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Russian CSD to reform corporate actions

Russia's central securities depository, the National Settlement Depository (NSD), is leading a programme aimed at reforming corporate actions in the country.

With the support of the regulator, issuers, registrars and clients, NSD is planning to implement new technologies and international standards for electronic document interchange.

The reform "provides for complex changes related to the legal base and technologies of the corporate actions processing", according to NSD.

"Market participants will be able to mitigate risks and reduce costs associated with corporate actions by eliminating the use of traditional paper documents, using electronic technologies and involving record-keeping institutions."

A company will be able to inform clients about upcoming meetings of shareholders using ISO 20022 and ISO 15022 messages by the end of 2014, according to NSD.

May 2015 will see the completion of the automation of an e-proxy-voting procedure, the conditions for which were put in place in August 2014, after the adoption of regulations that allowed depositories to form electronic voting documents for their clients without the power of attorney.

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New steps in T2S preparation

Societe Generale Securities Services (SGSS) is to widen the scope of its implementation of direct connectivity to the TARGET2-Securities (T2S) platform, as SWIFT finds that market participants are embracing the direct route.

When the first wave of T2S is launched in Italy and Switzerland on 22 June 2015, SGSS will already have direct connectivity for the settlement of Italian and Swiss securities.

It intends to implement direct connectivity to T2S for all five markets that will join T2S in the second wave, scheduled for the end of March 2016: Euroclear's central securities depositories in France, Belgium and the Netherlands; Interbolsa in Portugal; and NBB-SSS in Belgium for fixed income.

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Poland embraces T+2

Poland's central securities depository, KDPW, has changed its settlement cycle from T+3 to T+2 on 6 October.

KDPW said it expects the shorter settlement cycle to "have a positive impact on KDPW and KDPW_CCP participants as well as investors".

Having transactions close within a shorter period of time will allow investors to receive securities (buyers) and cash (sellers) sooner.

The new settlement cycle will also have an impact on processes of the exercise of rights attached to securities, which will be transferred one day earlier than before.

Shares, rights to shares, depository receipts, exchange-traded funds and investment certificates will all be subject to the new T+2 settlement cycle.

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Russian CSD to reform corporate actions
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NSD has already introduced e-proxy-voting and shareholder meeting notifications using messages in the formats that it has developed.

E-proxy-voting technology is being modernised in accordance with international interaction standards. International formats for AGM notifications will be introduced, as will new services for meeting participation.

Eddie Astanin, chairman of NSD's executive board, called corporate actions reform "one of the most important transformations in the Russian financial market".

"The opportunity to execute rights on Russian securities in a centralised way and in an electronic form will create a complex effect in the domestic market."

He added: "Infrastructures will get a chance to reduce their costs for paper document interchange, and local players will be able to execute their rights in a modern and convenient way. Availability of the newest corporate actions formats approved at the international level will encourage foreign investors to make decisions in favour of the Russian market."

"This is an enormous responsibility, and we will exert every effort to implement the reform in the most consistent and efficient way."

New steps in T2S preparation
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SGSS will, in addition, act as payment bank in T2S, providing cash to central securities depository participants to support the settlement of securities.

"Providing full market coverage as a directly connected participant during the second wave demonstrates our readiness to accompany our clients in reaching their objectives—whether they are targeting a full custody package or selected unbundled services," said Guillaume Heraud, global head of development for financial institutions and brokers at SGSS.

SWIFT recently looked at how T2S will transform and affect participants in the European post-trade landscape, with its aim to harmonise the eurozone post-trade settlement space.

As the deadline approaches in June 2015 for the first of four waves of migration to the settlement platform, institutions have adopted a 'wait and see' approach to the first wave to see how the direct route will give the directly connected participants (DCPs) access to new markets and will deliver new services to clients, according to SWIFT.

The ability to connect directly to the platform offers more competition, better access to markets and therefore allows institutions to offer the best deadlines, quick reaction to settlement issues, and liquidity benefits, found SWIFT.

There are many concerns within institutions about budgets, implementation costs and availability of resources of T2S and many global firms will have to prepare clients and be ready for each wave of migration.

The study found, that in the long term, T2S is a catalyst for innovation and change, and will help clients overcome key regulatory challenges in areas such as asset protection, collateral and liquidity management.

"As a large harmonisation project, T2S does not come without challenges for market participants. Many of the organisations that have chosen to become DCPs have done so in an environment of competing industry and regulatory initiatives," said Isabelle Olivier, head of clearing and settlement for Europe, the Middle East and Africa at SWIFT.

"As an originator of the harmonisation process and the de facto provider for connectivity and interoperability services in the European clearing and settlement environment, the use of SWIFT's Value-Added Network (VAN) Solution for T2S means that users will not have to make significant changes to connect to T2S."

Poland embraces T+2
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It is hoped by KDPW that, for dual-listed companies, a settlement cycle on the Polish market that is identical to that used in most European markets will have a positive impact on the record dates of payments from securities, in particular dividends.

Securities will be marked as 'ex-date' on the same day on the Polish market and on foreign trading platforms.

Poland's move to T+2 comes as a Celent-Omgeo study reveals that 58 percent of firms in the Asia Pacific are not prepared for the change in Europe.

Out of the firms surveyed, approximately one in six have not started to implement the necessary processes and technology changes to operate in a T+2 environment.

The study also revealed that 19 percent of firms are not aware of the impending move to T+2.

The issue of preparedness is significant with 56 percent of firms citing penalties for non-compliance as a major risk, while 38 percent of firms are concerned about failed trades and increased operational costs.

Matthew Chan, head of Asia strategy at Omgeo, said: "In Asia Pacific, a shorter European settle-

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ment cycle will be particularly challenging due to operational complexities associated with time zone differences."

"For firms with significant European trading activity, automating processes is critical to meeting the T+2 deadline. It is also important that firms match trades on local T+1, as the current T+3 buffer for managing mismatched trades will cease to exist within the new compressed cycle."

Northern Trust expands range of SunGard solutions

Northern Trust has chosen SunGard's Asset Arena Control Center to help the bank increase operational efficiency and to reduce risk.

The control centre will convert complex work processes into electronic checklists and dashboards that will increase automation and improve operational oversight, as well as giving controls of the firm's funding accounting and investor accounting activities.

This new centre expands Northern Trust's range of SunGard solutions that helps ensure increased transparency and process optimisation and spans the bank's wealth management, asset management, private equity, capital markets, risk and analytics, and reconciliations systems.

Peter Cherecwich, head of global fund services within Northern Trust's corporate and institutional services business unit, said: "It has been crucial to us to ensure we have the right systems in place that will help enhance our portfolio processes."

"By working with SunGard, we will look to achieve a smoother end-of day net asset value creation process, reduce the potential for risk and meet regulatory requirements which will ultimately help us generate significant cost savings. SunGard has long been a consultative advisor to us, and we look forward to continuing our collaboration for future projects."

Doug Morgan, president of institutional asset management for SunGard's asset management business, said: "Both investors and regulators are seeking greater transparency from fund managers and their administrators. They require evidence that their processes are robust and that strict controls are in place."

"The firms that are best positioned for success are those that employ comprehensive solutions with a centralised view of fund accounting and investor accounting activities. As a long standing SunGard customer using a wide variety of our solutions, Northern Trust is a great example of this and Asset Arena Control Center will help take the firm even further in building increased transparency."

End-to-end solution from SS&C

SS&C Technologies has unveiled its new integrated front- to back-office platform for hedge funds.

The end-to-end platform features an order management system that includes trading and execution management tools, real time profit and loss, FIX connectivity and mobile app access to performance information.

The offering is a combination of SS&C GlobeOp's middle- and back-office services with its front-office technology.

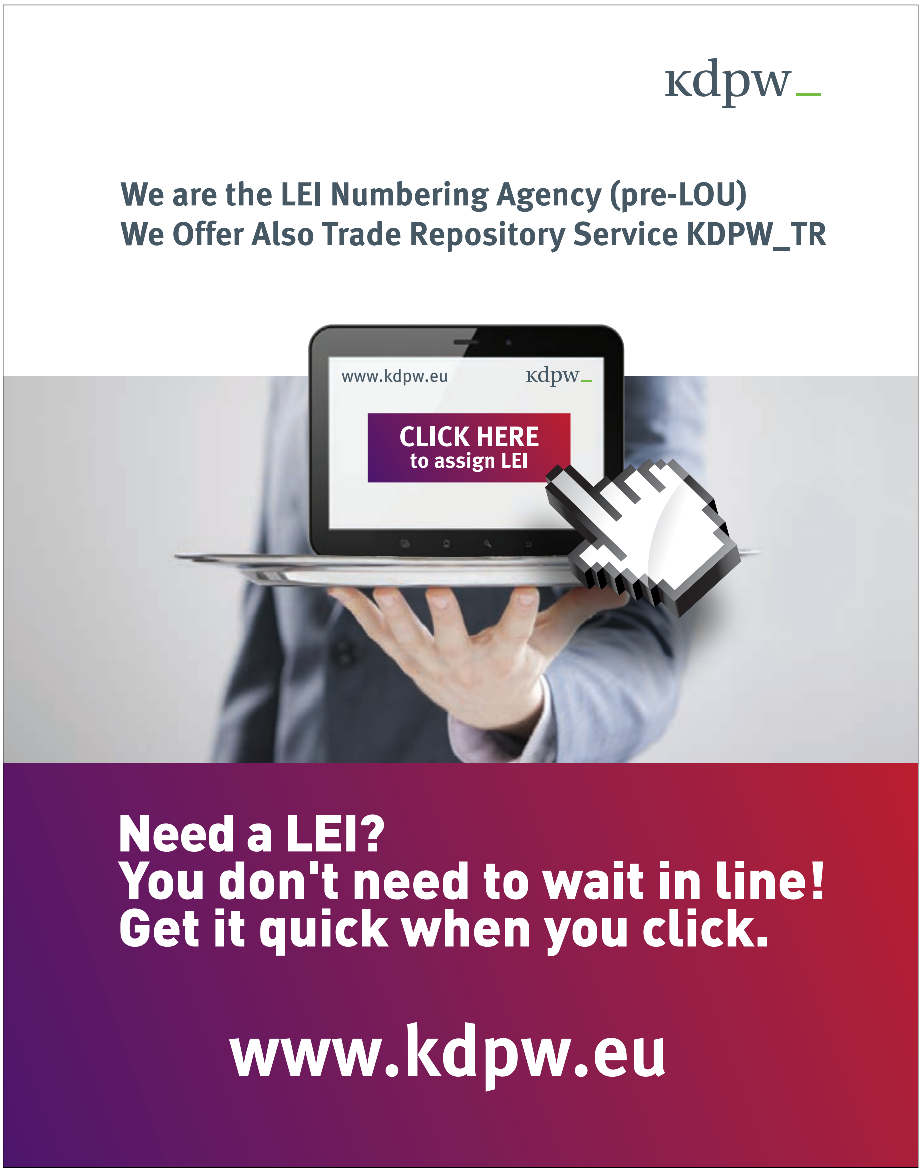
Hite Hedge Asset Management recently went live with the solution and James Conant, chief financial and compliance officer at Hite, said: "With SS&C as our trusted administrator, it made sense to look to them to provide a fully integrated solution for us to build our business and not have to worry about managing multiple vendors."

"The breadth of investment management tools and the ability to call one number for support was compelling, along with their straight-forward business model that minimises costs down to our trading partners. The solution will provide us with the right platform to manage our capital and risk efficiency."

Bill Stone, chairman and CEO of SS&C Technologies, added: "We are pleased to have Hite as our newest front- to back-office hedge fund solution client."

"They needed a turnkey comprehensive and reliable investment technology platform so they could execute their investment philosophy and focus on growing their business."

"With our hosted integrated solution, we take care of the technology and operational expertise and Hite takes care of the investing."



HFA concern over SEC changes to accredited investors

The Hedge Fund Association has outlined concerns over the US Securities and Exchange Commission's (SEC) proposed change to the definition of an 'accredited investor' under Rule 501 of Regulation D.

In an open letter to the SEC, the association urged the Commission to reject an increase in the current requirements to account for inflation, which would "fundamentally undermine" the private placement market that introduced an estimated $50 billion into the US economy in 2013.

The changes will also have a negative impact on small business growth, as it will reduce the number of accredited investors in the US "by more than half".

This will ultimately affect unemployment rates as businesses close, according to the Hedge Fund Association.

While the hedge fund industry has seen growth, this has been predominantly from a small number of large inflows that has widened the gap in assets under management between small and large funds.

The Hedge Fund Association stated that it "shares the SEC's goal of protecting investors from making investments which are beyond their financial sophistication", but the association believes that using net worth or income as a test for investor sophistication is "out-dated".

In favour of updating the tests, the Hedge Fund Association suggested a number of alternatives to the SEC, such as: "A knowledge or education-based standard; a requirement that a non-sophisticated investor engage an independent registered investment professional to review and approve the investment; or limiting the maximum percentage of net worth that any investor may contribute."

"We are in the process of a slow recovery from a global recession, and the SEC and Congress must be careful not to implement any rule that will stifle job growth and in fact lead to job losses in these precarious times," concluded the Hedge Fund Association.

The SEC opened the floor to comments on the proposed change in July 2013, and has extended the comment period multiple times.

SmartStream releases upgrade

SmartStream Technologies will release a second version of TLM Exception Management.

The new version will provide a unified approach to exceptions management by creating a hub to manage processes on a single platform.

SmartStream stated that managing exceptions in this way will help to "improve a bank's balance sheet, reduce expenses and comply with regulatory requirements".

The new version of the product is equipped with a newly designed single user interface. It detects exceptions as early in the workflow process as possible, monitoring and managing them through to resolution.

This capability enables institutions to predict and control exceptions far more effectively than they have been able to do in the past.

Philippe Chambadal, CEO of SmartStream, said: "Financial institutions are under pressure as never before to cut overheads. Companies are looking to reduce between 30 and 50 percent of their back and middle-office costs and so are constantly reviewing their operations, searching for ways of introducing greater efficiency."

"One area under scrutiny is exception management where resolution times are still too long, exposing organisations to unnecessary risk and expense."

BNP Paribas boosts liquidity options with new solution

BNP Paribas Securities Services is overhauling its liquidity management offering with the launch of the Liquidity Access solution.

The solution has been designed to help banks and broker-dealers manage and monitor their liquid assets.

Liquidity Access is based on three pillars; anticipate with reporting tools to give clients a clear view of cash and liquid assets at their disposal; leverage a consolidated view of accounts across jurisdictions to access new, secured funding possibilities while also benefiting from structured and transparent credit lines; and optimise with a range of cash consolidation solutions allowing them to manage their cash flows more efficiently across accounts held with BNP Paribas.

The launch of the solution comes as new regulations, such as Basel III and the US Dodd-Frank Act, require market participants to hold more liquid assets, to closely monitor their liquidity ratios and to anticipate the evolution of their liquidity positions.

Florence Bonnevay, head of market and financing services at BNP Paribas Securities Services, said: “We are seeing huge demand from our clients to help them rethink the way they manage and monitor their liquid assets. The market is changing and so are we.”

“We have devised a comprehensive liquidity solution, which enables our clients to anticipate their liquidity needs, take advantage of new liquidity facilities and optimise their cashflows.”

SunGard targets corporate actions risk

SunGard has launched two new managed services offerings to help global financial institutions understand and control risk exposure on corporate actions.

Volume and complexity in corporate actions continues to be a problem for institutions and risk needs to be understood in order for action to be taken on events that require immediate attention.

SunGard’s XSPosure is a cloud-based risk dashboard that provides a visual representation of a firm’s corporate actions risk exposure.

The firm’s new XSP data utility, a system-agnostic business process as a service (BPaaS), offers firms a global, central repository of cleansed corporate actions data from multiple sources for use with applications, including SunGard’s XSP and other downstream processes.

XSPosure presents users with a top-down view of corporate actions within a single application, eliminating the need to gather this information from multiple disparate systems, spreadsheets, reports and other static methods.

By using the XSP corporate actions solution with the XSPosure dashboard, firms can automate the end-to-end lifecycle.

They will also be able to quickly identify risk events to help prevent potentially damaging loss due to unrecognised corporate actions exposure.

Isabella Fonseca, research director at Celent, commented: “Firms continue to focus on long-term initiatives that will improve efficiency and control risk across the entire enterprise, and corporate actions are no exception.”

“Many firms should consider corporate actions as part of a life cycle that relies on data centralisation, risk analysis and automation to improve accuracy and efficiency, reduce risk exposure, and respond quickly to customer needs.”

Brendan Farrell, executive vice president and general manager of XSP at SunGard, said: “There is a need for complete, accurate and timely corporate actions data to feed dynamic analysis tools and safeguard against unforeseen risk exposures.”

“XSP’s data service helps firms alleviate staffing challenges, support entry into new markets with diverse requirements, and gain confidence in the quality and speed of its corporate actions data from a trusted source.”

“The XSPosure dashboard simplifies the way of viewing risk by turning a very complicated problem into an easy-to-use visual solution. SunGard strives to deliver intuitive solutions and value-added services that help address the challenges for areas as complex as corporate actions.”

SWIFT to release Watch for Securities

SWIFT is planning to launch a new business intelligence solution that will help securities market participants to monitor and gain valuable business insights from their network traffic.

The new Watch for Securities offering is expected to go live in Q1 2015 with an early adopter programme planned for the end of 2014. It is targeting local and global custodians, universal banks and asset managers.

Built on a secure and single online platform, according to SWIFT, Watch for Securities provides consolidated access to monthly aggregated global, regional and country level data for securities messages.

It offers “highly reliable data” that institutions can use to adjust their systems and focus their activities. It can also be used for a number of purposes including benchmarking and analysis of market trends, activity share and operational indicators.

Watch for Securities will initially cover asset servicing and settlement messages for equities and fixed income markets.

Stephen Gilderdale, head of new business development at SWIFT, said: “Building on SWIFT’s existing business intelligence success in payments, the new Watch for Securities extends our portfolio to provide new business insights specifically focused on securities messages.”

"SWIFT is well placed to help its customers strengthen their understanding of their business, the market they operate in and independently assess the services they receive from their agents or give to their clients."

DTCC and Euroclear in joint venture

The Depository Trust & Clearing Corporation (DTCC) and Euroclear are to enter into a joint venture focusing on collateral processing.

The newly created company, DTCC-Euroclear Global Collateral, will be domiciled in the UK and its operations are subject to regulatory approvals.

Ownership and governance of the joint venture company will be shared equally between DTCC and Euroclear with its board and senior executives drawn from the two firms' management.

Michael Shipton, Euroclear managing director and head of corporate technology, will assume the role of CEO.

Mark Jennis, DTCC's managing director of strategy and business development, will become executive chairman.

The joint venture's board will also include Euroclear's Jo Van de Velde and Mei Li Powell, along with DTCC's Peter Axilrod and Andrew Douglas.

The joint venture will bring to market a margin transit utility (MTU) and collateral management utility (CMU).

The MTU will provide straight-through processing of margin obligation settlement, using current DTCC infrastructure, as well as additional infrastructure currently in development in coordination with the industry.

Industry testing of the MTU is scheduled to begin in mid-2015.

The CMU will address sub-optimal collateral allocation and mobility, through utilising Euroclear's Collateral Highway, and will follow the launch of the MTU.

The joint venture will operate open architecture services that will facilitate access to other central securities depositories, custodians and settlement agents.

Help for broker-dealers from SGSS

Societe Generale Securities Services (SGSS) is to launch a Global Broker-Dealer Services (BDS) outsourcing solution aimed at institutional brokers, mid-tier banks and broker-dealers.

The fully integrated global service includes middle-office services, back-office processing and post-trade services.

SGSS stated that it is developing this solution in response to "increasing market demand from independent mid-tier brokers who want to concentrate on their core business and lower their production costs".

The solution encompasses a set of services from execution, liquidity support, middle- and back-office processes, to core securities processing and asset servicing.

"Mid-tier sell-side firms face a growing challenge to maintain and sustain their business," explained Jason Nabi, head of financial institutions and brokers for the UK at SGSS.

"By outsourcing their full post-trade processes, clients become much more agile in terms of costs and set-up and can thus focus on growth and end-clients' increasing needs."

Chapman's Eye on the market

Inhospitably speaking

Any plans for next weekend? How would you fancy popping down to the Algarve on a private jet, having a couple of rounds of golf and staying in some top quality accommodation? Drinks, food and everything else, all taken care of? Oh, I'm sure you would, but the golden days of high-end corporate entertainment, with money being no object, are long gone, to the ultimate benefit of you, your firm and, lest we forget, the end clients.

Since the banking crisis began in 2008, due to a combination of ethical, reputational and financial concerns, corporate hospitality—or 'corporate hostility' to give it its alternative moniker—has been reduced in scope, level and frequency. Make no mistake, it still exists, but now many firms struggle to attract clients and prospects in sufficient numbers to fill whole events, and instead people have to think much more laterally and inventively about what level of entertainment is appropriate.

Internal compliance regulations forbid the acceptance of 'excessive' hospitality and brave is the person who eagerly accepts each and every invitation that comes their way, because somewhere, physically or otherwise, a note is being kept of their hospitality appetite, which might well be used against them at the most inopportune time. Sheer availability or lack of time is also an issue for clients and prospects alike, as few people have the luxury of being able to spend several days each month at Ascot, Wimbledon or Wembley, or any of the multiple sporting events available. Neither do they wish, after a hectic week away from the family at work, to spend even more time away without their spouse or children.

Some low-key, inexpensive, under-the-radar events are hardy perennials. The corporate golf day remains popular as it is invariably a relaxed way of spending some quality, unhurried time with like-minded individuals in pleasant surroundings. Likewise, a clay pigeon shooting event can be a great bonding day that doesn't require any particular level of outlay, health, skill or even good eyesight (trust me on this one!).

As a thank-you to existing staff or clients at a more junior level, the 'pizza and beer night' is another relatively low-cost favourite, however, great care must be taken at such events that too much fun is not had, as things can easily spiral out of control. I'm sure we all have many funny stories of staff parties that didn't end in such a jovial and calm fashion as they started.

Our business is all about relationships and when it comes down to it, the forced jollity and false bonhomie of an expensive away-day can never replace consistency of friendships, honesty and reliability of delivery, whether that be in a corporate or personal environment.

That said, I do like golf and am a big fan of Portugal, so if there were a few pennies left in the end of year hospitality budget, then I'm happy to make up the numbers.

As ever, do let me know your thoughts. Drop me a line at paul@hornbychapman.com

Paul Chapman, managing director, HornbyChapman Ltd

Mandate Mangle

Deutsche Bank is to provide custody and fund administration services to PR Indo Premier Investment Management for its newly launched stock-based, exchange-traded fund (ETF), Premier ETF Ski-Kehati mutual fund.

The Ski-Kehati index is a collection of 25 constituent stocks are selected by Kehati from various sectors including agriculture, consumer goods, finance and infrastructure.

John Item, president director of Indo Premier Investment Management, said: "Premier ETF Ski-Kehati mutual fund is our sixth ETF mutual fund and it is the first ETF categorised as a sustainable responsible investment in South East Asia."

"With this green-themed fund, investors can have access to 25 prime stocks selected by the Kehati Foundation. We are pleased to be working with Deutsche Bank again and look forward to further expanding our relationship."

Elwin Karyadi, director and head of global transaction banking and investor services Indonesia at Deutsche Bank, added: "Deutsche Bank already services three of Indo Premier's ETFs and we are pleased to be chosen as custodian and fund administrator again by Indo Premier for this new ETF."

"Indonesia's growing ETF business bodes well for the country's financial markets. With this new mandate, Deutsche Bank now has the largest market share as custodian bank in Indonesia for ETFs with an equity base."

Ellipsis Asset Management has mandated **Societe Generale Securities Services** (SGSS) for its 'swing pricing' offer that covers a selection of funds in France.

Swing pricing enables the net asset value to be calculated in a way that assures more equality among shareholders by reducing the dilution effect related to significant subscription or redemption movements.

In the absence of such a mechanism, the costs of readjusting the fund would be borne by shareholders who are already in the fund, whereas the costs are actually caused by the movements of other investors, namely those entering the fund or withdrawing from it.

Ellipsis Asset Management is among the first asset managers in France to put a swing pricing mechanism in place. SGSS was selected for its recognised expertise in this area and for its capacity to offer, in a short period of time, a robust and secure solution adapted to the French market.

BNP Paribas Securities Services has been selected by Antin Infrastructure Partners (Antin IP) to act as depository bank for the Antin Infrastructure Partners II fund, in accordance with the Alternative Investment Fund Managers Directive (AIFMD).

The Antin II fund, a €2 billion vehicle, is one of the largest European infrastructure funds and will follow the same investment strategy as Antin IP's first.

It counts more than 60 leading international investors located in Europe, North America, Asia and Australia, including pension funds, insurers, asset managers and sovereign wealth funds.

Alain Rauscher, president of Antin IP, explained: "We were looking for a reliable partner, an expert on investment vehicles across different legal frameworks."

"The international dimension of [BNP Paribas] was therefore a decisive element for us. We have complete confidence in the bank's teams, which have provided us with first class support to ensure compliance with AIFMD."

Gilliane Philip-Courtines, head of institutional client relations, France, at BNP Paribas, said: "We are delighted to have been chosen as depositary bank by Antin IP and to extend our partnership to its second fund."

"This appointment testifies to the service quality that we offer our clients as depositary bank for their private equity and infrastructure funds."

Caceis has been chosen by CPR AM as the asset servicing partner for its first Luxembourg law UCITS fund, CPR Invest, for which two sub-funds that were launched in August 2014.

Caceis will act as depository and central administrator for the CPR Invest Sicav.

CPR Asset Management set up the CPR Invest SICAV with the aim of distributing it internationally. The first two sub-funds are feeders of the French law UCITS, 'CPR Croissance Réactive' and 'CPR Silver Age', for which recordkeeping and administration is carried out by Caceis.

Jean-François Griveaud, deputy CEO of CPR Asset Management, said: "The launch of our Luxembourg UCITS SICAV will allow us to speed up the distribution of our funds in Europe and then Asia."

"This approach is part of our strategy to double the amount of international assets under management. Caceis is our partner of choice with a strong presence in Europe, and has been working with us for a long time, supporting the development of our business."

Joseph Saliba, deputy CEO in charge of business development at Caceis, added: "Caceis is delighted to offer its fund distribution servicing expertise to CPR Asset Management to facilitate international expansion plans and allow it to take advantage of opportunities created by regulations such as UCITS IV." **AST**

How are custodians planning for the future?

Pascal Roland of SWIFT discusses the challenges facing custodians and the need to empower product and network managers with more business intelligence

Since the financial crisis, the landscape for custodians has changed rapidly. Globally, there is an intense focus on risk and cost reduction driven by increasing regulatory and client demands, and ever-evolving technological capabilities. Custodians of all sizes are reconsidering their business models and looking for ways to defend and grow their market share.

Global custodians and universal banks are investing more time and energy than ever in their networks, enhancing the services received and increasing their reach—forcing local custodians to beef up their technology and systems, so as not to be a weak link.

Custodians are now caught between the demands of regulators for more data and reinforced processes, and their clients who ask them to reduce their fees while increasing their scope of services. Clients are looking for faster speed to market, more transparency in regulation within those markets, better understanding of how things settle, how corporate actions are processed, how accounts are opened, and how assets are actually held within the local market.

It is not enough to focus on a single market any more; custodians need to adopt a multi-market approach (either directly or indirectly) to survive. Not forgetting of course, the paramount focus on operational excellence.

So, in this competitive and cost-conscious world, how can custodians plan for growth?

At SWIFT, we have been working with custodians across financial services for more than 40 years. We are the de facto global network for cross-border financial flows—connecting more than 10,500 institutions in 215 countries and territories. Over this time, we have seen our contacts at custodians change from a very process-focused position to become far more business-focused on collecting and managing strategically critical information.

As the systems and services evolve, so do the possible options for businesses to consider. The term 'big data' has been coined recently to highlight this mounting challenge and the need to try and find meaning and value from the mass of information available. Multiple internal departments such as sales/product and network management but also compliance/risk/legal are all demanding meaningful business insights and access to an up-to-date central source of information about business activities.

To help provide clarity, over the years SWIFT has developed a number of business intelligence (BI) tools to query network traffic flows. The SWIFT Watch suite includes analytical and benchmarking services coupled with tailored consulting and training services. Using these services, SWIFT helps clients to strengthen their understanding of their business, the market they operate in and how they perform against competitors. Traditionally these tools have covered more correspondent banking traffic flow than securities but all of that is about to change.

Building on the existing business intelligence functionality from SWIFT, the new Watch for Securities offering extends our portfolio to provide new enriched fields specifically focused on securities messages, which will initially cover settlement and asset servicing.

It will be able to be used for a number of purposes including monitoring of an institution's own traffic or benchmarking possibilities such as activity share analysis and operational efficiency analysis. Built on a secure online platform, Watch for Securities will help institutions compare their own activities with the overall activity flowing on the SWIFT network, segregated by client type.

Particularly, product managers at local custodians will be able to use Watch for Securities to gain insight on their securities flows and use this to adjust their systems and focus their activities.

Let's try and bring this to life with a concrete example. Imagine you are a local custodian based in Singapore, and that you are competing on cost or service while trying to increase your broker-dealer client basis and revenues. With Watch for Securities, you will be able to track SWIFT securities flows in Singapore and benchmark yourself with specific types of players. With this unique perspective, and genuine insight that can only be provided by a neutral body such as SWIFT, you can then monitor the evolution of your market position on an ongoing basis as you roll out your strategic growth plan.

You will also be able use these tools to compare and contrast with other regions, and consider if there is sufficient room and opportunity to grow into those markets.

This information will be useful for the product teams of the local custodians but also for the network management departments of their clients.

Finally, from a technical perspective, Watch for Securities does not replace any existing monitoring system you have in place. Instead it provides an additional independent and monthly aggregated source of updated relevant global traffic information and avoids the need for your institution to gather that data itself from its own multiple internal systems and locations.

The data provided will help clients and agents to analyse operational processes such as: ratios of cancelled settlement instructions; distribution in time of instructions settlement occurred on expected settlement dates; and processing time of the corporate actions announcements per event types by comparing performances of your operations and agents against the market average.

We believe that by providing these views and dashboards on a regular basis, we can give managers a unique possibility to benchmark themselves and plan for the future.

What seems clear in today's world is that extracting business insights on network traffic from raw 'big data' is a top strategic priority. SWIFT continues to innovate to support the financial community, using our technology and reach to provide cost-effective solutions to support our users in their efforts to identify new markets and opportunities for growth. **AST**

Pascal Roland
Securities market manager
SWIFT

Flying the flag

Shane Kuros of CIBC Mellon discusses what sets Canada apart from the US

CATHERINE VAN DE STOUWE REPORTS

Canada is famed for its 'no surprises' philosophy when it comes to the financial industry. How has this kept it ahead of the game?

Perhaps the most important area where Canadian market participants benefit from a 'no surprises' philosophy is in the regulatory space. Canada's financial services regulators take a collaborative approach to the industry, where the norm is releasing proposed regulatory instruments in advance, soliciting comments from affected stakeholders and taking their input into account when developing new regulations.

Regulators in Canada also take an active role in communicating their goals and expectations to market stakeholders. These practices allow market stakeholders to better understand and prepare for change, as well as to flag areas where additional assessment may be in order before proceeding—for example, instances where rules may have potentially unforeseen impacts.

Financial services players recognise that Canada's strong regulatory environment is a key advantage, helping deliver strength and confidence that supports stronger credit ratings and lower borrowing costs, and helping to attract global investment. Canadian players have a reputation for prudent business practices and careful attention to risk management, which are attributes that have served us very well as risk and governance issues have gained significant focus in the minds of institutional and retail investors alike. So, it's no surprise that Canada remains a healthy and stable marketplace.

The asset management industry is thriving. Is it safe to say we are returning to post-financial crisis levels?

A variety of indicators are showing strength. For example, Canada's Toronto Stock Exchange index has surpassed its 2008 highs. The latest analysis from CIBC economics suggests that long-term positives are in place for a gradually improving economic environment, with US growth looking to turn a corner after some recent disappointments in some areas, both Canada and Europe expected to fare better in the latter half of this year, and signs of stabilisation in China, too.

Even with a return of growth, some changes are with us to stay: market stakeholders across the spectrum have moved to give risk management, transparency and reporting much greater attention. New regulatory instruments as well as expanded demands from end investors and plan sponsors can consume substantial time and energy, even as asset managers look to new strategies to generate growth for their clients in an increasingly complex space. As a result, many asset managers are increasingly relying on their asset servicing providers to roll out new solutions to support their changing needs in these areas.

There is a strong link between Canada and the US. What are the benefits for asset managers that invest in Canada?

Canada and the US share the world's largest bilateral trading relationship, which encompasses more than $2 billion of commerce daily. Canada is the largest foreign supplier of energy to the US and the third largest foreign investor into the US. Canada and the US have a very close investment relationship, and many securities are cross-listed between Canadian and US exchanges.

Cross-border investment occurs across diverse segments, including natural resources, manufacturing, finance and services, presenting a variety of opportunities to tap into the businesses that drive these investments. Under the North American Free Trade Act, Canadian goods can even qualify under 'Buy American' provisions for state and local procurement under the American Recovery and Reinvestment Act. Canada's close partnerships with and access to the world's largest market can deliver a variety of advantages for asset managers depending on their investment strategies.

Is Canada receiving more interest from asset managers from an onshore or offshore perspective?

Canada's status as a stable, attractive investment environment can give it a valuable role in the portfolio of any global investor—domestic or international. For example, Canada's triple-A rated government bonds are increasingly sought around the globe as a rare source of high-quality collateral, while Canada's sophisticated financial services sector continues to draw both domestic and international interest.

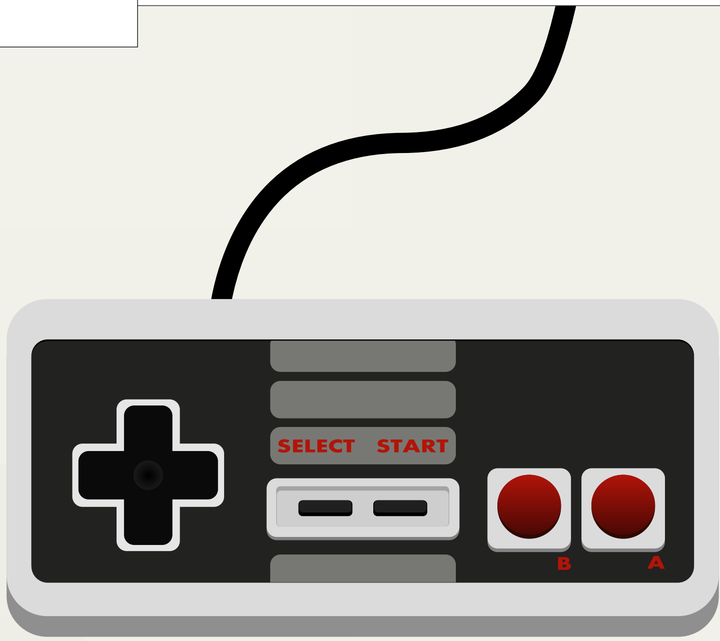
How are custodians and CSDs accommodating building interest from global investors?

First and foremost, asset servicing providers are deploying tremendous ongoing investment into the technology powering products and services that clients demand. Here at CIBC Mellon, we are working to leverage the scale and expertise of our two parent companies, CIBC and BNY Mellon, to deliver sophisticated solutions with local expertise.

Canada is a desirable investment destination, but it is also a complex environment, with a unique array of industry and regulatory bodies that work to drive stability and best practices in our marketplace. With our strong local presence and close working relationships with key Canadian market stakeholders, we are able to help our clients navigate this environment.

Canada's strength, stability and healthy fundamentals make it attractive to both domestic and global investors, and we are working to support our clients as they tap into Canada to achieve their investment goals. AST

Shane Kuros
Vice president, head of sales
CIBC Mellon



A global game

Spanish investors must remain vigilant about their ability to participate in class actions in other jurisdictions, says Tania Dupoy of Goal Group

Although the US is still the most developed and dominant centre for securities class actions, recent years have seen the global securities class actions market expand rapidly. Following the Morrison v National Australia Bank case in 2010, the US Supreme Court effectively wiped out the eligibility of f-cubed actions from taking place within the US.

This set precedence for a non-US shareholder, suing a non-US company, whose stock was purchased on a non-US exchange, not being able to bring their case in the US courts. Since this ruling, jurisdictions across the world have been developing legislation in response to the need for securities class actions to be processed in alternative locations to the US.

Class action growth outside of the US is now increasing rapidly, with Goal Group predicting that this growth will reach $8.3 billion annually by 2020. While some legislatures already have more robust securities litigation frameworks in place than others, recent developments across different regions reinforce the need for global firms to monitor potential litigation areas worldwide.

The globalisation of class action legislatures have led to the emergence of Canada and Australia establishing themselves as dominating centres. Within Europe, the Netherlands, Sweden and Germany are asserting themselves as developed homes for securities class action cases, setting the benchmark for further European growth.

Spain, on the other hand, is yet to fully develop legislation that will benefit those wishing to take part in securities or environmental class actions. Since 2001, however, the country has had laws in place that enable consumers to participate in class actions to recover damages where a number of individuals have all suffered loss due to the same event. With the securities class action market expansion, it is still important to remember that Spain could be expected to extend this litigation to cover securities class actions in the future.

While awaiting this extension, it is vital that Spanish investors remain vigilant about their ability to participate in class actions in other jurisdictions. With Spanish investors now investing $118 billion in foreign equity shares, up from $100 billion in 2011, it is clear that there is a duty to monitor and participate in securities class action and collective redress opportunities in various countries around the world.

Investment in the US in 2012 from Spanish investors was $8 billion, $14 billion in France and $35 billion in Luxembourg. Goal Group's analysis of its class action knowledge base predicts that $2.02 billion of global investors' rightful returns will be left unclaimed each year by non-participation. These figures clearly show that non-participation is still very much an issue, meaning that shareholders and fiduciaries should always be monitoring and participating in class actions opportunities, where available.

The process of monitoring and participating has also become much less complicated in recent years due to the availability of specialist services that automate the process of class action involvement. These services are able to globally cover securities class actions in all markets and can substantially decrease the pressure placed on fiduciaries, as well as minimising the complexity and cost of recovery.

As securities class action, group and collective litigation mechanisms globalise, investors and trustees must remain vigilant and always monitor global class action participation prospects. Although securities class actions are not yet fully established in Spain, Spanish investors and fiduciaries are no exception to this. It is important for them, now more than ever, to grasp all opportunities available to participate in relevant securities class actions, both in Europe and elsewhere around the world. **AST**

Tania Dupoy
Sales and relationship manager
Goal Group

Industry appointments

Pascal Jacquemin has been made CEO of Societe Generale Securities Services (SGSS) Deutschland KAG and country head for SGSS in Germany.

Based in Munich, Jacquemin replaces Frederic Barroyer, who is remaining with SGSS. Jacquemin will report to Bruno Prigent, global head of SGSS.

Jacquemin will be responsible for overseeing the development of SGSS's securities services in Germany and, as a key partner with clients, SGSS will continue to deliver operational efficiencies and new business opportunities as the industry continues to evolve in response to regulatory and structural changes.

Prigent said: "Germany is a strategic country for the development of SGSS. With his extensive experience in the securities services industry, Jacquemin will play an important role in leading our business development efforts in the country."

"We plan to progressively develop and extend our securities services offering in Germany and initiatives will include investing in market-driven, value-added services for our clients and further developing the custody arm of out fully integrated pan-European platform."

Anastasia Kiseleva has joined Russia's National Settlement Depository as managing director for repository operations.

She will oversee issues related to promoting repository services in the market and developing repository technologies.

Kiseleva previously served as general director of UBS Nominees CJSC and carried out the duties of deputy chief of UBS's Moscow branch depository.

Confluence has appointed **Irfan Salim** to its board of directors.

Salim most recently served as president and CEO of brand protection company MarkMonitor, which was acquired by Thomson Reuters in 2012.

Prior to MarkMonitor, Salim was the president and COO of Zone Labs, an internet security company, where he led its growth strategy and ensuing sale to Check Point Technologies in 2004.

He was also president of US and European operations at TrendMicro, president and CEO at desktop publishing and presentation software company Software Publishing Corporation, and vice president and general manager at Lotus Development.

Prior to Lotus, Irfan spent seven years at Texas Instruments.

Confluence CEO Mark Evans commented: "We look forward to leveraging Salim's expert counsel as Confluence continues to scale our global operations to become the leader in software-as-a-service-enabled data aggregation and dissemination solutions for the global asset management industry."

The Confluence board of directors also includes Dave Barrett, managing general partner of Polaris Partners, Thomas O'Brien, retired chairman of the PNC Financial Services Group, and former IBM executive Michael Zisman.

Salim currently also serves on the board of LogMeIn, which provides on-demand, remote-connectivity solutions, Recurly, a payment and subscription services management platform company, and Cyphort, an advanced persistent threat prevention company.

SS&C Technologies has recruited **Stewart Bent** to manage its GlobeOp fund administration business in Asia.

Bent will be based in Hong Kong where he will report to Nandini Sankar, managing director and head of SS&C's alternatives business for the Asia Pacific.

"We are pleased Bent has joined our growing team. He brings more than 20 years of experience and deep expertise both in the alternatives industry and within the region," said Sankar.

Bent added: "I look forward to working closely with the on-site team in Hong Kong to continue the growth of SS&C GlobeOp and to expand its presence in Asia Pacific."

Bravura Solutions's global director of strategy, **Darren Stevens**, is getting an expanded role to director, product management and strategy for global wealth management.

Stevens, who joined Bravura in 2007, will be responsible for the global strategic direction and product management of Bravura's wealth management suite, including wrap and platform, investment, superannuation, life insurance and portfolio administration products.

Remaining in Melbourne, Stevens will manage a global team spanning the Asia Pacific and China (APAC), and Europe, the Middle East and Africa (EMEA).

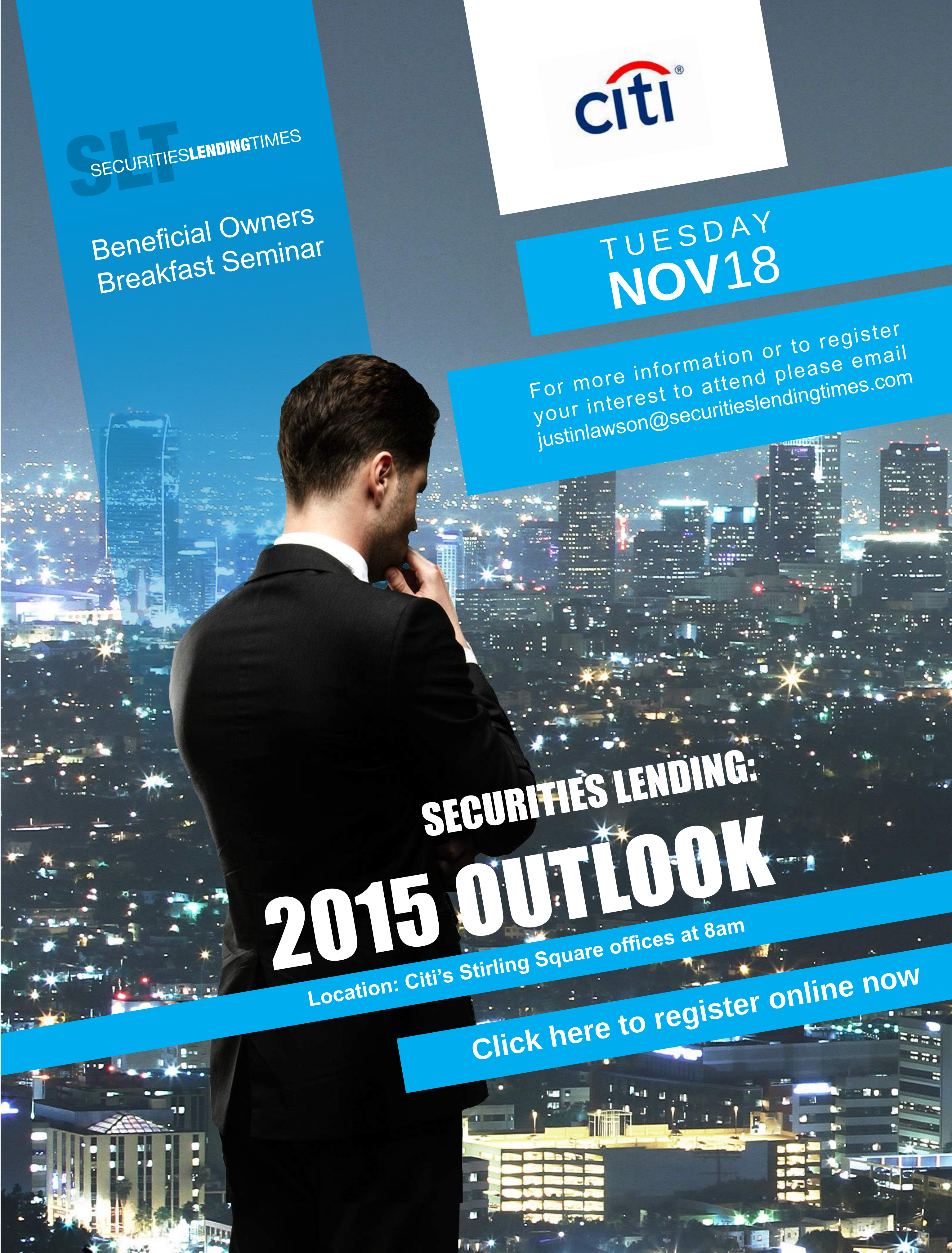
He will continue to report to Bravura's global CEO, Tony Klim.

Klim said: "We are delighted that Stevens has agreed to expand his role at Bravura. His deep product and industry knowledge, coupled with more than 26 years of industry experience—including his previous strategy role—make him the perfect fit for this newly created position."

"With 12 contracted Sonata engagements underway and another two close to contract completion, we are seeing rapid market acceptance and adoption of our software throughout APAC and EMEA, across multiple business line."

"This growth has been the catalyst for Bravura to ensure global coordination and prioritisation of individual client Sonata development, alongside company funded research and development."

Stevens said: "I'm excited to expand my role and team at Bravura. A key focus area going forward will be to ensure our products and solutions closely align not only our corporate strategy, but also—more importantly—with the needs of our client base, the market/industry direction and future innovation." **AST**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