FX transactions, cryptocurrencies, etc.) is rising. We covered one such case in our 2019 report. In 2023, we examined six.

A notable case from 2023 was the Structured Alpha Mutual Fund Litigation. Structured Alpha touted a complex options trading strategy that could generate risk-managed returns of 10-15 per cent, regardless of market trends.

But instead of the 'market neutral' strategy, portfolio managers allegedly enacted a high-risk approach, causing billions in losses during the COVID-19 market crash. The parties reached a US\$145 million settlement.

Implications: With complex instruments, it can be challenging to determine what is eligible for a claim. Custodians may have to dedicate hundreds of working hours and create custom procedures to organise and quality-check data to maximise claims.

4: Submitting claims under multiple laws

To maximise recoveries for clients, more custodians are pursuing cases in state and federal courts in tandem. Firms are multiplying their workload to prepare separate, distinct claims for each court system.

That is what unfolded in the Micro Focus International Global Settlement. Investors alleged that Micro Focus misrepresented and omitted facts in the registration statements and prospectus related to its 2017 merger with HPE's software business segment.

The case had an elaborate procedural history, including a US\$107.5 million settlement under both the Securities Act and Exchange Act.

Implications: Navigating proceedings in more than one court adds potential for confusion.

It will be imperative to engage in meticulous monitoring, claim preparation, and data management. Custodians without established multi-court processes may miss out on full claim value. ■

With complexity clouding the class action landscape, custodians need a clear line of sight.

Christi Cannon

Vice president, Global Class Actions
Broadridge

Explore the future of class actions

With complexity clouding the class action landscape, custodians need a clear line of sight. Our 2023 Global Class Actions Report examines the most complicated cases and what they can tell us about maximising asset recovery. [Download](#) a copy and [connect with us](#) to discuss your opportunities.





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Class action cases continue to evolve. Your process should, too.

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clients

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members

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