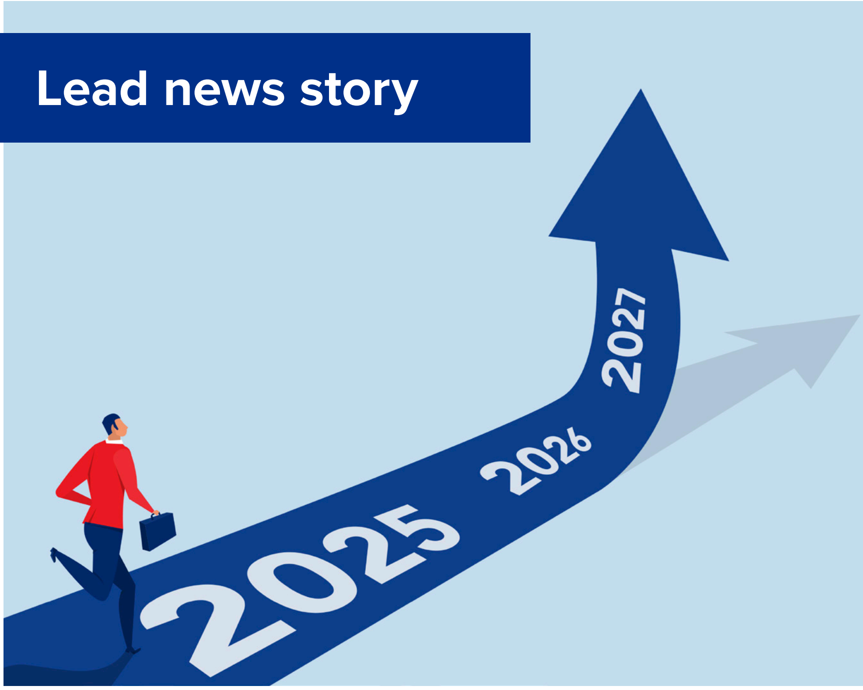
Asset Servicing Times

Leading the Way in Global Asset Servicing News and Commentary

ISSUE 359 19 February 2025

Shifting Gears in Financial Services

Xceptor's Michiel Verhoeven looks at how data automation is transforming the financial services industry



UK T+1 Accelerated Settlement Taskforce confirm plan

The UK T+1 Accelerated Settlement Task Force (AST) has published its implementation plan for the UK's transition to T+1 securities settlement.

Included in the plan is a code of conduct for market participants which confirms 11 October 2027 as the first trading date in the UK cash equities for settlement on T+1.

The plan also confirms a 'clearly defined scope', 12 critical operational actions and 26 highly recommended actions.

It also includes five behavioural commitments such as a push for automation in standard settlement instructions (SSIs), corporate actions, and stock lending recalls.

This is in addition to a focus on 'action this day', urging firms to begin planning and where practicable, immediate implementation.

Following this news, the UK T+1 AST will hold an online and in-person event for market participants on 20 February to provide an opportunity to hear the task force detail the critical recommendations made in the implementation plan.

Attendees will also hear a live discussion among firms which have already begun to plan their own journey to this shorter settlement cycle.

Andrew Douglas, chair of the UK T+1 AST, says: "This is a milestone in the UK's journey to T+1 settlement and reflects a substantial amount of work and co-operation across the industry. We have a date and a detailed plan for the way ahead. Market participants should start planning now ahead of the 2025 budget process for project funding in 2026. Automation will be a key component of a successful implementation." ■

AST

Karl Loomes
Group editor
karlloomes@blackknightmedialtd.com

Carmella Haswell
Deputy editor
carmellahaswell@securitiesfinancetimes.com

Jack McRae
Reporter
jackmcrae@assetservicingtimes.com

Clelia Reka Frondaroli
Junior reporter
cleliarekafrondaroli@assetservicingtimes.com

James Hickman
Lead designer
jameshickman@blackknightmedialtd.com

John Savage
Associate publisher
johnsavage@assetservicingtimes.com

David Hancock
Associate publisher
davidhancock@assetservicingtimes.com

Andrew Hutchings
Associate publisher
andrewhutchings@assetservicingtimes.com

Justin Lawson
Publisher
justinlawson@blackknightmedialtd.com

Published by Black Knight Media Ltd

Contents

Fides Treasury Services and deltaconX partner

Fides Treasury Services and deltaconX have partnered to enhance global transaction reporting services.

The collaboration allows Fides' clients to access deltaconX´s transaction reporting services, ensuring compliance with evolving regulations.

Thomas Buk, CEO and founder of deltaconX, says: "With increasing regulatory scrutiny, businesses need a reliable and automated compliance framework, and this collaboration delivers just that."

Philip Anklin, chief growth officer at Fides, adds: "This partnership reinforces our commitment to providing clients with innovative solutions to meet increasing regulatory requirements." ■

Montagu poised to acquire Multifonds

Montagu is set to acquire Multifonds from its corporate parent, Tenemos.

Multifonds, a provider of global fund accounting software, has been part of Tenemos since 2015.

However, after the closure of the transaction, Multifonds will begin operating as a standalone company and will continue to be led by its existing management team in Luxemburg.

Commenting on the acquisition, Jan Stypulkowski, partner at Montagu, says: "We are delighted to bring Montagu's sector knowledge and value creation expertise to support the company to unlock further international growth, and we look forward to working with Oded and his team to start this exciting next chapter."

Oded Weiss, CEO of Multifonds, adds: "We are excited about partnering with Montagu for our next phase of growth as a standalone business. Their shared ambition for future growth through existing and new clients aligns well with our vision for Multifonds." ■

image by summit_art_creations/stock.adobe.com

Fenergo and PwC join forces

Fenergo has collaborated with PwC to deliver Fenergo's AI powered Client Lifecycle Management (CLM) and Know Your Customer (KYC) solutions to financial institutions. PwC will combine their financial crime expertise with Fenergo's CLM technology into a single solution, which aims to help financial institutions to better navigate financial crime operations. The agreement is also said to be part of PwC's broader strategy to use digital and technology partnerships to deliver solutions for financial crime and regulatory challenges.

Mark Hunter, partner at PwC, comments: "Fenergo's AI-powered platform is uniquely positioned to serve mid-market to large multinational organisations, offering the flexibility and advanced capabilities needed to manage complex regulatory environments. This collaboration is enabling us to deliver even greater value and sustained outcomes to our clients."

Matt Edwards, global vice president of partnerships and alliances at Fenergo, concludes: "The collaboration enables Fenergo to tap into PwC's industry-leading consultancy and implementation services to deliver an optimum target operating model for CLM." ■

KDPW launches LEI issuance application

The Central Securities Depository of Poland (KDPW) has launched a new Legal Entity Identifier (LEI) issuance application.

The modifications made to the LEI request has made the process of obtaining a LEI quicker and simpler.

Alongside the application, KDPW has launched a new website which includes a LEI database that allows users to find an identifier, check expiry dates, and gain access to data assigned to the LEI.

Clients will also be able to renew and request a new LEI. ■

Standard Chartered supports ChinaAMC

Standard Chartered is supporting China Asset Management (ChinaAMC), Hong Kong, to launch the first tokenised retail money market fund in Asia Pacific.

The fund, which is expected to be launched by the end of February, will have ChinaAMC (HK) as its digital asset provider and Standard Chartered Trustee (Hong Kong) acting as the open-ended fund company custodian.

The bank will also provide a range of securities services and technologies solutions to better enable the tokenisation of the fund, along with fiduciary, fund administration, and cash services.

Mary Huen, CEO of Hong Kong and Greater China and North Asia at Standard Chartered, says: “We are pleased to strategically combine our strengths in traditional custody services and innovative fintech capabilities to support ChinaAMC (HK) in launching the first tokenised retail money market fund in Asia Pacific in the near future, marking another milestone in the development of Hong Kong as a global digital assets hub.”

CEO of ChinaAMC (HK), Tian Gan, adds: “Through this partnership, we aspire to assist Hong Kong in establishing a hub for digital finance, while simultaneously providing technologically-enabled innovative financial products to investors.” ■

FE Investments picks Jacobi

FE Investments has selected technology vendor Jacobi to accelerate the growth of its managed portfolio service.

Jacobi’s technology will be used to scale and industrialise FE Investments’ portfolio risk monitoring, analytics, and portfolio design processes.

Rob Gleeson, chief investment officer at FE Investments, says: “With cost pressures continually increasing, efficiency at scale has become our biggest need. With this new system we are confident we will be able to offer a wider range of investment services to more clients than ever.”

Curtis Evans, managing director at Jacobi EMEA, says: “We continue to see strong demand for our model portfolio technology as wealth managers look to scale their investment processes and enhance the quality of engagement with clients.” ■

image by mustkim/stock.adobe.com

image by moofushi/stock.adobe.com

Euronext Clearing to enhance collateral management offering

Euronext has collaborated with Euroclear to support the development of Euronext Clearing's collateral management services for repo and other asset classes.

The initiative is a step toward the expansion of Euronext's Italian repo clearing franchise to a large range of European government bonds.

Euronext Clearing will use Euroclear as its first triparty agent to enable enhanced collateral management capabilities.

The firm will offer clients automated, streamlined and flexible collateral solutions, designed to improve operational efficiency, and margin and balance sheet optimisation.

Euroclear will act as an independent third party, managing the selection, valuation and substitution of collateral to ensure it meets eligibility criteria while optimising operational efficiency.

It will also handle settlement and custody, provide regular reporting and ensure regulatory compliance, providing improved liquidity management and a reduced administrative burden.

Collaborating with Euroclear will pave the way for the rollout of Euronext's new repo clearing offering in June 2025, enabling the onboarding of clients including international banks, with an updated risk framework. Clients will also be able to use Euroclear as a triparty agent for repo clearing.

Anthony Attia, global head of derivatives and Post Trade at Euronext, says: "This partnership marks a significant milestone in Euronext's 'Innovate for Growth 2027' strategy, reinforcing Euronext Clearing's role as a cornerstone of the group's broader strategic ambitions.

"It demonstrates our commitment to delivering clearing and collateral management solutions for our clients. It is a key milestone in the expansion across Europe of Euronext Clearing's repo franchise."

Marije Verhelst, head of product strategy and collateral management and securities lending at Euroclear, adds: "Strengthening collaboration between market players is crucial for growth and stability in European capital markets. Euroclear has a long-standing track record of providing collateral management solutions across Europe and beyond.

"This initiative highlights the vital role of our global and neutral infrastructure in helping our clients optimise their collateral allocation, reducing fails and credit usage, and increasing flexibility and predictability for dealers." ■

Zodia Custody partners with Polymesh

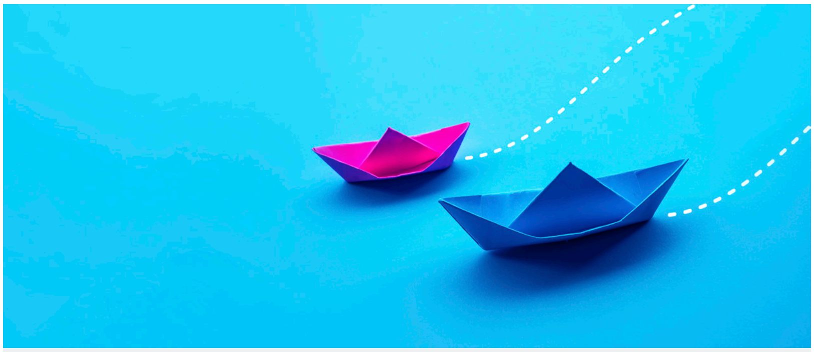
Zodia Custody has partnered with the Polymesh Association to support Polymesh, a purpose-built blockchain for regulated real-world assets.

This long-term partnership will see Zodia Custody's institutional clients being able to access and interact with the Polymesh ecosystem. This includes access to the company's features such as on-chain identity, compliance, and settlement.

Zodia Custody will also provide custody services for assets issued on Polymesh as part of the agreement, and will collaborate with Polymesh on initiatives aimed at educating institutions about tokenisation and challenges within regulated markets.

Commenting on the partnership, Julian Sawyer, CEO of Zodia Custody, says: "Polymesh's focus on compliance and institutional-grade infrastructure aligns perfectly with our mission to deliver regulated institutional digital asset services. Together, we aim to enable institutions to explore the full potential of regulated blockchain technology with confidence and ease." ■


RMB
COOL, CALM
AND CONNECTED.
We simplify post-trade securities solutions through a single-contact relationship.
Our streamlined, end-to-end post-trade securities solutions extend from trade execution through to reporting and analytics.
RMB a division of FirstRand Bank Limited, is an Authorised Financial Services and Credit Provider NCRCP20. Terms and conditions apply.



Wilmington Trust partners with AccessFintech

Wilmington Trust, part of the M&T Bank family, and AccessFintech have collaborated on an automated loan lifecycle management solution using the Synergy platform.

This would enable the real-time sharing of contract level data for the private credit market via the Synergy network, which the companies say would allow agents, lenders, and administrators to connect shared workflows in a single environment.

The collaboration is also said to address the challenges in the private credit and syndicated loan industry by offering automated workflows, which would allow the improved identification of cash breaks as well as data transparency.

Medita Vucic, Wilmington Trust's head of structured finance and loan market solutions, comments: "Wilmington Trust is working with AccessFintech to further enhance the syndicated loan market's focus on solutions for data transparency and workflow collaboration, all of which continue to be critical for the future growth and scalability of our industry." ■

DTCC announce ComposerX

DTCC has announced ComposerX, a suite of platforms designed to streamline token creation and settlement.

The company says this has been created with the aim of accelerating digital asset adoption throughout the financial ecosystem.

Composer X comprises three core platforms: Capital Markets Platform, Factory, and LedgerScan.

Nadine Chakar, global head of DTCC Digital Assets, says: "We're excited to launch the ComposerX suite, which provides firms with the tools they need to usher in a new era of institutional DeFi." ■

Broadridge extends agreement with Upvest

Broadridge has extended its agreement with Upvest to further deliver end-to-end proxy voting and shareholder disclosure solutions for Upvest clients.

As part of the agreement, Broadridge will continue to provide Upvest with solutions for client proxy voting needs, including meeting notification, vote execution, and confirmation. Upvest will also integrate Broadridge's proxy voting interface onto its own website.

The companies also say that partnership will enable Upvest's clients to meet regulatory disclosure obligations, while minimising risk and improving operational efficiency.

Demi Derem, senior vice president of international investor communication solutions at Broadridge, comments: "We are thrilled to be chosen by Upvest as their proxy voting and shareholder disclosure partner. Our corporate governance solutions, including Global Proxy and Shareholder Disclosure help our clients meet their regulatory obligations and enhance services for investors."

Co-founder and chief product officer at Upvest, Til Rochow, adds: "We are truly excited to work alongside Broadridge to provide our clients and their end users with best-in-class proxy voting and shareholder disclosure solutions." ■

image by tada_images/stock.adobe.com

Igneo Infrastructure chooses Northern Trust

Igneo Infrastructure Partners, an international infrastructure investor, has selected Northern Trust as its global private capital administrator provider.

Following Igneo's review of third-party providers of alternative administration solutions, the company chose Northern Trust due to its alignment with Igneo's global operating model and strategic plans.

The selection will see Northern Trust offering a range of asset servicing solutions to the firm's funds in Australia, the Cayman Islands, Luxembourg, and the UK. This includes fund administration, investor servicing, and transfer agency services, Northern Trust says.

Niall Mills, managing partner and global head at Igneo, comments: "Northern Trust's selection as Igneo's outsourced administration provider supports our requirement for a strong, well-established global capability in administering alternative assets, with the system architecture for enabling extensive oversight of our investment portfolio." ■

image by rawpixel/stock.adobe.com

Shifting gears in financial services

Michiel Verhoeven, CEO at Xceptor, talks to Karl Loomes about how data automation is driving strategic decisions and transformation in the financial services industry

Data automation has become ever more important for financial services institutions. What is driving this increased focus?

The financial services industry is incredibly competitive and is also one of the most heavily regulated industries. Faced with a unique set of challenges and opportunities, financial institutions are increasingly going beyond leveraging data automation to help them to address operational efficiencies and stay compliant, towards a more strategic view of leveraging data automation to stay competitive.

Financial institutions grapple with ever-increasing data volumes and complexity. From the client onboarding process to contracts, trade confirmations and balance sheets and more, there is a huge number of data touchpoints, with data coming from thousands of different systems, and further compounded by its variety and complexity. A report from IDC states that 90 per cent of enterprise data is unstructured. In order to derive meaningful insights, financial institutions require data automation technologies that leverage advanced technologies such as natural language processing, artificial intelligence and machine learning.

Additionally, the financial services industry faces ever-evolving regulations, from German tax e-filing and EU FASTER to the UK's forthcoming shift to T+1 by the end of 2027. The ever-evolving regulations require firms to embrace automation to navigate costly and time-consuming processes, and to remain ahead of regulations. Data automation is key to achieving this, enabling institutions to implement systems that adapt in real-time to regulations, providing operational continuity and compliance, even as changes take place.

Data automation is also increasingly critical in identifying and managing operational risks, such as fraud detection. These tools can provide real-time monitoring and predictive analytics to mitigate risks.

Another factor is operational inefficiency stemming from disparate tools and workflows. As a result, gaps form between the different systems and processes, leading to siloed data, an increased need for human intervention, increased risks of human errors, and tasks take longer to complete. Automating end-to-end operational processes has the power to transform unstructured data into streamlined workflows.

There are clear benefits for middle and back office functions with data automation. How are financial services institutions leveraging data automation for strategic value and competitive advantage?

Indeed, many of our clients are reaping efficiency gains from data automation in middle and back office functions. Data automation tools, such as the Xceptor platform, help automate and accelerate end-to-end operational processes across confirmations, reconciliations, end-user computing (EUC) remediation, tax operations, and more. This allows for enhanced operational efficiency, real-time decision making and regulatory compliance. Additionally, what we are seeing is that clients can unlock further value and competitive advantage by taking a more strategic and broader view, allowing them to achieve scalability and flexibility as well as deliver on improved customer experience.

Schroders, for example, had initially appointed Xceptor to process incoming transfer agency cashflows into Blackrock's Aladdin. This included checking and validating the cashflows with predictions, and once confirmed, to be loaded in Aladdin. Following the successful execution, Schroders expanded usage across their operations. With Xceptor, Schroders now runs 100

“Financial institutions are increasingly going beyond leveraging data automation to help them to address operational efficiencies and stay compliant, towards a more strategic view of leveraging data automation to stay competitive”

per cent of its externally-sourced data on its processing system, eliminating the need for multiple applications, many of which previously performed similar activities. This has allowed Schroders to eliminate risks associated with manual data input and bring uniformity to processes, as well as enhance further operational resilience and efficiency.

Another example is in what we have been able to achieve together with Catalyst, a global fund administrator and financial services firm. As the firm grew, so too did their manual processes for data extraction and processing. Catalyst implemented Xceptor as a solution to automate data extraction, transformation, and reconciliation processes, and saw results in their reconciliation processes within weeks, saving over 20 hours daily, and ultimately, a 125 per cent return on investment (ROI). Anecdotally, Catalyst has also indicated that job satisfaction amongst the team has been boosted, and senior team members are now freed up to focus on improving client service and value add activities.

Data automation tools are critical across the full financial services client lifecycle, and particularly so during the onboarding process, which is one of the most strategic and important points. Unfortunately, manual processes and disparate systems often make the client onboarding process a time-consuming and frustrating process. Data automation platforms can help to manage the complex process. For example, data automation tools provide real-time validation to ensure clients’ data is accurate from the start, reducing errors throughout the onboarding journey, and can process unstructured documents, including handwritten text and paper documents, to speed the onboarding process. Xceptor has helped many clients enhance their client onboarding process, reducing onboarding time from six weeks to just six days, and cutting account opening times by half — ultimately helping clients increase revenue through operational efficiencies.

Financial institutions like Catalyst and Schroders are embracing data automation as a crucial differentiator to gain a decisive edge through increased efficiency and accuracy across their workflows. Data automation can help institutions save time and money, as well as deliver a superior customer experience and deliver effectively on business goals.

Implementation projects are often fraught with challenges. What are the keys to success?

Across the successful client case studies we have, a few key success factors stand out. First, ensuring that products and solutions that are purpose-built for financial services can be hugely beneficial. As opposed to generic software, purpose-built solutions address specific pre and post-trade processes that clients require, meet the unique data requirements as well as specific regulatory landscape. All these can aid in ensuring smoother integration and delivery of desired outcomes.

Having the right team to support the client’s success is also crucial. One of the key pieces of client feedback we hear regularly is to have a team with relevant industry experience and expertise. From sales managers to delivery consultants to customer success managers, clients appreciate having individuals on the team who deeply understand the nuances of their processes, pain points and challenges.

Additionally, having a robust training and certification programme is key. For example, Xceptor clients have access to ‘Xceptor Connect’, which includes a plethora of training and enablement programmes (self-paced and instructor-led), professional certification, a sandbox environment, as well as a community to bounce ideas off of. This ensures that users are prepared for success, maximises adoption, and ultimately drives a successful implementation.

What have the past few years been like, and what does the future hold for Xceptor?

Since Xceptor was founded in 2003, our ethos has remained the same — empowering business users with trusted data.

We are deeply committed to providing tools and solutions that empower our users to solve for complex data automation scenarios and ultimately focus on what matters most.

In the past financial year, we continued to see double-digit growth, adding new clients as well as growing with many of our existing clients. Client success continues to be our north star that guides our go-to-market (GTM) strategy as well as our product innovation roadmap.

From a product perspective, we continue to focus and invest in innovation to solve for business challenges and deliver outcomes to financial services institutions. Building on our deep industry expertise and knowledge of business operations requirements, we have identified several key initiatives in our product roadmap, ranging from deepening existing capabilities in our offerings such as reconciliations, improving user experience, cloud-native deployments, to deeper AI adoption.

We also consulted with our client advisory board to ensure that the initiatives address critical client priorities and deliver tangible value.

An example is that of AI. While much of the industry was still exploring its potential, we delivered on AI capabilities, including an AI-powered document intelligence framework, along with a risk management and control framework. Clients can use powerful AI-based capabilities alongside our existing industry leading complex data and process orchestration capabilities to solve a broad set of use cases from loan notices to OTC trade confirmations, invoice management, etc.

Clients often tell us that our ability to have AI embedded into operations is particularly crucial in processing unstructured data, which has been a longstanding challenge in the industry.

From a GTM perspective, our continued growth has prompted us to broaden our market presence and enhance our service offerings to meet the evolving needs of our clients. We are honoured to have an enviable client roster — 14 of the top 50 global banks and seven of the top 10 global custodians. This not something we take lightly. We have grown our client-facing teams in North America, added coverage in EMEA and also continued to invest in APAC — so that we can continue to build strong relationships and deliver tailored solutions and services that address our clients' needs.

Additionally, we have a strong ecosystem of partners that we will continue to build, nurture, and broaden.

"We are deeply committed to providing tools and solutions that empower our users to solve for complex data automation scenarios and ultimately focus on what matters most"

Last year we announced our availability on the Microsoft Azure Marketplace, as well as a strategic alliance with KPMG to deliver tax solutions. These have been very well received and will continue to be a key component in how we best support our clients.

What trends do you expect to have an impact on the financial services industry this year?

AI has captivated business leaders for some time and will likely continue to do so, with the focus shifting from experimentation towards realising concrete value.

As this continues, an area where AI is poised to make its mark is in agentic AI, through the rise of orchestrated actions to automate smaller tasks within workflows. Today, agentic AI is not yet capable of managing entire workflows but has the potential to revolutionise data automation by enabling autonomous decision-making within workflows.

Additionally, we see tremendous potential in the integration of data automation and process discovery tools. This can empower institutions to proactively identify inefficiencies across the entire organisation that are ripe for automation and then expand automation efforts.

Various teams in Xceptor are currently actively working on specific initiatives, including several proof of concepts with our top clients and partners, to bring them from potential to reality. ■

One step forward, two steps back

Will Donald Trump's return to the White House spell the end for ESG policies, or are financial institutions and investors hopeful for a greener future?

Clelia Frondaroli reports

All has not been well for the state of environmental, social, and governance (ESG) policies in the US. With the US Securities and Exchange Commission (SEC) announcing a pause on defending its climate disclosure rule for financial institutions, along with the formation of new regulations currently on hold across all US federal agencies, there are fears that under Trump's presidency, ESG policies will be the first to go.

Nor is this the government's first or solitary attack on climate-related disclosures and information. Although the President's return to the Oval Office has totalled a mere month, official environmental datasets are being deleted at an alarming rate. The most glaring omission, the National Security Archive notes, has been the removal of the White House pages on the Council of Environmental Quality (CEQ) and the Office of Science and Technology Policy (OSTP), in addition to the other 2,000 datasets that have since disappeared from the government's website. As banks and asset managers increasingly desert climate coalitions, things are shaping up to be an increasingly sombre state of affairs.

But while the US withdraws from regulation on ESG issues, the EU has instead been ramping-up sustainability and climate disclosure directives. So are investors and financial institutions giving up on ESG, or are they taking matters into their own hands?

Uyeda's stance

"I am taking action," says Mark T. Uyeda, acting chairman of the SEC, "on the Enhancement and Standardisation of Climate-Related Disclosures for Investors rule that was adopted by the Commission on 6 March 2024."

This rule, which requires public companies to disclose information regarding climate-related risks that have, or will be likely to, materially impact a firm's financial condition and outlook, is one he claims is "deeply flawed" and could "inflict significant harm on the capital markets and the economy".

Although this was the SEC's chance to defend the rule against the several lawsuits that had been filed shortly after its implementation, Uyeda has instead requested a pause on the case in the Eighth Circuit Court of Appeals, where it is unclear whether he will defend the rule at all or simply let it be dissolved.

Clearly he has done little (to nothing) to hide the fact he opposed the implementation of the rule from the get-go. In his statement, he has made it known that, "I voted against the rule's adoption" and "continue to question the statutory authority of the Commission to adopt the rule, the need for the rule, and the evaluation of costs and benefits".

He also is not the only one who has made his distaste heard. During the proposal hearing in 2024, Hester M. Peirce, commissioner at the SEC, had a few choice words to say about the rule herself.

The rule's fundamental flaw, she claims, is "its insistence that climate issues deserve special treatment and disproportionate space in Commission disclosures and managers' and directors' brain space". She believes that requiring public disclosures of in-depth climate information would not only reduce a firm's ability to respond to risks, including climate risks, but would further deter financial institutions from engaging in improving their business practices.

Peirce makes her reservations clear: "The resulting flood of climate-related disclosures will overwhelm investors, not inform them."

A conscientious investor

Although Peirce's use of flood is apt considering the widespread implications of climate inaction, the underlying message is apparent: that climate-related disclosures for firms should not be under federal law. However, are investors and financial institutions really feeling the effects of this 'flood' of information from climate disclosures, as she claims, or are they still calling for more transparency from firms regarding their sustainability obligations?

Anna-Marie Slot, founder of Transition Value Partners, believes the latter is true. Speaking at the Sustainable Finance Live conference earlier this year, she notes that regulation surrounding sustainability and ESG has seen a "538 per cent increase" since 2017, where the EU in particular "has been probably the most prolific in terms of passing laws around the space".

Tonia Plakhotniuk, head of sustainable finance policy and regulatory advisory, climate and ESG capital markets at NatWest, elaborates, "the European sustainability reporting standards have been a massive game changer for the market".

Talking about the Corporate Sustainability Reporting Directive (CSRD) in particular, she continues, "if you're a corporate or a financial institution with significant presence in the EU, or if you're listed in the EU, you would have to report under the European Civil Report standards," where "corporate institutions will have to reflect the potential implications from nature-related risks on their financial performance, as well as the potential negative impacts from the operations of the bank on nature". In other words, this is the very type of policy that the SEC currently seeks to dismantle.

"But in addition to regulation," Plakhotniuk muses, "I should say investors are definitely in the driving seat right now". Her conversations with investors have seen sustainability and climate-related issues at the forefront of discussions, as investors seek to understand the tone from the top: "So what are banks and corporates doing? What is the involvement of the board?"

These sentiments are echoed by Carolina Minio Paluello, CEO of Arabesque AI. For Paluello, the next generation of investors not only desire choice but want their actions to matter. Calling them "the conscious consumer," Pauello explains how young investors have changed the ways they actively add to their portfolios compared to those of generations before them. She says: "You can see that they are starting to want to buy a different product; it has to be coming from companies that are actually doing the right thing for society, but also for the planet."

Where this aligns with the current actions of financial institutions is another matter. Macquarie's departure from the Net Zero Banking Alliance (NZBA) marks another major bank (and the first Australian one) to have exited the group within a two-month period. This is following J.P. Morgan's exit, along with Morgan Stanley, Bank of America, Citigroup, Wells Fargo, and Goldman Sachs. Although Macquarie credits the NZBA to have helped establish their initial decarbonisation plans, the bank says, "with those building blocks now in place, like many peers, Macquarie will no longer be a member of NZBA, as we focus on updating and delivering our plans and reporting in line with regulatory requirements".

It is difficult then to understand whether corporations are moving towards climate disclosures or further away from them.

Some say that the departure of US banks is a direct response to Trump's return to the Oval Office though Plakhotniuk maintains that this is a positive sign: "I think many financial institutions, large financial institutions, have gotten to the point where they kind of understand climate, and they are starting to actually build internal decision-making frameworks." As Citi remains part of the Glasgow Financial Alliance for Net Zero (GFANZ), the NZBA's partner organisation, perhaps then banks are seeking out their own solutions and frameworks for ESG matters, rather than being reliant on external groups.

One thing is for certain, that for Plakhotniuk "the next frontier will be nature". And it will be up to the SEC, and the financial institutions under its domain, to actively do their part in mitigating the climate crisis. ■

image by daniela_photography/stock.adobe.com

Building a reputation

Jack McRae speaks to Eric Schultz, managing member at Reliant Fund Services, about his career in fund administration and his concerns about technology in the space

Eric Schultz is not one to make assumptions. The first time the managing member at Reliant Fund Services made an assumption, it culminated in the worst mistake of his career.

“I assumed the limited partnership agreement of their first one and their second one were identical. I didn’t even look at the LPA, and it wound up that there was a totally separate methodology that I totally missed.” he explains. “Luckily, the partner above me caught it and from then on the first thing I always do is read the LPA.”

That early, critical lesson has shaped Schultz and, even three decades into his career, still now checks the LPA first. “I really don’t go into anything unless I fully understand it, I stick to what I’m good at. I don’t want to learn by making mistakes, I have always been very cautious and conservative in terms of my background,” he says.

This attitude has kept Schultz focused on what he knows and what he is good at. Despite a brief stint working on million dollar tax returns that he describes as “the scariest”, Schultz says he “got rid of that practice as quickly as possible and now I just focus on accounting and the fund administration.”

Funds focus

“It was just something that I felt was always challenging, always different types of funds, different types of accounting.” Schultz says of his deep fascination with fund administration.

“I’ve worked on mezzanine funds that are very specific and detailed, and then some private equity funds that only have six investments and can be pretty simple. It’s always constantly challenging.”

However, given his experience in the industry, Schultz has seen it change dramatically — notably in its competitiveness.

He explains: “Last year, I had 20 competitors and now I have four. The whole space has been gobbled up by the bigger fund admins. I consider ourselves a boutique fund administrator. What we are seeing is the big getting bigger and us trying to survive in a space where there’s only a handful of us.”

Schultz and Reliant have had to adapt their tactics and style to remain in the market. “We’re trying to figure out how to stop people just picking a name they recognise and pick a fund admin that’s right for them, right for their size,” he says.

“Our range [for funds] is between US$50 million and US$1 billion because above that, they start having these complex structures that I think are way over our head.

“We focus on that range and we love it. That may sound crazy, but we love the accounting and all the aspects of making sure everything is correct.”

Despite their narrowed focus, Schultz is still witnessing potential clients favouring larger, more reputable fund administrators as opposed to smaller, yet more bespoke, firms.

He claims that “the bigger fund admins don’t want the work we’re doing with the smaller range asset funds. They would rather work on the billion dollar funds, but they will take the US$300 million fund because if they’re going to get paid, why not?

“In this industry, it’s about service reputation and referrals. We’ve never done a client outside of a referral, it’s always come directly from a client or from a service provider that we work with. So for us, it’s all about reputation.”

"In the accounting industry, it's really tough because it is hard to use AI as every fund is different. There is no mirror. You can't assume anything from client to client"

All in on AI?

"I remember back in the day when I used to work on these 18-column pieces of paper where you had to manually do the adjustments," Schultz laughs.

"Then Excel came along and even QuickBooks — which a lot of funds still use — but they don't talk to each other. QuickBooks is the accounting and Excel is all the analytics, all the breakdowns."

Schultz explains that Reliant uses software that is all in-house and requires a lot fewer manual adjustments. The technology has decreased mistakes and, he says, "decreased the amount of time we need to get our job done and allows us more time to form more analytics on the data."

As for AI, the industry's ever-lasting talking point, Schultz does not want to overstate its use in fund administration. "AI is really the way it's going to work," he begins.

"But it's not really on us to worry about AI. It's really more about capturing the data in real-time and putting it in the right categories and to analyse that data a lot quicker. In the accounting industry, it's really tough because it is hard to use AI as every fund is different. There is no mirror. You can't assume anything from client to client."

He adds that "while technology is great, if you don't have people that can actually utilise it, it just sits there.

"It's all about automating the protection and the analytics of the data. I'm curious what happens in the future, but I can't see it advancing that fast within the accounting industry. But what do I know?"

Apple cards

While the rise of technology has brought a series of positives for the industry, it has also allowed criminals to enhance their methods.

"We are also seeing a lot more bad actors trying to get into the technology, or finding cracks in the technology, and trying to utilise that to get money," Schultz says.

"I've seen situations where the bad actors are amazing at spoofing emails. They're working just as hard to infiltrate as we are trying to protect it."

In response, Schultz and Reliant have been training their employees through a series of tests to combat cybercrime. "We're very careful and test our employees by sending them fake emails constantly and seeing if they fall for it," he explains.

"If you look quickly, it will look like an email sent from my email address. But, if you actually look at the address properly, it wouldn't be my email address. It will say something like 'Hey, can you send me a wire of X amount to my new bank account.'"

Reliant uses Microsoft and Azure to store their data and Schultz is confident that their security is unlikely to be compromised.

He says: "Good luck if they are trying to break into Microsoft."

Even still, Schultz is trying to instil a degree of proactive awareness of potential scams and phishing as he knows first hand how people can fall for tricks.

"If you are having a bad day, you might actually just do it. I've seen it. We had one client who asked their employee to send Apple gift cards, like US$200 Apple cards, and they actually went and bought the cards, handing over the codes. And it is like, 'Really? You fell for that?'"

Above all though, Schultz stresses diligence. "If you don't think about it, you might actually just do it. You have to be on guard all day, everyday." ■


How do we fix
a problem with
no boundaries
by pushing
our own?
HSBC
Opening up a world of opportunity
Issued by HSBC Bank plc, 8 Canada Square, London. E14 5HQ

Pemberton welcomed to Delta Capita

Delta Capita has selected Stephen Pemberton as global head of account management.

Based in London, Pemberton's new role will see him lead Delta Capita's global account management team in growing and strengthening the firm's relationships with clients and financial institutions.

Permberton holds over 30 years experience in banking and client services, joining the company from Coherent where he acted as CEO of Europe. He has also served in a number of senior leadership roles in Hong Kong and Singapore, most notably at HSBC where he was the global head of product for the Direct Custody & Clearing business.

Delta Capita's CEO, Joe Channer, comments on Pemberton's appointment: "We're delighted to have Stephen join Delta Capita. His appointment demonstrates our continued commitment to delivering a comprehensive service to our clients."

Pemberton adds: "I am delighted to be joining Delta Capita as it embarks on the next stage of its journey. I am looking forward to working with our clients to help them achieve their ambitions and solve their most important challenges."

Ocorian picks Karuthasen

Ocorian has selected Veena Karuthasen as head of Bovill Newgate in Dubai.

This appointment comes with the launch of Bovill Newgate in the Middle East, after the company was acquired by Ocorian in February 2024.

The expansion into the region is said to mark an important step with helping new clients to navigate evolving regulations within asset management.

Bringing over 15 years of experience to the role, Karuthasen will be overseeing Bovill Newgate's operation in the Middle East.

She joins the company from the National Bank of Fujairah, where she served as the head of business advisory, compliance.

Commenting on her new role, Karuthasen says: "I'm excited to launch Bovill Newgate's presence as a regulatory and compliance provider across the Middle East. I look forward to partnering with our global team to help our clients achieve their strategic ambitions."

Haberlin joins SimCorp in Global Business Services role

SimCorp has appointed Keith Haberlin as global head of business services for sales. In this position, he will focus on growing SimCorp's Business Services to provide outsourced investment operations, data management, and investment accounting services to asset managers and financial institutions.

He has over 30 years of experience in financial, technology, and data solutions, most recently serving as co-head of infomediary data solutions at Brown Brothers Harriman.

Conover comes to Broadridge

Larry Conover has been welcomed by Broadridge to act as vice president, special advisor for proxy and corporate actions. Conover has worked within the financial services industry for more than 25 years, making him an expert in proxy and corporate actions.

He joins from Fidelity Investments, where he served as vice president for the operations and services groups during his 18-year tenure at the company. Based in New York, Conover's new role will see him supporting Broadridge's industry initiatives and strengthening key client relationships. He will report to Swatika Rajaram, senior vice president and head of US proxy and post sale.

Northern Trust announces leadership changes

Northern Trust Wealth Management has announced two changes to its senior leadership team.

Glenda Pedroso has been named head of banking and specialised services, moving on from her previous role as East Region president. Over her 35-year banking career, she has held a number of senior leadership positions in firms including First Union and Republic National Bank. Pedroso will be responsible for leading a new function within the company that combines lending, depository, and liquidity solutions with specialised services for fund sponsors and professional services firms.

The second leadership change will see Michael Bracci succeeding Pedroso, where he will become the president of the East Region. In his new role, Bracci will be expected to oversee Northern Trust's wealth advisory teams across the east coast, including Connecticut, Delaware, and Florida.

Hazeltree selects Seth as new CEO

Hazeltree has appointed Lokesh Seth as chief executive officer.

Based in New York, Seth brings more than two decades of experience in technology and analytics to his new role.

This includes president and chief operating officer roles at Intapp and DealCloud, where he orchestrated a growth trajectory from US$2 million to over US$200 million in annual recurring revenue (ARR) over seven years.

Earlier in his career, Seth led iLevel, a Blackstone spin-off, as chief technology officer.

Since April 2020, he has been a board member at Decusoft, specialising in compensation management solutions and analytics.

He has also been an investor and advisor at Angel Round Capital Fund for more than nine years.

Remy Trafelet, executive chairman and founder of Hazeltree, comments: "[Lokesh's] outstanding history of scaling SaaS organisations and driving transformative strategies aligns perfectly with our mission to deliver premier treasury and liquidity management solutions for investment management firms."

Following this appointment, Hazeltree has welcomed additional leadership appointments to reinforce its strategic vision.

Douglas Trafelet has joined as chief commercial officer, bringing expertise from senior roles at PitchBook, Coleman Research, and Moonfare.

Additionally, Kyri Yiannakis has been promoted to chief client officer, building on his success as Hazeltree's head of EMEA and leadership positions at ComplySci and iLevel. ■

FV Bank appoint Fox and Carter

FV Bank has appointed Kenneth Fox and David Carter to its leadership team.

The appointments form part of a plan to grow its business in traditional and digital asset banking and custody services.

Fox joins as head of business development for the Americas.

He holds over 30 years of industry experience and will be responsible for building partnerships and expanding the digital bank's presence across the Americas.

Sinclair joins Taskize

Taskize has added to its leadership team with the appointment of Glen Sinclair as head of client management.

In this role, Sinclair will oversee the investment operations collaboration platform's daily operations of client accounts.

Joining from FINBOURNE Technology, Sinclair brings over two decades of experience in financial services. He has focused primarily on OTC operations, change management, regulation, and technology throughout his career.

GK8 by Galaxy welcomes Duve

GK8 by Galaxy has appointed Benjamin Duve as global head of partnerships. In his new role, Duve will be "working to expand GK8's partnerships and bring solutions to more institutional and digital-native clients", as stated via LinkedIn.

Prior to his new position, Duve most recently served as senior lead market infrastructure expert at Europäische Zentralbank where he focused on vision tokenisation and future of capital markets and wholesale payments. Before this, he held the position of director of digital assets and blockchain at BNY. ■