Asset Servicing Times
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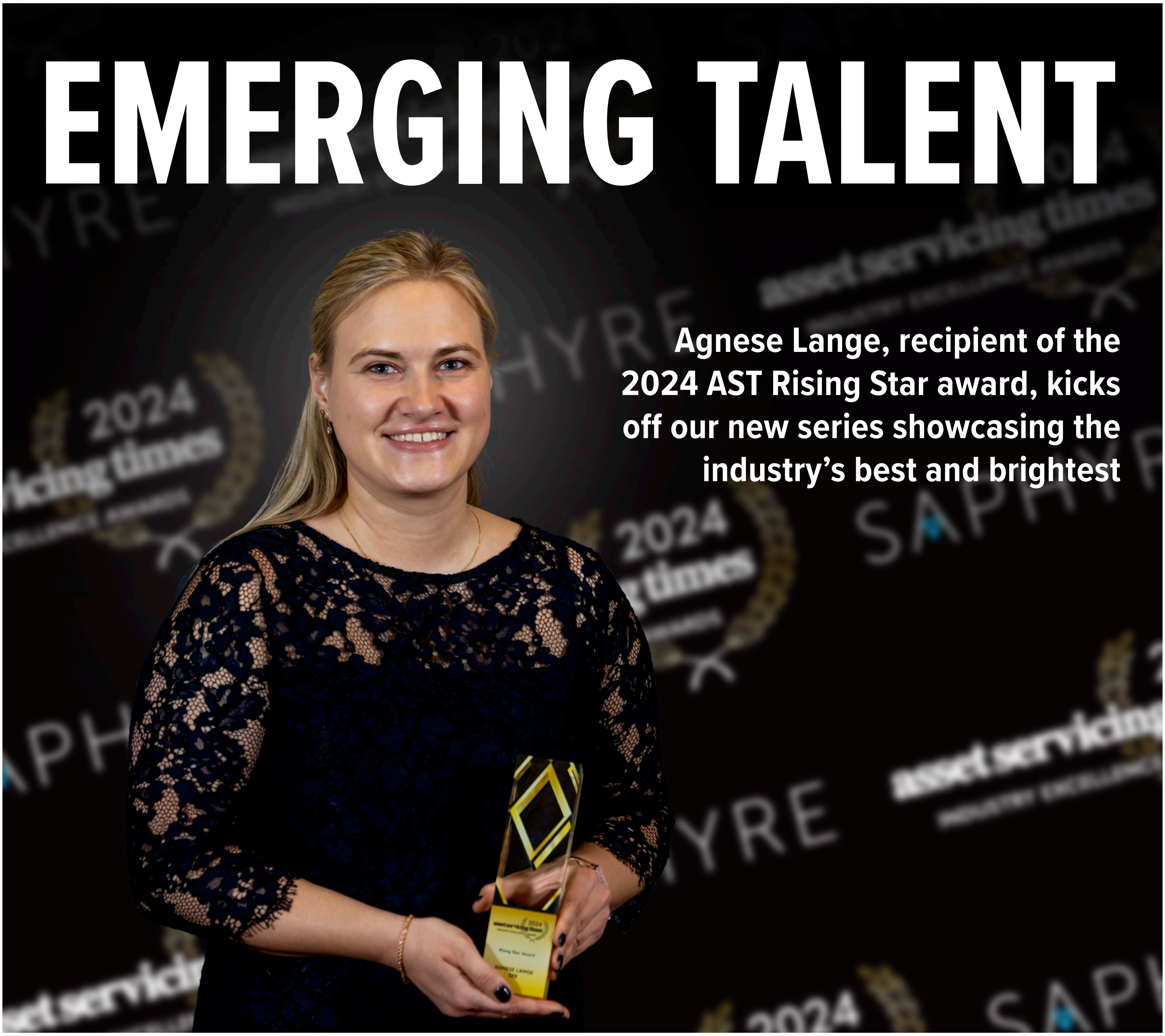
EMERGING TALENT

Agnese Lange, recipient of the 2024 AST Rising Star award, kicks off our new series showcasing the industry's best and brightest



Lead news story

FCA proposing reforms to alternative asset manager regime

The UK's Financial Conduct Authority (FCA) is proposing reforms to its regime for alternative asset managers.

This is with the aim of making it easier for firms to enter the market, grow, compete and innovate, the authority says.

The new regime aims to encourage effective risk management, as well as uphold market integrity and market confidence.

The majority of the UK's asset management regulation derives from EU legislation, including the alternative investment fund managers directive (AIFMD) — which it is also considering changes to.

Simon Walls, interim executive director of markets, said: "We want rules better tailored to UK investment managers.

"These could allow them to operate more efficiently, further supporting competition, competitiveness and economic growth."

In collaboration with the Treasury, the FCA is considering creating bespoke regimes for investment trusts and venture capital firms.

The FCA says that it wants comments on the proposals before 9 June 2025. It will then consult on detailed rules in the first half of 2026. ■

AST

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intraday reporting
accurate data
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WE'VE GOT YOUR BACK.
SMARTSTREAM

TaxTec Group has partnered with NRW Consulting and WTS Hansuke

The firms say TaxTec's technology solutions will streamline tax recovery processes, reduce risks, and enhance efficiency for market participants and their agents for NRW Consulting.

WTS Hansuke will have their client services enhanced in the area of withholding tax reclamation on foreign securities.

The financial services consulting firm can now offer clients views of reclamation status, alongside a predictive forward view of both process and portfolio.

TaxTec highlights the importance of withholding tax reclamation with in-house research showing that investors globally leave some US$16 billion of withholding tax on foreign securities unreclaimed each year.

For UK investors in foreign securities, the research shows unreclaimed volume is over US$1.3 billion, while in the US it is over US$3.8 billion.

Broadridge launches digital asset solution

Broadridge has launched Broadridge Digital Assets Solutions, with the aim at helping financial institutions scale their digital asset strategies. Broadridge says the solution is designed to ensure firms are able to scale their digital asset solutions whilst maintaining compliance with evolving regulations in the crypto and digital asset ecosystem. The solution will also include Broadridge ClearFi, where investors and advisers will be able to better access, understand, and monitor their digital asset investments, the company adds.

Mike Tae, co-president of Broadridge's Investor Communication Solutions business, says: "By leveraging our trusted expertise in data, governance solutions, and investor communications we are helping clients provide useful information to investors and participants in the crypto and digital assets space."

Aviad Stein, head of digital asset solutions at Broadridge, adds: "Broadridge Digital Asset Solutions bridges the gap between traditional finance and decentralised finance, offering services designed for cryptocurrency exchanges, traditional broker/dealers, wealth managers, digital asset custodians, and investors."

Euroclear and Apollo collaborate

Euroclear and Apollo have partnered to widen the distribution of Apollo's alternative solutions through Euroclear's FundsPlace.

The collaboration is said to make private market solutions more accessible to investors, including financial advisors and family offices. Apollo says it selected FundsPlace for its digital platform, which uses Goji's technology within private markets for scalable solutions.

Veronique Fournier, managing director and head of EMEA global wealth at Apollo, says: "We are pleased to partner with Euroclear, leveraging their innovative platform to increase the availability of institutional-grade solutions across credit, equity and hybrid for wealth investors."

Global head of FundsPlace strategy and product development, Vincent Clause, adds: "By combining our innovative technology and global reach with Apollo's offerings, we are redefining how investors incorporate private markets into their portfolios."

Praxis re-enters Jersey fund administration market

Praxis has re-entered the Jersey fund administration market.

This comes after the firm secured a Jersey Fund Services Business Licence.

Praxis says that its re-entry into the funds market is a strategic move designed to meet the growing demand for independent administration services.

Ava Fairclough, group head of corporate and funds at Praxis, says: "Receiving our FSB Licence marks a pivotal moment for Praxis as we strengthen our fund administration capabilities."

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BNY pilots first intraday triparty repo trade

BNY has successfully piloted the first intraday repo trade settled through its triparty infrastructure.

The transaction took place between UBS and Swiss Re in February, where UBS borrowed cash from Swiss Re while delivering collateral through BNY's platform.

BNY says that the successful transaction marks the ability for market participants to instruct a same-day repo, where the allocation and return of collateral will be settled intraday against payment.

The triparty solution also allows firms such as UBS to source liquidity at a specified time, without the need to borrow for a full 24-hour period.

Gesa Johannsen, BNY's executive platform owner, global collateral, says: "Our intraday triparty repo solution is an important step towards providing more flexible liquidity management possibilities to our clients, enabling them to more efficiently fund their day-to-day operations."

Jason Crosskey, head of EMEA funding and optimisation solutions at UBS, adds: "This facility enhances intraday capabilities by allowing institutions to provide or access cash at specific times to better manage liquidity."

Ocorian and Canoe Intelligence partner

Ocorian and Canoe Intelligence have partnered to simplify and enhance data management for fund managers.

Ocorian's fund services clients will benefit from Canoe's AI and machine learning technology. This technology aims to automate document collection, data extraction, validation, and cloud reporting.

Charlotte Cruickshank, global head of fund solutions at Ocorian, comments: "Funds investing in other funds or GP stakes are increasing in size and complexity and require tools that make data capture processes simpler, faster, and more reliable.

"Canoe's automation capabilities perfectly lock into our technology ecosystem, and we're excited about the efficiencies this will unlock for our existing and future clients who are struggling with scaling due to manual data process."

Hamish Warnock, head of relationship management for EMEA at Canoe Intelligence, adds: "By integrating Canoe's technology into Ocorian's operating model, we're powering their teams to access data more efficiently, accurately, and at scale."

SmartStream and Finastra partner

SmartStream has partnered with Finastra to extend collateral management workflows across treasury and capital markets. The partnership sees SmartStream's TLM Collateral Management solution extend across Finastra's Kondor and Opics treasury management solutions.

Focusing primarily on the Middle East, Africa and Asia Pacific regions, the firms aim to provide an enhanced and complete collateral management workflow.

Lauren French, head of partners, treasury, and capital markets business unit at Finastra, states: "Together, we aim to deliver a highly automated and regulated solution that gives our clients confidence in every aspect of their collateral management programmes — from margin call workflow automation and optimisation to reporting, audits, and reconciliations across all business lines."

Roland Brandli, head of partners and alliances at SmartStream, states: "Partnering with Finastra brings together two established industry leaders to offer a powerful and well-thought-out solution. A key advantage is our flexible deployment options, including on-premise and cloud-based solutions, allowing clients to choose the model that best fits their business needs."

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Duco refresh Reconciliation Maturity Mode

Duco has launched an updated version of their Reconciliation Maturity Model, a guide which intends to help firms benchmark their reconciliation function.

The model will show impact upon audit costs and risk events as firms advance their reconciliation maturity, Duco says. The company hopes that financial firms will be able to save costs by using the guide.

James Maxfield, chief product officer at Duco, comments: "Our Reconciliation Maturity Model is an invaluable guide to harnessing the best technology available today to improve automation, streamline operations and cut costs and risk.

"It not only shows firms how to leverage the current innovation in artificial intelligence, no-code and cloud computing, but how to prepare themselves to take first-mover advantage of advances in the future."

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BNY launch Digital Asset Data Insights product

BNY has expanded its Digital Asset Platform by launching with its Digital Asset Data Insights product.

The product is designed to securely and efficiently deliver both on and off-chain data across blockchain networks.

Caroline Butler, global head of digital assets at BNY, says: "Our platform's support of Digital Asset Data Insights underscores our commitment to servicing the end-to-end asset lifecycle via distributed ledger technology, while maintaining data integrity from a trusted source."

BlackRock will be the first client to use this product and BNY will broadcast fund accounting data for the BlackRock USD Institutional Digital Liquidity Fund (BUIDL), its tokenised short-term US Treasury fund.

BNY currently acts as fund administrator and custodian of the BUIDL's assets.

Robert Mitchnick, head of digital assets at BlackRock, adds: "By enhancing data transparency and accessibility for our investors, BNY has set a new standard for digital asset innovation."

image by bongkarn/tock.adobe.com

BNP Paribas' Securities Services selects Confluence

BNP Paribas' Securities Services business has selected Confluence Unity Financial Reporting to support its private capital client segment.

The Securities Services business will use Confluence's solution to enhance the operational efficiency of its private capital services and automate financial reporting processes.

It aims to reduce manual workarounds, streamline reporting workflows, and provide a single-user experience for its teams worldwide.

Laurent Durdilly, global head of private capital, Securities Services, BNP Paribas, says: "Confluence's Unity Financial Reporting is a best-of-breed solution that will enable us to further automate workflows, reduce complexity, and scale our reporting capabilities globally."

Todd Moyer, president and chief operating officer at Confluence, adds: "Unity Financial Reporting enables firms to enhance efficiency, reduce costs, and improve the end-client experience across multiple markets."

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Acadia expands into China

Acadia, a London Stock Exchange Group (LSEG) fintech business, has entered the Chinese securities market through a client partnership with Beijing-based CITIC Securities.

Onboarding a first securities client in China marks a significant step in Acadia's business growth and the broader expansion of LSEG's Post Trade Solutions business in APAC, according to the firm.

It comes as Chinese firms prepare for the adoption of uncleared Margin rules (UMR), with Acadia aiming to help businesses meet regulatory requirements.

Takashi Nagai, head of APAC business development at Acadia, comments: "This partnership highlights our commitment to providing comprehensive workflow solutions and trusted support to clients across the APAC region. As the implementation of UMR in China approaches, our team is dedicated to helping businesses adapt to and comply seamlessly with these regulatory changes."

CITIC will use Acadia's risk and workflow solutions suite, including the Initial Margin Risk Generator, IM Exposure Manager, Collateral Manager, and Margin Manager.

Clearstream launches enhanced platform

Clearstream has launched an enhanced version of its Asset Liability Analyser, a platform designed to ensure a clear view of credit and collateral usage.

Clearstream says that the updated version will now display a breakdown of failed settlement instructions, ensuring better transparency into credit line usage and collateralisation.

They also say this will bring operational efficiency and customisation to market participants and financial institutions dealing with collateral.

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2024
EXCELLENCE AWARDS

Asset services is serving

Launching our 'Emerging Talent' series, we speak to SEB's Agnese Lange, the recipient of the Rising Star award at the 2024 Asset Servicing Times Industry Excellence Awards

Can you give me an insight of your personal journey into the asset services industry, why did you decide this was the career for you?

I did not know much about the asset servicing industry when I applied for the job in the sub-custody team. I was about to graduate from my International Relations bachelor's programme, so I thought that working at a bank would be a good way to make use of this.

After I started working as a part of the settlement team, with debt instruments, cross border processes and equity markets, I understood — this is what I truly enjoy. There was not a day where I did not want to attend work, as I loved the job.

Once you understand the settlement process, you are able to also apply it to other sub-custody areas and how these affect client settlement activity and behaviour.

My decision to continue exploring what the sub-custody area has to offer was purely because it was a never standing process. It has changed immensely throughout the years when I have worked with sub-custody products, not only from internal initiatives, but also from a regulatory perspective.

I still embrace the change as something exciting and not something to be afraid of, particularly in the asset servicing industry where change that occurs is normally for the better.

What aspects of your job do you enjoy the most?

I find the most satisfaction in interacting with people, whether it is collaborating with my team or others within different departments, mentoring junior colleagues, sharing previous experiences or building relationships with clients.

I simply enjoy the dynamic nature of human interaction and the chance to make a positive impact on others, whether it is assisting clients with their needs or supporting my team members. I enjoy that I have the opportunity to build strong relationships within organisations and with clients which is incredibly rewarding.

Being fairly new to the industry, how do you find your experience compares to those who are more established? Are there pros and cons to each?

I remember my current manager having a presentation with senior management saying that he has been in the bank for 10 years and is still considered a newcomer compared to other industry titans that were standing beside him with over 20 years' experience. On a daily basis at work, I do not think anyone really compares who has greater experience. All opinions and questions are welcomed and considered. By questioning why things are done the way that they are, someone may think of a more efficient or effective way to do processes.

On a funnier note, it is good to have diversity in a team. Those with more industry experience tell me how they used to work and had to run between offices to settle trades. On the other side, I can help them to onboard digital enablers in their daily life, which is currently a hit in the bank. We are all looking forward to how AI will enhance our work life.

Have you noticed any misconceptions about the asset servicing industry? Is there anything in the industry you would like to see evolve or change?

I think one of the most common misconceptions is that asset servicing is that it only consists of back office work. It is so much more!

image by Andrew Davis Photography

> **"Building a successful career in finance takes time, so do not expect overnight success"**

The complexity and regulatory compliance increase almost every year where all involved parties work together — business, tech, product managers, and operations.

Moreover, relationship management with clients is a key factor in making sure that they are aware of upcoming changes in the market.

I think that there is a great potential in how we present the asset servicing data to the clients.

Since we already now use technology solutions to service the clients, we should be able to get the best out of it to learn client behaviour over periods of time and provide useful suggestions for better execution where possible.

What is the training process of a new employee? Do you think it was beneficial to your role and others who may now be in the same position you were?

I do not believe that the training process has changed a lot, but it has been enhanced.

My employer has the new employees on the top of agenda to ensure effective onboarding, including client handover, skill matrix, as well as theoretical knowledge on seldom processes.

The market specialist role is a reactive role based on queries we get from clients, therefore, you learn as you work on a daily basis. The sub-custody area is so broad that even after being in the role for four years, clients continue to surprise me with questions that I have not heard before and to which you cannot really prepare beforehand.

This is one of the reasons I have stayed in this same role, but managed to not be stuck in the same routine.

In terms of your career, where do you see yourself in a decade?

The future is uncertain, and I believe in the importance of continuous learning.

A bank is like a small city with various departments, each with its own set of roles, therefore, I would not be surprised to see myself remaining in the financial industry in 10 years time.

Recently, I transitioned within the organisation to the Strategy & Offering department, focusing on expanding my expertise and gaining deeper insights into retail banking products.

While the scope differs significantly from my previous experience in the sub-custody and asset servicing area, the drive and adaptability cultivated in that field are invaluable and seamlessly applicable to the dynamic world of retail banking.

I have also paid more attention and interest in data, risk and resilience, as these areas within the industry have been the center of attention lately as well as my personal interest and I do not believe the focus areas will reduce.

While I value the importance of leadership, I believe that true impact can often be achieved through deep technical knowledge and a focus on delivering exceptional results.

That is something that I am striving for — becoming a subject matter expert in the next big thing.

What advice would you give to young graduates when entering the financial services field?

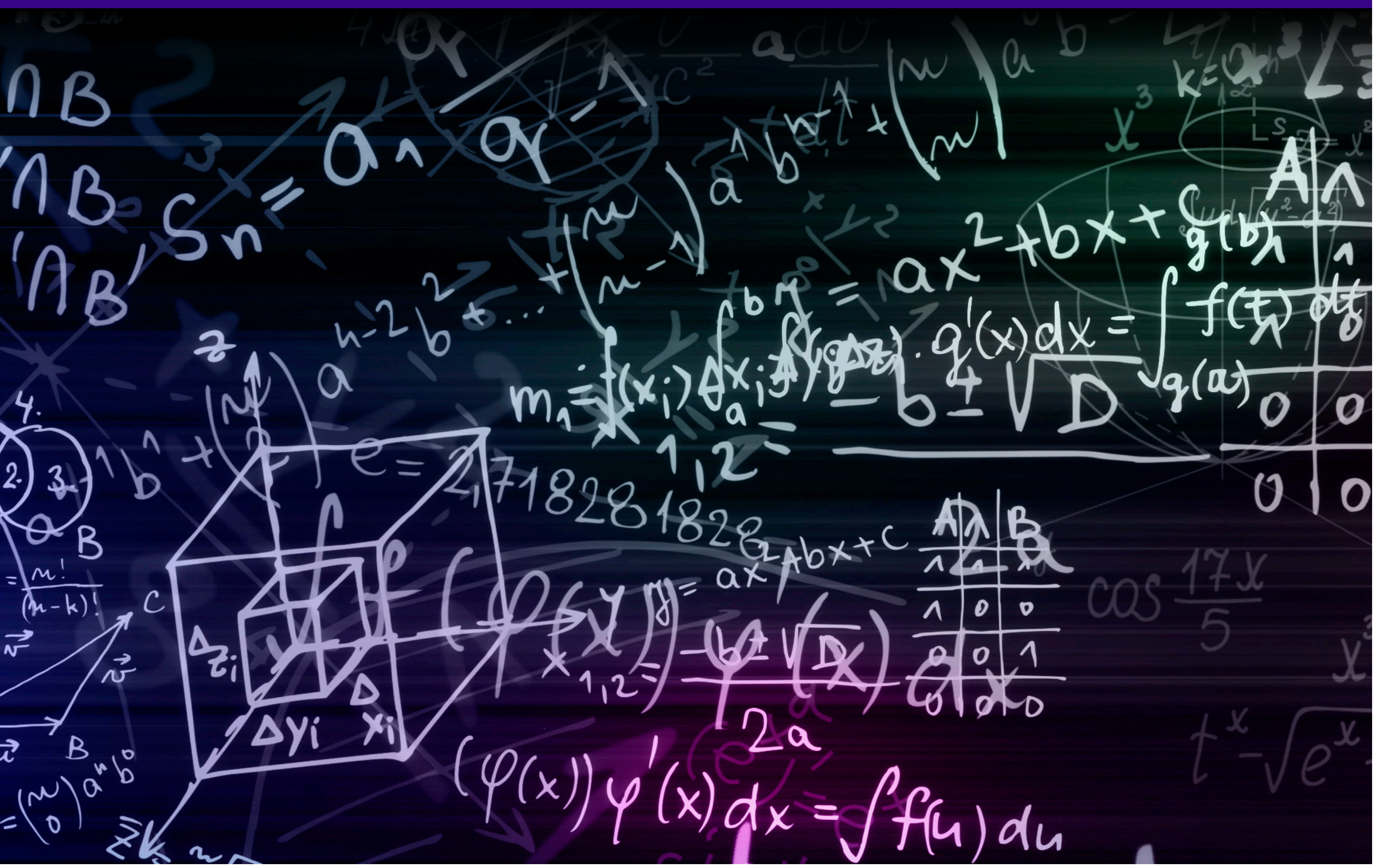
Building a successful career in finance takes time, so do not expect overnight success.

I advise to go the extra mile within the organisation and with your clients, this will pay off.

I would also suggest that one needs to be continuously learning, building strong relationships and not forgetting to balance and take care of your mental and physical health. ■

A formula for fund returns?

Martin Scott, CEO and founder of Core Fund Services reimagines Einstein's $E = mc^2$ for fund performance, stating speed to market - red tape = better fund returns



State of play

Over recent years, fundraising for closed-ended funds has been particularly tough. First there was the slowdown caused by the Covid-19 pandemic with many limited partners (LPs) hitting the pause button on new commitments amid logistical and operational challenges, coupled with the impact of the denominator effect as public markets went into freefall. While fundraising staged something of a recovery in the couple of years that followed, the rebound largely benefitted megafunds and brand name firms, with LPs becoming more selective as distributions slowed. The mantra in the industry last year seemed to be 'survive to 25' but resilience continues to be tested. Geopolitics and an uncertain macroeconomic outlook have only served to further complicate what was an already difficult landscape.

The next generation

Market sentiment is improving with existing managers returning to market, deal activity showing signs of picking up and a growing number of new managers are coming to market with fresh ideas and novel approaches. These are often led by next-generation teams with entrepreneurial ambition, a successful track record and deep networks. This is one of the most exciting – and underrated – aspects of alternative asset management: its innovative nature.

For these next-generation managers, the need for equally innovative and agile platforms and regulatory frameworks is crucial to their prospects of success, particularly since they may be operating cross-border. This can be summarised as: speed to market - red tape = better fund returns.

When establishing a fund, managers must navigate a complex array of considerations — from investor preferences and tax structuring to legal frameworks, access to service providers and, increasingly, regulatory efficiency. Managers need to know that slow-moving regulatory processes won't be an issue and restrict their ability to respond quickly to market opportunities.

Not all jurisdictions are created equal in this regard. For example Guernsey, where Core is domiciled, offers asset managers fast track programmes that, in some circumstances, can facilitate fund regulation in one working day. Such speed to market is far more likely to generate better returns, which is good news for general partners (GP) and LP alike. As a result, we're seeing choice of fund domicile becoming an increasingly important consideration and discussion point.

Riding regulation

One area where regulatory nuance is especially important is European investor access. The Alternative Investment Fund Managers Directive (AIFMD) provides a harmonised framework and marketing passporting across EU member states, but it also introduces significant compliance and cost burdens. For many managers this model may be more expensive and burdensome than they need.

A 2022 report by the European Court of Auditors found that 70 per cent of all assets under management in the EU were held by funds authorised or registered for distribution in just one member state, with just three per cent of alternative investment funds registered for distribution in three or more member states.

This indicates full AIFMD access may not be integral to the ability of asset managers to raise capital within most of the EU.

The National Private Placement Regime (NPPR) offers an alternative, enabling non-EU funds to market into individual European countries without requiring full AIFMD authorisation. Despite the lack of a passport, the NPPR has proven to be a reliable and efficient route to market and is considered lighter touch than the AIFMD.

This has driven the popularity of jurisdictions such as Guernsey, Jersey, and the Cayman Islands, all of which offer established frameworks for marketing into the EU via the NPPR. For example, Guernsey's Private Investment Fund regime is designed to facilitate agile capital formation for up to 50 investors, making it especially attractive to venture capital and emerging managers.

Speed and agility does not need to come at the expense of investor protection with well-regarded domiciles increasingly defined by their ability to set effective corporate governance standards. Even in lighter-touch regimes, strong corporate governance frameworks, experienced boards, and proactive regulatory engagement can all help safeguard investor interests.

As managers — new and returning — look to maximise their performance, navigate liquidity pressures, and differentiate themselves in a highly competitive fundraising environment, the choice of fund domicile is no longer purely a back-office consideration. It can influence the ability to innovate, scale, seize opportunity, and attract LPs. Jurisdictions that can offer regulatory pragmatism, market access, expert supporting services and adaptable infrastructure are well-placed to thrive. ■

Setting the pace

Jack McRae sits down with Duco's Michael Chin to discuss his time as CEO, how he wants to modernise the industry, and how he will forever be a musician at heart

“I wanted to be a concert pianist. For as long as I remember, that was my passion from the very beginning,” Michael Chin smiles.

The CEO of Duco speaks with the rhythm and intensity of a great concert performer as we take a seat in the data automation platform provider’s London office.

Chin has only been in London for a few days and he is jetting off again to the company’s office in Poland that night. It is a busy life leading a company, but it might not have been this way had he followed his early dreams.

“When I graduated, I had no intention of going into financial services. I thought I was going to go to New York, become a starving musician. But then reality struck, and I thought, ‘how am I ever going to make any money doing this?’” he laughs.

Chin may have studied a music major at Carnegie Mellon University, but he was developing a growing interest in technology and computer science. His final thesis centred around his two great interests, the interlocked nature of music and creativity with science.

Upon his epiphany, Chin decided to enter the J.P. Morgan training programme. What he discovered when he joined offered a comforting surprise. “I thought I would be surrounded by economic majors and finance majors but they weren’t. There were computer science majors, engineers, philosophy majors, history majors,” he says.

13 years later, and Chin was well and truly ingrained in J.P. Morgan and the financial services space.

Tech takeover

“I started my career as a trader in New York at J.P. Morgan, and I really was very lucky to spend 13 years as a trader covering all asset classes,” he continues. “I moved to Tokyo for a little while to run the business out there, then back to New York to run the commodity derivatives trading business, and then moved to Singapore and Hong Kong to do that for a while.”

Chin explains that this was at a time, in the late 1980s and early 1990s, when almost all trading processes were completed manually. But, with mobile phones and electronic trading beginning to become more common, Chin was excited for what was to come.

“I started to get really interested in the different ways that we can leverage technology to trade more efficiently,” he explains. An interest which spurred him to co-found TradingScreen, a buy-side trading tool designed to help traders.

“We grew an amazing company over the course of 10 years,” he remembers. “But, I left there to go and be CEO of Mantara, another trading technology firm, and then I took over the trading business at Thomson Reuters, later Refinitiv. I immediately plunged myself into a massive organisation.”

It was a plunge that did not really suit Chin who had grown an affection for building smaller businesses from the ground up.

“I really, really wanted to go back to where my heart is, back at a smaller company. I came upon Broadway Technology and sold it to Bloomberg quite quickly. I had every intention of staying at Bloomberg and seeing the integration out,” he says. “But other opportunities were coming my way. I was sick and tired of doing front office trading technology.”

One of those opportunities was Duco. Chin explains that he had considerable respect for Northern Capital, the company’s primary investor, and was incredibly excited about the prospect of joining a fast-growing back-office-focused technology company. It was an opportunity he could not turn away.

“It really opened my thinking to a whole world of where technology and innovation are really happening,” he says wide-eyed.

The workforce of the future

“I couldn’t believe it when I joined in February [2024], I saw 40 customers within a month and I was surprised to still see how manually intensive the reconciliation process was,” Chin says of the moment he knew the potential impact Duco could have on the post-trade space.

However, there was still work to be done and the new CEO was determined to create the best product for the industry. He explains: “What I really strongly believe in is everything is about the product. It seems so obvious, but it’s a state of mind.

“When you become a product-led organisation, all the decisions you make are from a product perspective. It helps focus on building exactly what the market and the customer needs, as opposed to creating what some might think are cool projects.”

"I am most proud that I have been able to take and maintain this incredible culture"

One of Duco's underlying principles is to help develop a modern workforce for the industry. He believes that the key to nurturing and allowing the best talent to thrive is by maintaining their focus on value added tasks, rather than mundane manual processing.

"We want to create the 'workforce of the future'. Clients want to bring in smart engineers and business analysts, people that, frankly, can do much better than doing just simple manual tasks," he adds. "It gives the capacity to focus on the things that really bring value and are more interesting for the employees."

Duco focuses on data automation, which Chin bemoans as "one of the most overused terms", and how artificial intelligence (AI) can shape a modern workflow.

"We leverage data through AI capabilities, and bring in unstructured data into the reconciliation process," he explains. "Data automation is helping to create workflows that allow employees to focus on high value tasks by leveraging machine learning, large language models, and AI."

Chin's belief in his company pulses as he exults in how "we're built from the ground up to be fully cloud-native SaaS.

"If you think about those legacy technologies and if you think about our competitors, none of [whom] have done this in the cloud, they cannot keep up with the pace of innovation. We can roll out new agents. We can upgrade and update the AI engines. Legacy technology needs a software release. That's why being cloud native makes us so special."

One of the dominating discussion points across asset servicing is whether the industry is capable of reaching and then maintaining the speed required to reach intraday, or even instant, settlement.

Chin believes: "Legacy technology does not have the ability to be able to adapt that quickly to meet T+1 because it is, by definition, not agile.

"We're built to move at pace and we are T+1 ready for all our customers. But the challenge is, not everyone is ready. We have our set up and we're driving this faster than others can keep up to integrate."

The North Star

Chin sees a power in diversity. "You can train people to be traders, but bringing together a diverse group of people who think differently, problem solve differently, that's really where the magic is," he says.

Seeing the benefits of creating a team built with contrasting attitudes and voices from his early years as a trader at J.P. Morgan helped establish a belief Chin holds very close.

He says: "I took that diversity of thought philosophy all through my career. That is my North Star. You bring smart people together with different backgrounds, and you create an amazing place to work."

Putting aside the financial and reputational growth of Duco, Chin takes deep pride in the work environment he has helped shape in his time as CEO.

"I am most proud that I have been able to take and maintain this incredible culture that was built by our founder, but put my mark on it," he says.

He continues to insist that, "bringing in new talent and bringing that diversity of thought from different walks of life and educational backgrounds can only help bring a very special culture to the organisation."

Chin's captivating passion for leadership and Duco is paramount, it has taken over his life and our conversation. But, there is one source of lingering passion that is missing.

There is a tinge of regret in Chin's voice as he mourns his lost dream. "Not playing the piano anymore is very frustrating. It's very sad. I don't have the time and if you don't have the time, you don't make the time," he sighs.

Yet, the art of creativity still lives on in his spirit at work. He may not play the piano as much as he would like anymore, but, he adds: "I still have that creative vision and as a musician at heart, it just opens up this different part of your brain that is always going to be there to use." ■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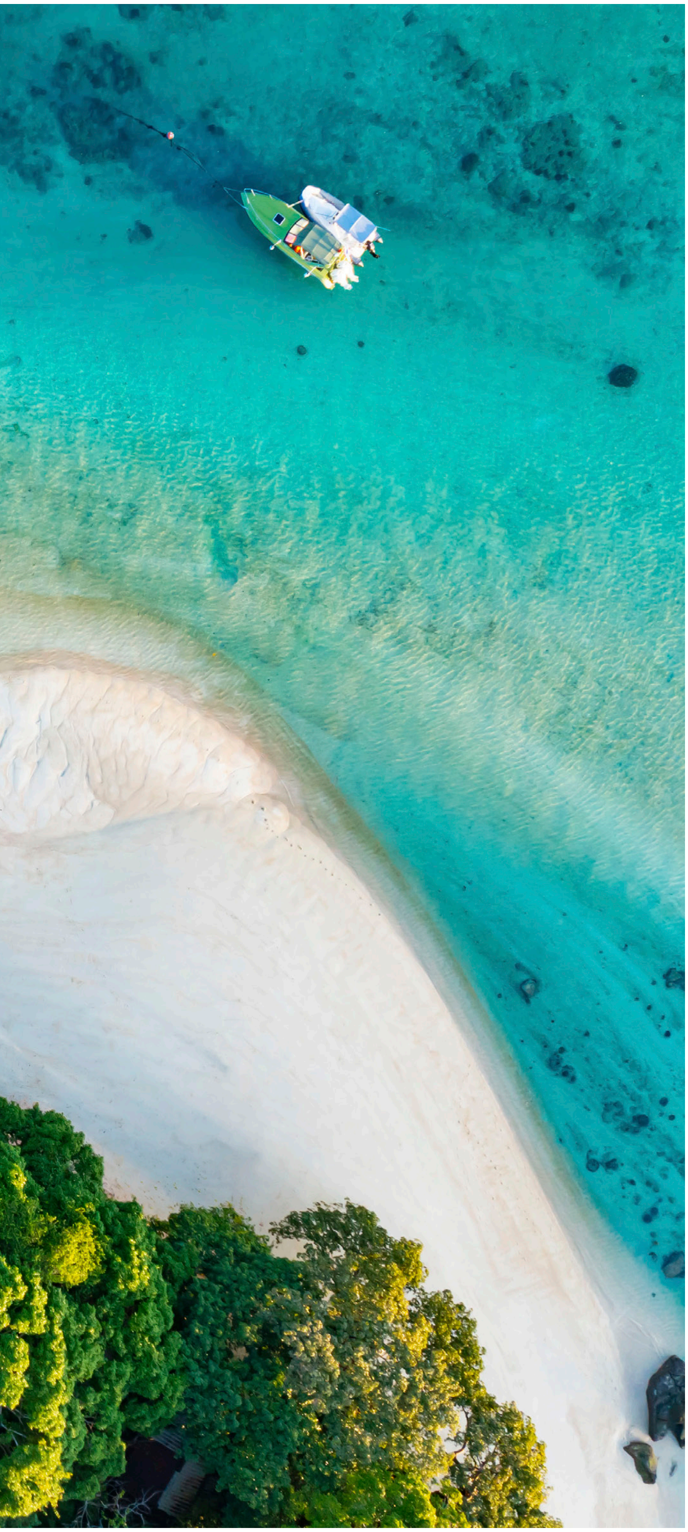
The climbing Cayman Islands

As reforms and regulations make their way across the island territory, are things beginning to ramp up or cool down for fund managers?

Clelia Frondaroli reports



The Caymans. Home to pristine white beaches, a tropical climate, and an absent tax regime, the territory has had its fair share of scrutiny, criticisms, and opponents over the last few years.

Yet, as waves of reforms and more stringent regulations have swept over this island cluster, fund managers believe it is time to leave misconceptions in the past.

A continued climb

The Caymans has not always been the financial services powerhouse it is known as today. Having 'laid low' for the best part of 500 years since Christopher Columbus 'sighted' the islands in 1503, only in 1966 did the government enact a set of laws that would transform the territory into the tax haven it is now famous for. These regulations, including the Banks and Trust Companies Regulation Law and the Trusts Law, would signal the start of a legal framework that would eventually ensure the absence of taxation in any form for individuals and corporations.

Now, the stats reveal the full extent of the Cayman's rise to fund domicile domination. Having looked over the numbers, Solvena Moore, senior director at JTC, confirms "the number of funds registered with the Cayman Islands Monetary Authority [has risen] by 2.7 per cent in 2024, reaching a record high of over 30,000 in Q4," a figure which she says is the highest percentage of private funds registered since the introduction of the Private Funds Act in 2020.

And the region's popularity continues. Though reports vary, an estimated 70 per cent of all global hedge fund assets are domiciled in the Cayman Islands, not including the mutual and open-ended funds that have called the territory home. In the face of these facts, it would be difficult for Moore and fund managers alike to deny that the "Cayman remains the preferred choice of domicile for hedge funds and private funds."

But where does this leave the state of regulation in the Caymans?

Apparently "ahead of the game", according to Justin Savage, partner at Ogier. He continues: "When it comes to developing a robust compliance framework, jurisdictions which have been more resistant to regulatory development will find themselves behind the curve when compared with the Cayman Islands."

The way Moore sees it, the Caymans face an apparent paradox, where increased pressure from regulators to adhere to

> **"With continuous regulatory refinements and enforcement by the government and industry, perceptions are shifting positively"**
>
> **Justin Savage, partner at Ogier**

international standards has, in turn, acted as a deterrent to some investors. But in light of Cayman's ongoing "reputational challenge around transparency", investors should, Moore says, "respect the jurisdiction's measures to enhance transparency and align with international best practices."

And the region has made changes. In January 2025, the compliance deadline for the amended Beneficial Ownership Transparency act (BOTA) passed, meaning that the identities of firms and legal persons with funds domiciled in the region now have to be verified and contactable. Anti-money laundering (AML) regulations have also been updated, with stricter measures set for risk assessments, due diligence requirements, and record-keeping obligations.

All this has rewarded the Cayman Islands with a removal from both the Financial Action Task Force's (FATF) grey list and the EU's black list; a register of countries that need to undergo increased AML and combating the financing of terrorism (CTF) monitoring. This is an achievement which Moore says has "renewed optimism in the market for 2025 and onwards," adding that "this is welcoming news for the industry as a whole. Investors and clients have moved to utilising Cayman fund structures once the barrier was removed."

Savage agrees. "With continuous regulatory refinements and enforcement and public relations efforts by government and industry, perceptions are shifting positively," he says.

Yet, not all are happy with the extent of the reforms, where tax evasion schemes and phantom investments still lurk in the murky depths of the mangroves that populate the islands.

One such opponent is Chiara Putaturo, Oxfam's EU tax policy advisor, who argues that "removing the Cayman Islands, one of the world's most notorious tax havens, from the EU tax haven black list is further proof that the process isn't working.

"If the black list is to retain any credibility the EU must include all countries that operate as tax havens - including countries with zero corporate tax rates and countries where corporate investments outstrip the level of real economic activity they engage in," she emphasises.

Another famed critic, Barack Obama, highlighted just one specific example of how firms take advantage of the Cayman Islands' tax regime. Speaking in a 2008 debate, the then-senator criticised the island's lax regulatory authority, pointing out, "you've got a building in the Cayman Islands that supposedly houses 12,000 corporations. That's either the biggest building or the biggest tax scam on record."

On an island where registered corporations outnumber its inhabitants, it is clear that many still challenge the region's apparent openness towards ambiguous entities. But many years have passed since Obama's comment, and the Cayman government, as well as its regulatory authority CIMA and newly established policing unit, can only hope that these new reforms will lead to higher standards of transparency and global trust in the territory.

Catching up with the Caymans

So what does the future hold for the Caymans, then? The population is on the rise and although there are concerns that US tariffs may impact the cost of living for inhabitants, the future for fund managers is looking increasingly bright.

As Savage points out: "With an evolving regulatory framework that supports innovation and compliance, the jurisdiction is well-positioned to adapt to investor needs, ensuring the Cayman Islands remain competitive and attractive for a diverse range of investment strategies."

Moore maintains a similarly sunny outlook. In her eyes, "the Caymans will experience a busy year as the growth of funds will continue to climb."

And with the backing of a secure regulatory authority and government, they may well be proven right. ■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Industry Appointments

HSBC names Masen as Global Head of Custody

HSBC has appointed Jane Masen as global head of custody.

Holding over three decades of experience, Masen joins from J.P. Morgan where she served as global head of network management.

Previously she has held leadership roles at Citi and State Street, focusing on direct and global custody, fund administration, treasury and payments, asset management and markets.

She reports to Fiona Horsewill, global head of Securities Services, who says: "Jane's wealth of experience will be a real asset as we continue to digitise our Securities Services business at pace for the benefit of our clients."

Masen replaces Suvir Loomba who will continue in his role as regional head of Securities Services for Asia Pacific — a region he has overseen since April 2024. ■

Grueva leaves Forvis Mazars for AllUnity

Meglena Grueva has announced that she will be joining AllUnity.

She joins the financial services company specialising in digital assets from Forvis Mazars Group, where she had spent over six years.

She had been working as head of digital asset solutions for Germany at the firm.

On her appointment, Grueva said: "At the intersection of traditional finance and blockchain, AllUnity is building the infrastructure for a compliant, secure, and scalable euro on-chain — a stablecoin designed for the real economy.

"The mission resonates deeply with me, and I'm excited to help shape the future of digital assets alongside an exceptional team. I'll be working on the setup of AllUnity's Risk Framework — ensuring it meets the standards of BaFin supervision and complies with the EU's MiCA regulation from day one."

Buss departs MUFG Investor Services

Lizzy Buss has departed MUFG Investor Services after a five-year tenure as executive director.

She joined the company in 2020 from State Street, where she acted under the head of business development EMEA and APAC.

Buss also held a number of senior leadership positions, as well as acting board member for United Way UK and Help the Children.

Commenting on her next steps, Buss says: "I'm excited to be starting a new adventure. A heartfelt thank you to every single one of my brilliant colleagues."

Donnelly named Chief Operating Officer of SimCorp

Ronan Donnelly has become SimCorp's newest chief operating officer.

Having joined the firm in 2020, Donnelly has achieved a number of leadership advancements, most recently serving as senior vice president of SaaS operations.

He has also held a number of positions within fintech firms including Finastra and FIS.

In his new role, he will be expected to drive SimCorp's strategic direction and optimise operations for long-term success.

Georg Hetrodt, CEO of SimCorp, comments: "Ronan has a strong track record of leading and scaling technology businesses. He is a proven strategic leader."

Moyseowicz joins U.S. Bank

U.S. Bank's global fund services product team has welcomed Adam Moyseowicz as senior product manager for custody. He joins the company from BNY, where he served as head of custody client operations, risk and service management, for over two years.

Moyseowicz brings a wealth of knowledge within custody and corporate operations to the role, having been in the industry for over 20 years. He will be responsible for partnering with business leaders to drive the company's strategic operations.

Commenting on his move on Linkedin, he says: "Grateful for the warm welcome from U.S. Bank and excited to now be several weeks into this next chapter of my career. It's inspiring and energising to join a firm so deeply committed to innovation, operational excellence, and client experience."

Roth becomes Chief Investment Officer for UX Wealth

Brad Roth has been named as UX Wealth Partners' newest chief investment officer.

He will take on this position alongside his current role as co-founder and chief investment officer of THOR Financial Technologies, where he has actively worked in developing the firm's investment strategies.

As chief investment officer, Roth will be expected to improve platform integration and assist in the creation of new models at the company, as well as manage investment content and education.

Prior to co-founding THOR Financial Technologies, Roth was a managing partner at Sardonyx Capital, where he managed a quantitative securities fund.

On his appointment, Roth says: "I'm honored to join UX Wealth and contribute to the firm's mission of redefining investment management through AI and machine learning. The opportunity to develop and strengthen advisor models while continuing my work at THOR is rewarding."

Kyle Wiggs, president and CEO of UX Wealth, adds: "Brad brings a unique skillset to UX Wealth. His extensive experience as an advisor, his expertise in launching technology-driven ETFs, and his understanding of how human and technology-driven models can complement each other are invaluable." ■

Cboe hires Liao

Cboe has hired Wei Liao as director of its derivatives market intelligence team. Based in Hong Kong, Liao will deliver insight for clients as well as oversee content franchises across APAC — the appointment also forms part of the company's desire to expand its global derivatives business within the region.

Liao joins from CQS Asset Management, where she worked for three years as a portfolio manager. She brings over 15 years of experience in macroeconomic trading to her new role.

GoldenSource appoints new Chief Commercial Officer

Enterprise data management solution provider GoldenSource has named Marc Mallett as chief commercial officer.

With over 20 years in the industry, Mallet has co-founded asset management consulting firm Citisoft, as well as previously holding senior positions at Fidelity Investments and SimCorp.

This appointment follows the announcement of James Corrigan becoming CEO in September.

Hood becomes Americas Head of Clearing for Marex

Marex has selected Stephen Hood as Americas head of clearing.

Hood takes up his new position from his role as North America chief risk officer, succeeding Jamal Oulhadj who will return to the UAE to manage the firm's clearing business.

Bringing a wealth of expertise in risk management and risk analysis of derivatives products to the role, Hood holds over 26 years of experience in a number of firms including MF Global. ■