

ASSET SERVICING TIMES

Leading the Way in Global Asset Servicing News and Commentary

ISSUE 391 27 May 2026



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FundGuard's Lior Yogev, explains why investment accounting infrastructure is becoming the foundation for AI adoption

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KDPW introduces temporary fee reductions for trade repository services

KDPW — the National Depository for Securities in Poland — has introduced temporary fee reductions and waivers for participants using its European Market Infrastructure Regulation (EMIR), Securities Financing Transactions Regulation (SFTR) Trade Repository, and approved reporting mechanism (ARM) services.

The measures are aimed at reducing reporting costs for existing participants and encouraging new institutions to join the repository.

Under the EMIR Trade Repository changes, reduced reporting fees will apply between 1 May and 31 October 2026 for participants submitting high transaction or position volumes.

Participants reporting between 25 million and 80 million transactions or positions will pay 0.00690 Polish złoty (US\$0.0019) per reported item, while those exceeding 80 million reports will pay PLN0.00184 per item.

KDPW has also introduced onboarding incentives for new trade repository

participants joining between 1 April and 30 September 2026.

Eligible participants will receive a three-month waiver on selected transaction and position reporting fees, as well as participation and access-related fees.

For SFTR Trade Repository and ARM services, new direct participants joining between 28 April and the end of September 2026 will receive a full waiver on participation and reporting fees for their first three months.

KDPW has also introduced a six-month 20 per cent fee reduction for high-volume reporting providers. The reduced rates apply to SFTR participants submitting more than 100,000 reports per month and ARM participants submitting more than one million reports per month.

The company said the measures are intended to strengthen the competitiveness and accessibility of its reporting services across multiple regulatory reporting regimes.

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Pictet Asset Management deploys SimCorp One

Pictet Asset Management has selected SimCorp to support the simplification of its trading and operations technology platform.

The investment manager will use the SimCorp One platform to reduce the number of core systems in place and establish a unified data layer across its operations.

Pictet Asset Management has been a SimCorp client for back office services since 2008.

According to the companies, the platform will support more efficient trade execution and portfolio management across investment teams.

Pictet will use application programming interface (API) connectivity to integrate SimCorp One with its in-house technology systems while retaining proprietary trading tools.

The implementation is expected to be completed by December 2026.

DTCC expands NSCC's central clearing capabilities

The Depository Trust & Clearing Corporation (DTCC) has expanded its central clearing capabilities to support options-based exchange-traded funds (ETFs), marking a significant step forward in the evolution of ETF post-trade infrastructure. The new capability enables the National Securities Clearing Corporation (NSCC) and Depository Trust Corporation (DTC) to centrally clear ETF shares that include listed options as underlying components, via connectivity to the Options Clearing Corporation (OCC). It aims to further enhance risk management, operational efficiency, and transparency in the rapidly growing ETF market.

Under the new framework, ETF shares and DTC-eligible components will be centrally cleared through NSCC and settled at DTC.

Listed options components will be cleared by OCC, and NSCC will transmit instructions to facilitate the transfer of options positions between counterparties.

NSCC does not clear the underlying options, but in partnership with the OCC, it provides an integrated clearing workflow that aligns ETF share processing with options settlement.

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KfW deploys Regnology’s cloud-native reporting platform

Regnology, a provider at the intersection of regulatory, risk, and supervisory technology, has announced that KfW Bankengruppe (KfW) — a public-law institution dedicated to supporting sustainable economic, social and ecological development in Germany — is advancing its long-term partnership with the company by electing to migrate to the next-generation Regnology Reporting Hub (RRH).

The solution will be delivered as a cloud-native service on Rcloud, Regnology’s cloud architecture layer.

The firm says this move to the modern RRH platform future-proofs the mission-critical reporting functions for the banks.

Regnology says that its foresight led to the 2023 launch of Rcloud — its architecture layer built on Google Cloud — enabling next-generation solutions like RRH to operate with the full power of cloud-native design.

For KfW, the transition ensures a secure, high-availability service, and guarantees consistent reporting performance.

Waystone relocates Hong Kong office amid APAC expansion

Waystone has relocated its Hong Kong team to a new office in the city’s financial district as part of its expansion strategy in the Asia-Pacific region. The firm, which has operated in Hong Kong since 2010, says the move strengthens its presence in the market and supports the growth of its APAC operations.

Waystone’s Hong Kong team will operate from the Man Yee Building and continue providing governance, risk, compliance, and corporate services to asset managers and institutional clients. The company said the relocation forms part of its wider global growth strategy, which includes investment in local infrastructure and expertise across its international office network.

Elaine Chow, country head for Hong Kong at Waystone, says: “This relocation represents more than a change of address, it reflects our continued expansion and deep commitment to the Hong Kong market. It is a strategic investment in a modern working environment that promotes collaboration and innovation, and empowers our team to deliver the high-quality specialist solutions our clients need to grow throughout the APAC region.”

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NAV Fund Services expands into UCITS fund administration in Ireland

NAV Fund Services has launched fund administration services for Undertakings for the Collective Investment in Transferable Securities (UCITS) through its Irish entity, NAV Fund Services. The company said its UCITS offering includes fund accounting, transfer agency, investor servicing, and technology-enabled operational workflows.

The expansion broadens the firm’s services for regulated investment funds domiciled in Ireland and across the European Union, says the firm.

Nav Gupta, CEO of NAV, says: “Ireland remains one of Europe’s leading UCITS domiciles, supported

by a strong regulatory framework and well-established funds ecosystem.

“The addition of UCITS servicing solutions represents a key component in NAV’s long-term strategic growth initiative to meet client demand, expand into new jurisdictions, and engage with a broader universe of global fund managers.”

Keith Martin, CEO of NAV Ireland, adds: “The introduction of UCITS services represents an important next step in the continued development of NAV’s Irish and European operating framework and enables us to support a wider range of regulated fund structures.”

Standard Chartered to acquire Zodia Custody

Standard Chartered has announced that its non-binding offer to acquire Zodia Custody has been accepted by the company’s shareholders and noteholders.

The transaction remains subject to regulatory approvals and customary closing conditions.

Under the proposed acquisition, Zodia Custody’s regulated custody activities will be integrated into Standard Chartered’s existing digital asset custody business within its Financing and Securities Services division.

The bank said the move is intended to consolidate its digital asset custody operations, unlock revenue and cost synergies, and broaden its offering to digital asset custody clients globally.

As part of the transaction, Zodia Custody will separate its institutional digital asset infrastructure platform business into a newly established independent entity, Zodia Solutions, under SC Ventures.

According to the companies, Zodia Solutions will continue to provide bank-grade digital asset infrastructure services to financial institutions, including Standard Chartered, supporting firms launching and scaling digital asset services.

The platform will also be backed by a number of bank investors, including existing investors in Zodia Custody.

Margaret Harwood-Jones, global head of Financing and Securities Services at Standard Chartered, says: “This acquisition will accelerate the growth of Standard Chartered’s global digital assets custody portfolio and support the growth of our Financing and Securities Services business.”

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Broadridge announces integrated infrastructure for tokenised securities

Broadridge has announced a comprehensive expansion of its tokenisation capabilities, providing institutional firms the infrastructure to operate across tokenised and traditional securities on a single, integrated platform. The firm has extended its multi-asset capabilities to support the trading of tokenised assets across its order, execution, and post-trade infrastructure, enabling institutions to operate with a single set of tokenisation rails, a governance standard, and one operational model across their tokenised asset portfolio.

Institutions can process tokenised securities, fractionalised assets, and crypto-related holdings alongside conventional instruments using consistent workflows, controls, reconciliation, and reporting standards.

Broadridge has extended the core tokenisation engine behind its Distributed Ledger Repo solution, built for regulated institutional settlement, to also support equities, funds, alternatives, and money market instruments within a consistent framework.

FCA and Bank of England release tokenisation roadmap

The Financial Conduct Authority (FCA) and the Bank of England have laid out their joint approach for the development of tokenisation in UK wholesale markets and have opened up the proposal for public consultation. Under the shared vision, the FCA and central bank identified key areas where firms required greater clarity from feedback, including prudential treatment, tokenised collateral, settlement instruments, and have outlined their stance across these areas.

Tokenisation is the process of generating a digital representation of a real-world asset, such as a bond or unit of currency, on a digital ledger. They have launched public consultation to gain industry perspectives where current frameworks and systems support or limit the secure use of this technology.

The consultation is intended to assist in informing the next steps of creating a blueprint for digital wholesale markets. The Bank of England also released a consultation on extending Real-Time Gross Settlement and Clearing House Automated Payment System (CHAPS) settlement hours, setting out the path toward near 24/7 settlement. ■

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Building AI from the balance sheet up

Lior Yogev, CEO and co-founder at FundGuard, explains why investment accounting infrastructure is becoming the foundation for AI adoption across investment management and asset servicing

Why do you believe AI transformation in investment management starts with accounting infrastructure?

Because AI is only as powerful as the environment it operates in.

If the underlying data is fragmented, delayed, or inconsistent, AI cannot deliver meaningful operational intelligence.

The industry is starting to realise that AI transformation is fundamentally tied to the quality of the accounting foundation beneath it.

What are the biggest operational barriers preventing firms from becoming truly AI-native?

Most firms are still operating across disconnected systems with multiple books of record and heavy reconciliation processes. That creates latency across the organisation.

Before firms can fully benefit from AI, they need a more connected and reliable operating environment.

How is AI changing expectations across investment operations and asset servicing?

AI is accelerating expectations around speed and visibility. Firms no longer want to wait until the end of the day to understand their operational or investment positions. They expect real-time insight and more intelligent workflows across the enterprise.

Why are legacy operating models struggling to support modern investment complexity?

The industry has evolved significantly faster than the infrastructure supporting it. Firms are managing increasingly complex products across more markets and jurisdictions, often on architectures that were designed decades ago for a much simpler operating environment.

Many of those systems were built around batch processing, siloed data models, and end-of-day workflows. Even with cloud-enabled layers and aggregation tools added over time, firms are often still operating on underlying architectures that were never designed for real-time, AI-driven operations.

What does “real-time accounting” actually mean in practice?

It means firms operate from a live operational view instead of relying on delayed reporting cycles. Accounting becomes part of the decision-making process itself rather than something that happens after the fact.

How do you see the role of asset servicers evolving over the next five years?

Asset servicers are becoming strategic infrastructure partners. The expectation is shifting beyond processing toward delivering greater insight, scalability, and transparency to clients.

“What the industry increasingly needs is a more unified operational approach that can support both public and private markets consistently and at scale”

Lior Yogev, FundGuard

How are private markets and complex products exposing infrastructure weaknesses?

Private markets and hybrid investment products are accelerating the pressure on existing operating models.

Firms are managing increasingly complex structures, liquidity profiles, and valuation requirements across environments originally built for traditional public market workflows.

What the industry increasingly needs is a more unified operational approach that can support both public and private markets consistently and at scale.

What does the future operating model of investment management look like?

More unified, more intelligent, and far more continuous.

The industry is moving toward operating models built around continuous visibility and shared operational data rather than fragmented processes and reconciliation cycles.

How should industry leaders think differently about AI adoption?

They should focus less on isolated AI applications and more on the operational foundation underneath them. Sustainable AI transformation requires trusted infrastructure, not just new tools layered onto legacy environments.

Where do you think the investment operations industry will look fundamentally different in the next decade?

The industry will move away from fragmented, reconciliation-driven operations toward far more continuous and resilient operating models. Investment firms will increasingly operate from live, connected views of data across the enterprise, with intelligence and automation embedded directly into the operational foundation itself.

Accounting will evolve from a backward-looking reporting function into a real-time system of record that supports decision-making, oversight, and operational resilience across the investment lifecycle. ■



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The tokenised money market fund moment has arrived

Agnes Mazurek, global head of product, Digital Assets at Apex Group, looks at the growing market for tokenised funds, and the rapid pace of expansion the market is seeing





The tokenised money market fund (MMF) market has crossed a threshold. What began as a series of carefully constructed pilots is now becoming a meaningful asset class, attracting both the world's largest asset managers and a new generation of digital-native investors. It is momentum built on structural need, and on a clear convergence of forces that are remaking how capital is held, moved, and put to work.

The question for asset managers is no longer whether to participate in this market. It is how to participate credibly, at scale, and without operational compromise. Getting that answer right will define who leads and who follows in the next chapter of fund distribution.

A nearly €17 billion market that will grow quickly

The tokenised Treasury market has almost reached €17 billion globally according to RWA.xyz in early May 2026. It grew 2.5 times in a single year, outpacing both stablecoins and traditional MMFs over the same period.

The 10 largest funds account for more than 53 per cent of total market capitalisation, most domiciled in the US, British Virgin Islands, and Hong Kong. The opportunity for asset managers who move now is significant. At this pace, waiting is no longer a neutral decision.

The driving forces for market growth

Three forces are converging to make tokenised MMFs one of the most strategically important products in asset management right now.

Asset managers are under pressure. Retail distribution is more competitive, institutional mandates harder to win, fee compression persistent. Reaching new investor pools across borders has historically required costly local infrastructure and distribution agreements that favour larger incumbents. Tokenisation changes that calculus. The cost of distribution does not scale linearly with geography when the instrument itself carries its compliance rules.

Stablecoins are creating a new market. On the one hand, stablecoin issuers are seeking tokenised MMFs as their highly liquid and low-risk reserve assets, amid regulatory requirements across the globe.

“As fund administrators at the centre of this market, we see that fragmentation of technology and operations across multiple suppliers being resolved in real time by integrating both capabilities under one roof”

On the other hand, stablecoin holders, cryptocurrency traders, DeFi protocols, Web3 companies, hold hundreds of billions in assets earning little or no yield. They need always-on yield. Tokenised MMFs are the answer. Regulated asset managers who move now can capture this demand on their own terms, rather than ceding the space to less regulated alternatives.

Institutions need onchain cash equivalents. As institutional participation in digital assets deepens, the absence of regulated, yield-bearing onchain cash has become a real operational constraint.

Regulated stablecoins remain immature across most jurisdictions. Tokenised MMFs fill that gap today, acting as cash equivalents that are familiar, regulated, and natively onchain for institutional players.

Tokenised MMFs unlock structural advantages

For issuers, tokenised MMFs are creating a more efficient and scalable distribution model. Always-on availability allows subscriptions and redemptions to operate 24/7, matching the pace of digital assets and removing the limitations of market hours.

Near instant onchain settlement reduces counterparty and operational risk while lowering the capital tied up during settlement cycles. At the same time, compliance embedded directly into the token enables a single issuance to reach authorised investors across global distribution networks.

For investors, tokenised MMFs provide greater accessibility, flexibility, and utility. Fractionalisation lowers entry thresholds, making institutional-grade yield products accessible to a much broader investor base. Investors can also move capital more efficiently through always on subscriptions and redemptions, without waiting for traditional market cut-off times.

As the market matures and moves into a more advanced stage, tokenised MMFs can also be integrated into third party applications, enabling cross platform utility.

By connecting wallets to DeFi lending platforms, tokenised MMFs can be used as collateral to borrow stablecoins, or deployed into decentralised exchanges/automated market makers (AMMs) as liquidity provision assets to generate additional yield. This is made possible through the interoperability and composability of tokenised MMFs.

The challenges that must be solved

The opportunity is clear. Capturing it means solving two distinct challenges which are technology and operations.

The technology challenge is embedding compliance into the token itself. Tokenised fund units must enforce ‘in code’ who may hold them and under what conditions they may be transferred. This cannot be an afterthought managed offchain; it must be native to the token.

A significant development here is the UK Financial Conduct authority’s (FCA’s) move toward recognising native onchain representation of financial instruments, treating the blockchain as the primary legal record rather than a wrapper around an offchain asset. If followed by other jurisdictions, this removes one of the most persistent friction points in tokenised issuance and has direct implications for settlement finality, collateral enforceability, and smart contract-based governance.

If the onchain record becomes the legal record, the compliance logic embedded into the token effectively becomes part of the fund’s infrastructure.

Standardisation is critical to making this model scalable. Without common standards, tokenised assets remain confined to the platforms that issued them, limiting interoperability and preventing the network effects that make tokenisation transformative. Distribution cannot scale if every platform operates under different technical and compliance frameworks.

ERC-3643 was designed precisely for this. The permissioned token standard enforces investor and transfer rules through embedded logic, tracks ownership via onchain identity, and enables full control to freeze or recover tokens when required. It is open-source, referenced by US Securities and Exchange Commission (SEC) Chairman Paul Atkins as an example of compliance built into token architecture, and supported by more than 140 members through the non-profit ERC3643 Association. It is the industry's clearest answer to the standardisation challenge.

The operational challenge is whether transfer agents and administrators have the capability to handle tokens at scale. A tokenised money market fund that never closes requires an administrator that never closes, delivering NAV in real time, processing subscriptions and redemptions around the clock, across time zones, to the standard regulated funds demand.

Traditional transfer agents were not built for this. Our Group has a clear vision that the future of the capital market will be onchain. 13 years ago we administered one of the first digital asset funds in Malta, before tokenisation was an industry conversation. The decade since has been spent building the operational muscle, technology infrastructure, and trained expertise to service tokenised assets the way they actually work, not adapting legacy processes to fit a new model.

That foundation was put to its clearest test when Fidelity, one of the world's largest and most operationally rigorous asset managers, chose us as their digital transfer agent to launch a tokenised money market fund. The ask was unambiguous. 24/7 subscription and redemption processing. Tokenised fund units managed with the same precision, compliance, and accountability their investors have always expected.

What looks seamless from the outside represents something much hard-earned that my team along with all internal key stakeholders have built, harnessing a decade of deliberate transformation across business model, technology and operational culture. That is the work that made this moment possible.

“The forces shaping this market today are early expressions of much larger structural shifts that will define the next decade of asset management”

The last mile for mass adoption

The last mile for mass adoption has always been the hardest. The constraint has been fragmentation to launch a tokenisation project. Technology providers who cannot service. Servicers who cannot technically tokenise. Asset managers caught assembling solutions from pieces that were never designed to work together, absorbing integration risk that should never have been theirs to carry. In practice, that fragmentation translates into months of painful coordination between providers who speak different technical languages, operate on different timelines, and share limited accountability for the outcome.

As fund administrators at the centre of this market, we see that fragmentation of technology and operations across multiple suppliers being resolved in real time by integrating both capabilities under one roof. With it, the pace of adoption is accelerating. The acquisition of Tokeny into our Group business in May 2025 is one expression of that consolidation.

The clearest signal comes from the market itself. Across funds, real estate, infrastructure, and commodity-linked notes, spanning

the US, Middle East, Asia, and Europe, asset managers are not asking whether to tokenise. They are asking how to do it faster. Our pipeline for digital asset services has grown exponentially since Q2 last year.

Where the market is going

The forces shaping this market today are early expressions of much larger structural shifts that will define the next decade of asset management. The generational transfer of wealth is moving capital to investors who expect to act on their portfolios at any moment. They do not accept settlement lags or market hours as structural features of investing. The infrastructure of finance will need to meet that expectation, not constrain it.

AI agents are entering financial markets. Autonomous systems managing portfolios and executing treasury operations require instruments that are machine-readable, programmable, and available at any hour. Assets that are not onchain will not be visible to this layer of the market, and that layer is growing faster than most asset managers currently appreciate.

A new utility is emerging. The ability to use a tokenised MMF position as collateral in a lending protocol or AMM without liquidating the underlying holding opens possibilities unavailable in traditional structures. Tokenised MMF units can be posted as margin without liquidating, so capital is simultaneously earning yield and serving as collateral. For corporate treasury managers, always-on yield replaces cash sitting idle on overnight deposits. These use cases will become standard within the next few years.

What asset managers should be asking

The strategic questions are becoming urgent.

Build or buy? While creating tokenisation technology internally might appear to offer greater control, the challenges of constructing a fully coordinated platform from the ground up are routinely underestimated. The market is moving too fast for bespoke development cycles. The asset managers gaining ground are the ones who recognise that the technology already exists, is proven in production, and is available now.

Who has actually done this and knows where the market is heading? The tokenisation space is loud with vendors, platforms, and frameworks all promising to solve the problem. Track record

cuts through that noise faster than any pitch deck. The question is not who can tokenise an asset in a demo environment. It is who has delivered live, regulated, institutional-grade tokenised funds at scale. A tokenised fund that launches smoothly but cannot process a redemption at 2am on a Sunday has not solved the problem. Technology and operations must be proven together, not separately. The governance principles that define institutional-grade do not change because the underlying technology has, if anything, independent oversight matters more in a newer asset class.

Who is leading this internally? Technology and operations can be sourced externally. Judgment cannot. The asset managers who will define this market are those who have built leadership teams capable of separating genuine innovation from noise, asking the right questions of partners, and making decisions with conviction in a market that still has more opinions than answers. That talent is rare, and the organisations investing in it now will have an advantage that compounds over time.

The opportunity window in tokenised MMFs has been open for some time now. It will not remain open indefinitely. The asset managers who move in the next 12 to 18 months will define the distribution standards, the investor relationships, and the on-chain presence that later entrants will find difficult to replicate. The infrastructure is ready. The regulatory direction is supportive. The investor demand is demonstrable. What remains is the decision to act with the right partners, on the right technology, with the right people leading the way. ■

Agnes Mazurek
Global head of product, Digital Assets
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Structural disparity in global market infrastructure exposed by T+1

The US equities shift to T+1 settlement has highlighted a growing timing discrepancy between international institutional investors, leading to a systematic funding divide that has moved operational, liquidity, and settlement risk into new areas of the market

Tahlia Kraefft explores



Efficiency gap across the post-trade environment

The transition to a T+1 settlement cycle has significantly compressed the post-trade window, exposing major frictions in cross-border operations. Despite US equities settlement accelerating to one day, cross-border investing infrastructure remains asynchronous. For European and Asian institutions purchasing US securities the growing timing disconnect has led to a systemic funding gap. Securities must settle before the underlying currency funding process is finished.

Consequently, cross-border investors are stuck between the strong pressure for accelerated domestic settlement cycles and disparate global time zones. A structural rift has arisen from divergent global regulatory deadlines, overlapping time zones, and the hurdles of executing simultaneous FX and securities transactions within a 24-hour period. The vast majority of the global FX landscape, especially cross-border funding, CLS participation windows, and custodial workflows continue to operate on T+2 timelines. Asset servicers are functioning as operational shock absorbers, using real-time mobility to avert systemic bottlenecks between jurisdictions.

Marton Szigeti, head of collateral, lending, and liquidity solutions at Clearstream, remarks that the disparity between T+1 securities settlement and FX settlement, is increasing system-wide operational and liquidity pressure, even if it is not creating immediate systemic risk.

“The industry has managed the transition to T+1 well, but the reliance on processes still designed for T+2 introduces structural inefficiencies. The risk is therefore less about systemic instability and more about higher cost, tighter liquidity management, and increased operational dependency on timely execution. Without adaptation, these frictions become more pronounced at scale,” he says.

The industry has effectively compressed one leg of the transaction lifecycle without fully re-architecting the other, Kaisha Schnoll, vice president of trade settlements at STP Investments explains.

“From a post-trade perspective, that introduces a sequencing risk rather than an immediate systemic concern. Securities settlement now demands next-day finality, while FX processes remain dependent on longer funding workflows. In cross-border scenarios, this can require firms to fund obligations before the underlying currency transaction is fully settled.”

“The further east a firm operates, the smaller the available window to complete allocation”

Kaisha Schnoll, STP Investments

Schnoll's remarks that this type of funding pressure is not new, with the industry having previously effectively managed similar shifts including the transition from T+3 to T+2.

“Funding mismatches have always been part of settlement cycle compression, and while the timelines are tighter today, the concept itself should not introduce material confusion.

“The critical objective remains unchanged: ensuring the securities leg settles successfully within the prescribed timeline.”

Compressed timelines

The systemic funding gap, and major timing disconnect between European and Asian investors generated by the shift to a US T+1 settlement cycle has led to significant operational and liquidity gridlocks for international institutions. For European or Asian investors purchasing US equities, trade is executed in the American market, with securities required to be settled the following day, and investors needing US dollar funding. The reduced window means post-trade matching, affirmation, and currency conversion must be completed in one day. However the FX conversion may not settle until T+1, which results in intraday liquidity exposure, overdraft dependency, prefunding requirements, or dependence on costly credit lines.

Schnoll describes that for investors located outside the US, they face a largely structural challenge. “The further east a firm operates, the smaller the available window to complete allocation, confirmation, and FX execution. This forces a shift toward earlier decision-making and predictive funding models.

“Firms can no longer rely on end-of-day processes to source liquidity. Instead, they must anticipate funding needs before the trade lifecycle is fully complete.

“This requires a higher degree of operational precision and tighter coordination across front, middle, and back office functions.”

A settlement gap is emerging between securities and FX, Szigeti, explains. He says this is caused by securities settling quicker, while FX and liquidity processes have not yet entirely adjusted to the same pace.

“In practice, this gap needs to be bridged by the client — through pre-funding, faster execution, or external support. Solutions such as linking FX directly to settlement flows are effectively closing this gap operationally.”

Schnoll notes that FX funding for US trades progressively must happen on trade date or very early on settlement day, especially for non-US investors, causing FX execution to be changed to earlier in the lifecycle, regularly before allocations or confirmations are entirely finished.

“The gap is therefore less about market fragmentation and more about the compression of sequencing. Processes that were once linear must now occur in parallel or even ahead of confirmed trade details.”

Szigeti describes the core operational challenges for European and Asian investors purchasing US securities under T+1 as: compressed timelines for FX execution and funding, dependency on early trade confirmation and instruction processing, diminishing flexibility to increase FX execution, and greater reliance on automation and straight-through processing

“For many clients, what used to be a sequential process now needs to be fully pre-aligned and executed almost simultaneously.”

FX infrastructure disconnect

The structural disparity between the deeply standardised, modernised equity markets, and fragmented legacy architecture of the FX market has been highlighted by the shift to accelerated settlement. With the FX markets lacking the structural design for compressed securities cycles, the discrepancy has generated major bottlenecks across the post-trade process.

Time zone differences are one of the most serious friction points in this landscape. Schnoll states: “The US market effectively dictates the operational clock, and for Asia-based investors in particular, this can require activity to occur overnight or outside of traditional business hours.

“This is less about inconvenience and more about operational resilience. Firms with follow-the-sun models or global operating coverage are far better positioned to manage T+1 requirements than those operating within a single regional time zone.”

Szigeti agrees that divergent time zones are a core challenge. For European and Asian investors, key processing steps often fall outside local business hours, diminishing the window to just a few hours.

“Clients are then required to either execute FX earlier, often before full certainty on final positions or rely on pre-funding and automated solutions to ensure settlement efficiency to remain high.”

Additionally, stringent processing timeframes and single-cycle operations mean it is very challenging to present FX trades within the T+1 securities settlement timeframe, despite Continuous Linked Settlement (CLS) continuing to be a benchmark for offsetting settlement risk through Payment versus Payment (PvP). Custodians also frequently set internal cut-off times one to two hours in advance of set CLS deadlines.

This majorly compresses the small timeframe to match, allocate, and validate the trade. Furthermore, the back and middle office continue to be burdened by fragmented Electronic Communications Networks (ECNs), manual operations, and divergent messaging conduct.

Schnoll comments there are signs of behaviour change in how FX is executed: “Activity is becoming increasingly front-loaded, with greater emphasis on pre-positioning liquidity and executing earlier in the trading day.

“There is also a potential for increased concentration of FX activity near US market close, which could introduce pricing pressure during peak demand periods. Over time, this may reshape intraday liquidity patterns as participants adjust to the compressed settlement window.”

There are obvious changes in trading behaviour caused by divergence between FX and securities settlement, Szigeti, notes.

“T+1 should be seen as a transitional step, not the end state. It highlights the direction of travel, but also the complexity of moving fully to real time”

Marton Szigeti, Clearstream

“FX execution is moving to an earlier point in the lifecycle and becoming more closely linked to settlement events. There is a gradual shift towards more automated execution models, reduced reliance on discretionary timing, and greater demand for integrated liquidity solutions.”

Emerging risks for international investors

As the compressed settlement cycle requires a significant acceleration of the post-trade timeline, global investors are left vulnerable to cross-border funding weaknesses. Non-dollar based institutions are required to adjust their treasury operations to avert systematic settlement breakdowns. Institutions need to source dollars quicker and maintain bigger liquidity safeguards.

Shortened windows heightened the likelihood of failed FX funding, held up securities settlement, fines, reputational exposure, and could widen the concentration among a few global intermediaries as smaller firms become more dependent on large custodians, FX banks, and liquidity providers. Asian-based asset managers experience the most challenging timeline compression due to timezone differences, leading to operational inequity and greater overnight staffing expenses.

Szigeti says the risk that liquidity, funding, and operational pressures amplify during periods of market volatility under this misalignment becomes significantly more pronounced in volatile markets. “Under normal conditions, clients can manage timing constraints, but during stress FX spreads widen, liquidity becomes less predictable, and execution timing becomes more critical.

This can lead to higher funding costs, more frequent use of credit lines, and increased probability of late settlement. The underlying issue is not new, but T+1 amplifies it.”

Schnoll agrees that firms can usually employ process redesign and increased automation to absorb compress but during periods of volatility, compressed funding timelines combined with widening FX spreads and reduced liquidity windows increase the cost and complexity of sourcing currency.

“The risk is not necessarily systemic contagion but localised operational stress. Firms may face increased reliance on pre-funding, higher liquidity buffers, and less tolerance for breaks or delays within the post-trade lifecycle.”

What comes next?

How well operational friction is minimised while continuing settlement efficiency will determine the industry’s success in implementing T+1, Szegit, comments.

“This includes wider adoption of automated and integrated models, for example linking FX to settlement, improved alignment of funding and settlement timing, reduced reliance on manual processes and last-minute liquidity sourcing, as well as stable or improved settlement efficiency despite tighter timelines. Ultimately, success means clients can operate under T+1 and increasingly T+0 scenarios, while minimising increasing cost, risk, or operational complexity.”

Schnoll expects there to be a continued evolution toward a global ‘follow-the-sun’ operating model. She says: “Firms that can distribute workflows across regions and ensure continuous processing will be best positioned to meet T+1 requirements. This model not only supports timelier execution of tasks but also strengthens overall operational resilience and supports on-time settlement.

“T+1 should be viewed as a forcing function rather than a final state. It is pushing the industry toward more synchronised and ultimately more real-time settlement models, but achieving that will require deeper coordination across global markets and a more integrated approach between front and back office functions.”

The industry is widely moving in the direction of 24/7 operational models, although not uniformly. Szegit, says: “There is a clear push toward more real-time, automated, and integrated processing, but the broader ecosystem, including infrastructure

and market practices, still operates on batch-based models. T+1 should be seen as a transitional step, not the end state. It highlights the direction of travel, but also the complexity of moving fully to real time.”

Schnoll remarks that settlement efficiency is no longer just an operational metric; it is a financial outcome. She says the industry’s success will hinge on its ability to function consistently within accelerated timelines, in contrast to removing all friction.

“Key indicators include earlier same-day allocation, which will require tighter integration between trading desks and the back office to ensure trade details are complete as early as possible in the lifecycle. It also includes the seamless instruction of trades, which will place increased emphasis on maintaining accurate and standardised settlement instructions across systems.

We should expect reduced reliance on manual intervention within funding workflows, supported by greater automation and more predictive liquidity management. Equally important is improved alignment between FX execution and securities settlement timing, particularly for cross-border activity where sequencing has become critical. Ultimately, success means that firms can reliably settle trades in T+1 regardless of geography or time zone. The focus should remain on ensuring the securities transaction itself settles efficiently, with all supporting processes evolving to meet that requirement.”

She continues to say that firms that manage this shift most successfully will be those that focus on accuracy at the point of execution, increase collaboration between front and back office functions, and invest in operational models that enable continuous, global processing.

“T+1 is not simply a change in timeline, it is a shift in operating discipline.”

Has efficiency led to fragility?

While the industry has diminished market risk duration through shifting to a T+1 settlement timeframe it may have readjusted risk into liquidity management, operational timing, and cross-border funding dependencies. Settlement compression without adequate FX harmony results in structural fractures. The next stage of market development requires not just quicker settlement but coordinated settlement. T+1 has demonstrated in global finance that pace is only resilience if the entire landscape can transition together. ■

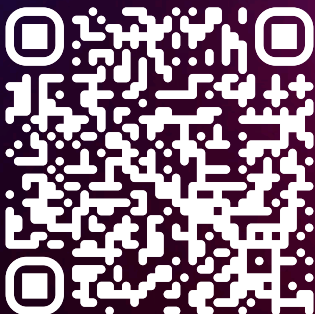
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Iranian shadow banking faces growing crackdown under new sanctions

US regulators are widening their focus to dismantle opaque structures used to bypass global financial oversight

Tahlia Kraefft reports





US regulators pursue Iranian shadow banking networks

On 19 May, the US Department of the Treasury's Office of Foreign Assets (OFAC) 'designated' Amin Exchange, a prominent Iranian foreign currency house, and linked front companies over their role in supervising hundreds of millions of US dollars in payments for sanctioned Iranian banks. Amin Exchange was accused of laundering money for designated Iranian banks and state-run businesses through a network of front companies in the United Arab Emirates, Turkey, China, and Hong Kong. This enforcement is part of a sweeping wave of US sanctions; 10 designations in total have been issued against Iranian-linked entities, as part of Operation Epic Fury since April 2026. Iran's rahbars, private management companies and currency exchange houses that skirt conventional banks through broad webs of overseas shell and front firms in high-risk jurisdictions have been directly targeted. The US Treasury is explicitly moving to cut off Iran's shadow banking operations, along with oil profits, and military procurement networks as part of its maximum economic pressure campaign on Iran.

Becki LaPorte, principal, AML strategy and innovation, Finscan explains that highly engineered state-sponsored systems, more dangerous than a collection of bad actors is revealed by the OFAC designations for Operation Economic Fury,

"Rahbar companies managing thousands of overseas shell entities and coordinating across multiple jurisdictions with Iranian exchange houses and state-controlled banks, have moved the equivalent of tens of billions of dollars through the international financial system.

"Several entities are directly tied to former Iranian central bank officials and organisations controlled by the Supreme Leader's Office. This is institutional financial crime operating at scale. The geopolitical risk is that these networks simultaneously fund the Islamic Revolutionary Guard Corps' operations, proxy payments, and illicit oil sales.

La Porte warns these entities thrive in gaps between regulatory regimes. And while gaps continue, the architecture will rebuild around any single enforcement action.

The sanctions reflect how supervisory bodies have shifted to explicitly addressing the enablers of illicit capital, and wider structures facilitating sanctions evasions such as shadow fleet rather than just traditional banks. OFAC blocked 19 oil and

petrochemical ships which it says have generated hundreds of millions in profits. The move intends to paralyse revenue created from illegal petroleum trade, and diminishes the regime's finance streams for weapon development.

On 11 May 2026, Treasury designated 12 individuals and entities tied to the transaction of Iranian oil to China. It followed the Treasury sanctioning three Iranian foreign currency exchanges and their linked front companies on 1 May 2026. Additionally, 35 entities and persons were designated by OFAC on 28 April 2026, for their supervision of Iran's shadow banking network.

The sophistication, breadth, and global reach of this NBF system is highlighted by use of sanctions by the US against 35 entities with alleged links to the Iranian shadow banking system professor of law, Nicholas Ryder, Cardiff University, comments.

"This clearly illustrates the unprecedented threats to the global financial system caused by the current geopolitical risks within the Middle East. This also illustrates that the Iranian shadow banking system will be able to withstand the consequences of being sanctioned by the US Treasury Department."

The US Treasury froze almost US\$500 million in cryptocurrency linked to the regime, disturbing efforts to generate Bitcoin-backed shipping insurance and alternative payment, responding to modern evasion techniques,

These enforcement adds to more than 1,000 sanctions imposed on Iran since February 2025. The US Treasury has described the Islamic Revolutionary Guard Corps as using these shadow banking channels to connect to the global financial system to receive funds for illegal oil transactions, and funnel payments to Iran's terrorist intermediaries.

Shadow banking today

Shadowing banking, or non-bank financial intermediation (NBF), has rapidly grown to be worth over US\$256 trillion, a 2024 Financial Stability Board (FSB) report found — double the speed of the banking sector in the same year. While NBF traditionally largely revolved around non-banking lending, it has expanded to a more complex realm of bank-related activities that operate outside the conventional banking environment. NBFs make up over half of global financial assets. For sanction enforcement it has expanded the list of illicit actors to target from offshore intermediaries, front companies, crypto rails, opaque investment

vehicles, and shipping or payment frameworks sitting outside traditional monitoring. While non-bank financial intermediation generally encompasses legal financial activities, its absence of regulatory supervision and transparency generates significant risks, and in some instances aids illicit endeavours.

Iran-linked shadow banking and money laundering operations have evolved over the past decade, La Porte explains: "A decade ago, Iran-linked shadow banking relied on relatively crude shell company chains and hawala networks. What we are dealing with today is categorically different, in that financial crime has become more of a managed service.

"Three forces have driven this evolution: the internationalisation of shell company infrastructure across key financial centers simultaneously; the weaponisation of legitimate trade flows through trade-based money laundering; and the professionalisation of enabling networks, where lawyers, accountants, and company formation agents provide the legal veneer that makes these structures sustainable. However, the compliance frameworks chasing financial crime are still largely designed for the previous generation of the threat."

Ryder notes: As this system has matured in the last two decades it has created vulnerabilities for money laundering which enabled criminals to move the illicit proceeds of crime through financial systems which are less regulated. This could include for example offshore financial centres and front companies which can be used to hide the origin of the proceeds of crime. It is important to note that money laundering continues to evolve, and financial criminals will continue to exploit a wide range of vulnerable and new markets."

Dr Illaria, says it is not just that shadow banking has increased in numbers of cases but in the sophistication of the system. "We don't talk about layering anymore — basically splitting the money into different bank accounts. Or different people carrying the money into another jurisdiction, it's much more about setting up trust, setting up shell companies using multiple jurisdictions transactions where we have money that goes from one country to another.

"Multiple jurisdictions are involved, to make sure we distance ourselves from the source of the capital. It has become more sophisticated, because criminals adapt."

She says criminals try to adapt to work around the existing regulatory framework, and heavily employ intermediaries

which grey the areas between legitimate and illegal activities and transactions.

NBFIs have more tools at their disposal now, she says. “There is an increase not necessarily in the typologies of money laundering through shadow banking, but simply in the techniques. Like crypto for instance, is a new tool at their disposal.

“Criminals have evolved, but they also have better knowledge. They are helped by professional enablers and intermediaries that might not realise they are money launderers or as part of a criminal organisation. They turn a blind eye to what is happening or they get compensated or a fee or a benefit from being involved or facilitating the transactions.”

Caught in the crosshairs

Asset servicers inadvertently play a critical operational role in the global shadow banking system, acting as the structural pipelines for global wealth. Their primary role of overseeing corporate structure for clients, processing transactions, and storing securities means they often sit adjacent to illicit capital, and frequently come into contact with sophisticated money laundering and kleptocracy. Omnibus accounts and complicated custody systems, for example, can expose firms to anti-money laundering (AML) blind spots, enabling the layering of illicit assets to go unfound. Omnibus accounts create nested risk through combining assets from various investors into a single account. Ultimate Beneficial Ownership (UBO) blind spots occur due to a custodian usually only knowing who intermediary is, not the UBO of the underlying clients. The asset servicer can be unaware of sanctioned entities due to their dependence on the intermediary to carry out Know Your Customer (KYC) checks.

Alternative structures in private equity and hedge funds have less liquid, customs assets, and convoluted capital call mechanism. Consequently, this comparative absence of public market scrutiny enables the underlying economic beneficiaries and counterparties to remain hidden. Illicit actors use Special Purpose Vehicles (SPVs) across numerous, opaque jurisdictions to legally create space between illegal profits from the perpetrators. This results in fund administrators having to resolve complex multi-level AML checks across varying guidelines.

Transfer agents sit on the front of investor onboarding, and are burdened by inconsistent regional KYC standards. Additionally, when transfer agents interact with fund-of-funds or wealth

platforms functioning as introducing brokers, they are not always dealing with the true investor, generating a verification gap. As a result agents must certify AML data from third parties running under separate regulatory frameworks. Corresponding banking and settlement systems handle considerable daily volumes through borders at fast speeds. Corrupt actors often try to use the large volume of these cross-border settlements to add illegal money with valid financial streams, intending to conspicuously incorporate them in the financial landscape inconspicuously.

FinCEN identified US\$9 billion of Iranian shadow banking activity travelling through international US correspondent accounts in 2024. The actors used multi-layered corporate frameworks across numerous countries to hide the money's origin. The Treasury found these funds were linked to a wide network of Iranian exchange houses, and offshore front companies, used to avoid sanctions, launder cash, and sponsor military and terrorist programs. Shell companies, only listed on paper with no purposeful business activities, transferred roughly US\$5 billion in 2024. Scores of overseas oil firms that appeared as Iranian front companies, including oil firms headquartered in the UAE and Singapore, moved roughly US\$4 billion in 2024. FinCEN traced approximately US\$707 million to multitudes of shipping firms, thought to carry sanctioned Iranian oil and petrochemicals, with the majority of companies based in Iraq, UAE, or Hong Kong.

Through directing regulatory action against logistical and financial enablers, supervisory agencies are raising the cost of evasion and revealing the wider network to international secondary sanctions.

La Porte, describes the foundational risk for asset servicers and custodians handling cross-border flows linked to high-risk jurisdictions is opacity around beneficial owners, who are the ultimate controllers of assets concealed behind nominee structures across weak-disclosure jurisdictions.

“The Rahbar networks OFAC just designated are a masterclass in how that opacity is operationalised. Beyond ownership, key exposures include unverified correspondent AML controls, commodity-linked flows where price volatility masks trade-based money laundering, and geographic risk creep where high-risk exposure grows incrementally without triggering re-evaluation.

“Red flags to watch include fund routing through intermediary jurisdictions with no apparent business rationale, frequent counterparty substitution mid-transaction, payment structures inconsistent with commodity market norms, and documentation discrepancies coinciding with route or port-of-discharge changes.

“The post-crisis ‘unwinding’ window, when backlogs clear quickly, is an acute compliance vulnerability that asset servicers should already be planning for.”

Ryder explains: “The key exposure risks would be potential criminal, civil and regulatory sanctions for not complying with the domestic anti money laundering legal reporting obligations. The liability could extend to both the individual and the company they are employed by depending on the domestic anti money laundering enforcement strategy.”

Dr Zavoli, says it is a major risk for asset servicers or firms to be sanctioned, or linked to a specific group of criminals organisations or a high-risk jurisdiction where there are problems like the Iranian sanction example.

“Second to be used as a channel, obviously for money laundering, but also for terrorist financing activities. The picture is never small. It’s not just about me and my friends and my transaction or pool of clients but it’s much bigger. It’s not even just the sector, it might be the whole economy, it might be the security of the whole country.

Thirdly Dr Illaria says reputation of damage which is a much stronger deterrent than any sanction, any prosecution that might come years later, that might be difficult to prove: “Reputational damage is real and it is immediate. So if you are in the headlines of a newspaper linked to money laundering, there will be reputational damage that has a financial cost for you that is higher and worse, than any prosecution or sanction.”

Dr Zavoli says there are so many red flags to look out for, including: use of very complex entities like shell companies, trust entities based in high-risk jurisdictions, frequent changes in ownership and the structure of the company, and the involvement of a politically exposed person.

“Transactions that are across multiple jurisdictions, transactions where there is a very quick turnaround, money moving quickly from one account to another, from one jurisdiction to another, for no real reason, clients and customers reluctant to give you information, so they are not fully transparent.”

Geopolitical risk

Supervisory bodies are broadening their focus, approaching operational intermediaries such as correspondent banks, shipping managers, and freight forwarders as systematic enablers and are

being met with explicit penalties, rather than just the end-actors. There is increased inter-coordination between OFAC and FinCEN, with the latter majorly using systemic compliance data, issuing targeted advisories on shadow banking concerns, and requiring financial institutions to label front companies.

The US economic campaign against Iran was elevated to its highest level, with its implementation of designations against Iran-tied individuals, shipping vessels, and illegal oil-smuggling, and shadow banking operations. Non-US entities complicit in toll payments, enabling Strait of Hormuz passing, or engaging in Iranian trade are being warned they will be blocked from the US financial network. FinCEN has emphasised digital assets, decentralised finance, and opaque foreign exchange houses are being used by the IRGC and linked shadow procurement operations.

On 11 May the FinCEN Advisory provided global financial institutions with a list of red flags to identify and declare suspicious actions linked to dual-use component procurement and Iranian oil smuggling.

The supervisory body issued a warning for financial institutions to spot money laundering operations linked to the IRGC, labelling four core methods IRGC evades sanctions including: commodity sales and misrepresentation of commercial activity, use of exchange houses and layered corporate structures, use of facilitators and other service providers, and digital asset infrastructure.

Secretary of the Treasury Scott Bessent, commented: “Iran’s shadow banking system facilitates the illicit transfer of funding for terrorist purposes.

“As the Treasury systematically dismantles Tehran’s shadow banking system and shadow fleet under Economic Fury, financial institutions must be alert to how the regime manipulates the international financial system to wreak havoc.”

Regulators eyeing AML blind spots

Regulators are proactively reviewing AML guidelines in an effort to address shadow banking. They have moved from prioritising regular KYC to real-time risk reduction. Supervisory agencies are dissembling convoluted corporate layering employed to mask the UBOs. The use of offshore SPVs, non-transparent shell entities, and nominee directors is being heavily reviewed to target corporate anonymity blind spots. Trust firms, service providers,

and administrations are progressively being held responsible for cross-checking the underlying origins of the structures they oversee. Authorities are punishing inconsistency and siloing of compliance data across the economic environment. With core AML data kept separate between custodians, administrators, traditional banks, shipping firms, and digital asset platforms, regulatory bodies are calling for holistic, cross-sector data structures to trace funds through these traditionally fragmented networks.

Regulatory bodies such as FinCEN are focusing on decentralised finance being incorporated into illegal state and shadow banking. Cryptocurrencies and stablecoins are progressively being employed as major settlement layers, compared to isolated assets, strongly linking decentralised tech to traditional shadow banking. In FinCEN's warning it described stablecoins and virtual assets being weaponised by sanctioned actors such as Iran, to circumvent the conventional correspondent banking network. Authorities are progressively underdoing the mechanisms and logistical faces that hide illegal cross-border transactions and are zeroing in on ship-to-ship transfers, fake invoices, and commodity mispricing. The US Treasury and partners are concentrating on tackling misleading shipping activities and shadow fleets that are employed to bypass financial sanctions.

Current AML coordination is significantly lacking and what little exists is structurally mismatched to the threat, La Porte remarks. "Frameworks like the Financial Action Task Force were built for a world of discrete, jurisdiction-specific transactions. Today's shadow networks are engineered to span multiple legal systems simultaneously, rotate through front companies faster than any static watchlist can track, and exploit weak beneficial ownership transparency in key transshipment jurisdictions."

Existing frameworks are not keeping pace with the risk, La Porte notes.

"The reforms that would make the most material difference are not more rules, but rather, faster designation and de-listing cycles, harmonised beneficial ownership registers with cross-border access, and real-time intelligence sharing at the correspondent banking level. The goal should be a system that is dynamic, not just comprehensive."

It is challenging to understand the overall effectiveness of the international anti-money laundering system and its coordination in terms of tackling cross-border money laundering networks, Ryder argues.

"Part of the difficulty here is that unlike the counter terrorism financing provisions that were implemented following the terrorist attacks in September 2001, which are binding on every member of the United Nations by virtue of Chapter 7 of the UN Charter, the same level of application does not apply to the global anti-money laundering systems."

"The effectiveness of AML coordination will largely depend on efforts by the leading members of the financial action task force to counter the threat of cross-border money laundering networks."

Tightening AML enforcement

Supervisory bodies are strengthening their implementation of AML rules, with asset servicers and shadow banking networks the key focus. Asset servicers are required to shift from reactive compliance programs, to integrated risk management structures to mitigate compliance blind areas. They are being demanded to improve network analytics through enacting graph-based screening to locate hidden beneficial ownership layers, linked shell companies, and abnormal fund velocity through sophisticated fund structures.

Additionally there is a need for them to change to ongoing UBO verification, using cross-border corporate registries and adverse media screening to thwart the exploitation of proxies. They must boost sanctions surveillance frequency, change yearly or quarterly static screening with real-time screening to keep on top of fast changing sanctions lists, and not face evasion penalties. Additionally, they should integrate specialised monitoring for trade-based money laundering and cross-border convergence risks, especially tracing digital asset trails that link with traditional funds.

Furthermore, they must carry out rigorous vendor risk assets on outsource compliance instruments, data providers, and fund administrators to minimise gaps in supply-chain security.

They should also better cross-functional AML governance, disassemble silos between fraud, cyber, and conventional AML networks. They must build holistic, real-time intelligence sharing, and escalation rules across compliance departments such as custody, treasury, and cyber teams

La Porte says asset servicers should begin with an honest assessment of screening quality to future-proof their AML and compliance frameworks.

“The starting point has to be an honest assessment of screening quality. Many asset servicers are still running name screening processes that are high on false positives and low on genuine intelligence, which generates alert volumes that exhaust compliance teams without meaningfully reducing risk. That is not a sustainable model when the threat environment is moving at the speed we are seeing today.

“This requires a shift from reactive, batch-based screening to continuous, automated screening that can match against updated sanctions lists in real time, with the precision to distinguish genuine risk from noise. That means investing systems with matching capabilities that can catch transliteration variants, aliases, and name permutations — the exact techniques used by Rahbar-linked entities to evade detection.

After screening quality, governance is also important, La Porte explains, as compliance must be embedded in onboarding, not appended to it.

“Critically, there is no one-size-fits-all answer. A custodian handling sovereign wealth mandates carries a different risk profile to one servicing emerging market fund flows, and screening configurations need to reflect that.

“The ability to fully customise screening parameters to an institution’s specific risk-based requirements is what separates a genuinely effective program from a compliance checkbox. The technology exists to do this well. The question is whether firms have the organisational will to modernise before a regulatory action forces their hand.

Ryder states: “The most important aspect that asset providers can do is to comply with all levels of the anti-money laundering legal framework including the customer due diligence, know your customer rules and the enhanced due diligence rules. Furthermore, it is of paramount importance that the employees within the asset service providers are trained to comply with the domestic regional and international anti money laundering standards.

ALM needs to be a serious activity taken seriously, Dr Zavoli, comments. She says checking the source of funds or clients and customer due diligence should be done not just as a tick the box exercise but out of genuine desire for the sector to not be infiltrated by criminals, or tainted by issues such as reputational damage for firms or the sector by being involved in money laundering.”

“Try to maximise the use of resources that are available, guidance from supervisors and AML agencies, but also that you have a robust internal anti-money laundering policy. You cannot expect that everything is covered by the government or by AML agencies and entities.

“You need to do your part and really invest in personnel that are properly trained with IT resources that are able, including AI, to detect possible red flags and dodgy transactions. Ensure that internally you have a robust system in place to protect yourself, so it’s not just a responsibility to the sector, but to protect yourself and your vulnerability.”

Enablers of illicit capital targeted

The recent US Treasury enforcement and May 2026 designations directed at Iran-based Amin Exchange, front companies and 19 oil tankers, and April 2026 actions against 35 shadow banking enablers highlight how supervisory bodies are broadening their focus to explicitly addressing the enablers of illicit capital.

Regulators are viewing operational intermediaries such as correspondent banks, shipping managers, and freight forwarders as systematic enablers, rather than just the end-actors, and meeting them with explicit penalties.

These enforcement actions show supervisory bodies are using secondary sanctions and concerted international efforts to dismantle Iranian-tied shadow banking and are targeting blind spots in multi-jurisdictional supply chains to halt widespread designation evasion.

As shadow banking becomes more institutionalised the challenge for AML is not only identifying the corrupt entities but locating the underlying systems that facilitate them. NBFIs in Iran have increased the sophistication of their operations to a broad network of shell companies, front business, and illegal exchange houses. OFAC is employing cross-border network tracing to disassemble these evasion paths. FinCEN has distributed more stringent financial trend advisories and examinations targeted at the Islamic Revolutionary Guard Corps that penalise fintechs and small banks for KYC compliance negligence.

Asset servicers are facing demands to improve their UBO tracing and supply chain auditing capabilities, as regulators now review concealed transactional activities, such as illegal ship-to-ship transfers and toll payments. ■

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Building the future of custody through curiosity and client trust

Charlotte Kinsella, associate director in banker broker dealer sales for financing and securities services at Standard Chartered, reflects on entering asset services from a non-linear path, the growing role of digital assets, and why asking questions remains one of the industry's most valuable skills

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

My route into asset services was not entirely linear, but that is something I see as a real strength. I was drawn to the industry because it sits at the intersection of markets, infrastructure, and people. Asset servicing may not always be front-page finance, but it is foundational — and it is a people business.

More recently, my interest has deepened through exposure to digital assets, where custody is the number one priority for institutional clients and investors. No matter how innovative the asset or structure, confidence in safekeeping and control is fundamental. Being at the centre of that conversation at Standard Chartered, where markets, technology, and client trust intersect, has reinforced for me that asset services is exactly where I want to build my career.

What aspects of your job do you enjoy the most?

Working in post trade means you cannot operate in silos. You need to understand the full trading flow end-to-end, truly understand your clients and their commercial and operational needs and, most importantly, what they are ultimately trying to achieve. That requires a strong grasp not only of our own business, but also of the broader market and competitive landscape. I really enjoy learning about the whole asset life cycle more broadly.

What I find especially rewarding is the combination of commercial awareness and continuous technical learning.

Every client conversation is different, and success often hinges on trusted relationships — both internally and externally — and knowing how to bring the right people together to deliver the best outcome for the client.

The industry itself is complex and constantly evolving, which keeps the role stimulating. The emergence of digital assets has added another exciting dimension.

Being involved in early stage conversations and contributing to discussions that are actively shaping where the business and the industry are heading is incredibly motivating. It feels like you are not just supporting the market but helping to define its future.

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?

Compared to more established colleagues, I don't yet have the same depth of experience or instinctive pattern recognition, and that means I can get things wrong. But I have learned that there is real value in sitting with that — letting it marinate, doing the homework, and then circling back with better questions or a clearer point of view. That process has been a big part of my growth.

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 cannot say I have noticed many misconceptions. In terms of what I would like to see evolve — I would like to see continued investment in technology that goes beyond efficiency and really transforms the client and employee experience — whether that is through automation, deeper data and AI-driven insights, or the practical application of blockchain technology.

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?

It started with the basics — onboarding sessions, core systems, internal processes, which gave me a foundational understanding of how the organisation operates. From there, a lot of the learning happened on the job through shadowing colleagues, sitting in on client calls, and getting exposure to real life workflows.

I felt like this allowed me to learn at pace, follow my curiosity, and focus on the areas most relevant to my role and clients. Practical experience is the best way to learn.

For others now coming into the same position, I think the biggest benefit is when there is a strong culture of knowledge sharing and support. While there is always room to formalise certain elements further, having access to people who are willing to explain concepts, sense-check thinking, and provide context makes a huge difference.

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

In 10 years, I see myself still very much in a people focused role — that is a constant for me. I get energy from building relationships, working with clients, and bringing people together to solve problems, and I don't see that changing.

I expect digital assets to continue playing a big part in my career, simply because the space is evolving so quickly and there is so much to build and figure out.

It is less about a specific title and more about staying in roles where I am learning, being challenged, and contributing meaningfully.

I have never been someone who settles too easily. I am lucky in that my current role has a lot of runway — there is depth, complexity, and change, which means I don't feel like I will stop growing anytime soon. But when I do reach a point where the learning slows down, that is usually a signal for me to push myself into something new.

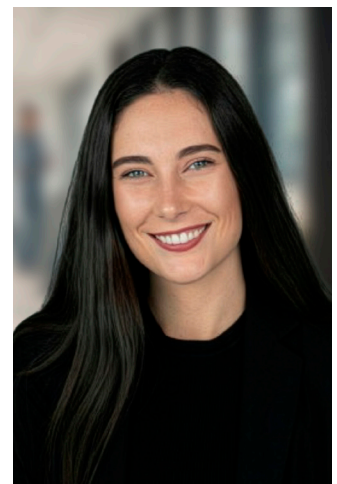
Ultimately, I want to keep progressing in responsibility and impact, stay close to clients and the market, and continue working in spaces where things are not fully defined yet. That is where I do my best work — when there is room to learn, shape outcomes, and grow alongside the industry.

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

Ask all the questions. Even the ones you think you should already know the answers to and be honest about what you don't understand. I would also encourage people to really think about things — to let ideas, thoughts, and concerns marinate a bit. Then, do your homework. Taking the time to understand the why behind decisions and processes makes a huge difference.

Finally, use your fresh lens to your advantage. Coming in without years of “this is how it has always been done” can be a real strength. You are more likely to challenge assumptions, spot inefficiencies, and ask questions that others might not think to ask anymore. If you combine that openness with humility and a willingness to learn, it puts you in a really strong position early on. ■

Charlotte Kinsella
Associate director in banker broker dealer sales
for financing and securities services
Standard Chartered



Industry Appointments

Apex Group appoints Ramachandran as CEO of FundRock

Apex Group has appointed Kavitha Ramachandran as CEO of Apex's FundRock and head of third-party management company services in Luxembourg.

Ramachandran, who previously served as regional chief operating officer, will lead FundRock and coordinate Apex Group's management company activities in Luxembourg, working alongside Etienne Rougier, managing director of FundRock Management Company.

Ramachandran joined Apex Group in 2022 following its acquisition of Maitland, where she held senior roles and established its Luxembourg third-party management company.

She is also a board member of Association of the Luxembourg Fund Industry (ALFI) and serves on the boards of several Luxembourg investment funds and group companies.

Apex Group says the leadership structure is intended to support its governance framework for management company strategy in Luxembourg and the continued development of FundRock's management company platform.

Renaud Oury, regional head of Apex Group Luxembourg, says: "Kavitha's appointment reflects our continued investment in

Luxembourg and our long-term commitment to clients.

"Her proven track record in growing businesses and leading client relationships, alongside deep experience across operations covering fund services and third-party management companies, combined with the recognised leadership of Etienne, ensures continuity of service."

Ramachandran adds: "Our focus is on delivering seamless, integrated ManCo platforms for clients. I am excited to work with Etienne and the FundRock teams to continuously enhance the client experience and offer new services to our customers."

Centralis launches Loan Agency offering and hires Ellis-Grewal as head

Centralis has launched a new Loan Agency offering with the hire of Joe Ellis-Grewal as head of Loan Agency based in London. Ellis-Grewal was previously at Global Loan Agency Services where he led the UK Business Development team and most recently at Mount Street where he built out their Corporate Loan agency offering.

With this deployment, Centralis aims to launch a Loan Agency business in the coming months which the firm says will establish it as one of few providers in the market who can offer a full suite of end-to-end services.

Working closely with teams across the business, Ellis-Grewal will help develop a platform which intends on delivering agency and trustee services across both loans and bonds in the performing and non-performing space.

Commenting on the appointment, Aidan Foley, CEO at Centralis, says: "The launch of our new Loan Agency business is a natural extension of our existing SPV and Corporate Services platform and reflects our ambition to expand the ways we support private credit managers, sponsors, and arrangers across the markets we serve.

"Joe's background combines strong technical expertise with a proven commercial track record in the debt servicing and administration sector — qualities we believe are essential when establishing and scaling a new service line. We look forward to launching this business line in the coming months and providing both existing and new clients with a full array of services."

Ellis-Grewal adds: "The opportunity to launch a Loan Agency business off the back of an already well respected and established player in the market is an opportunity that does not come along often.

"With Centralis' current high quality client base and an entrepreneurial approach to new business lines I look forward to the challenge of establishing Centralis as a leading independent agent in the market."

Citi Investor Services makes senior appointments

Citi Investor Services has announced key senior appointments, which the firm says reflect the business line's momentum and ambition to grow across strategic growth segments and core business offerings.



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CACEIS to appoint Barb ris as deputy CEO

CACEIS has proposed the appointment of Jean-Jacques Barb ris as deputy CEO in charge of coverage and digital assets, subject to approval at the company's next board meeting.

Barb ris joins CACEIS from Amundi, where he served as head of Institutional and Corporate Clients Coverage and oversaw the environmental, social and governance (ESG) department. He was also a member of Amundi's

general management and executive board.

In addition, Barb ris has served as chairman of Amundi Germany and CPR Asset Management since 2021.

Before joining Amundi, he worked as adviser for economic and financial affairs within the office of the French president between 2013 and 2016. Prior to that, he served on the staff of former French economy and finance minister Pierre Moscovici.

Hemant Bhide joined as head of the sovereign wealth funds and central banks segment in early May.

In this role he will implement a targeted client strategy to identify new business and growth opportunities.

Most recently Bhide was head of the Global Capability Centre for Charles Schwab. He was previously a partner at PwC, where he was a member of the Focus 500 division with oversight of all services given to strategic clients globally, including pension funds, sovereign wealth funds, asset, and wealth managers.

Prior to this he was at State Street, as a senior vice president for asset owner and retiree services businesses within global services.

Sean Brumble will become head of the asset managers at Citi Investor Services later this month, where he will be responsible for driving client strategy. He joins from BNY, where he was managing director and managed client relationships with large global investment managers.

Before BNY, Brumble held a number of senior positions at Aviva Investors including as chief operating officer.

Dermot Finnegan will join Citi later this month in a newly created role as head of strategic initiatives, alternatives in our fund services business.

Finnegan will lead efforts to set out the business line's private market asset servicing strategy to back general partners and limited partners. Finnegan was most recently managing director and global head of fund accounting. His wide experience in alternatives and private markets includes previous roles as global head of private market services and global head of real estate solutions at BNY. ■

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