AST ASSETSERVICINGTIMES

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RBC launches fund sales service

RBC Investor & Treasury Services has launched a new tool, Fund Sales Intelligence (FSI), for fund managers to gain insight into global UCITS fund distribution trends.

FSI is a platform that enables fund managers to gain greater understanding of how their global UCITS fund distribution performance compares to that of the industry benchmarks.

The platform also provides access to market and macro-economic data across 24 UCITS distribution countries and in-depth analysis of proprietary fund sales.

A range of different dashboards can be tailored to meet each user's specific preferences, offering country-specific breakdowns and individual snapshots with details of key asset management indicators.

These include macroeconomic data and outlooks of up to five years, evolution of assets under management by asset type and fund vehicle and development of net sales, distribution channels, and key competitors in each market.

Sébastien Danloy, who is managing director of continental Europe and offshore at RBC Investor & Treasury Services, commented: "Asset managers are facing unprecedented challenges, with global competition increasing, investor demands becoming ever more sophisticated, and a changeable macro-economic environment."

"Working as a partner to our clients, we want to support effective business planning in this environment by providing them with in-depth analysis of investor trends, local market conditions and distribution patterns, all of which are vital to the asset manager's ability to generate net new sales."

Banks agree to four-way data deal

Four major banks have agreed to enhanced record-keeping protocols with the New York State Department of Financial Services (NYDFS) when using the new Symphony Communications chat and messaging platform.

Goldman Sachs, Deutsche Bank, Credit Suisse and BNY Mellon all responded to concerns raised by NYDFS in July that Symphony's 'guaranteed data deletion' feature could hinder regulatory investigations on Wall Street.

The agreement stipulates that Symphony, which was created through a consortium of 14 major banks and financial institutions, will retain an encrypted copy of all e-communications sent through its platforms to or from the four banks for seven years.

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Turkish equity index derivatives launch on LSE

London Stock Exchange Group (LSEG) has launched trading in Turkish equity index derivatives products on the London Stock Exchange Derivatives Market, following a partnership agreement between LSEG and Borsa Istanbul signed earlier this year.

From 14 September, London Stock Exchange's global client base were able to trade futures and options on the Borsa Istanbul (BIST) 30 Index.

BIST 30 Index futures currently trade, on average, more than 180,000 contracts per day on the Borsa Istanbul Derivatives Market (VIOP). Liquidity will be provided on screen by market makers.

LCH.Clearnet will provide central counterparty services to the London Stock Exchange Derivatives Market.

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Banks agree to four-way data deal

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In addition, all four banks will store duplicate copies of the decryption keys for their messages with independent custodians.

Anthony Albanese, acting superintendent of financial services at NYDFS, said: "This is a critical issue since chats and other electronic records have provided key evidence in investigations of wrongdoing on Wall Street. It is vital that regulators act to ensure that these records do not fall into a digital black hole."

NYDFS has declared that the data-retention protocols should be adopted by the remaining regulated financial institutions using Symphony.

Turkish equity index derivatives launch on LSE

Continued from page 1

Abdurrahman Bilgiç, ambassador of the Republic of Turkey to the UK commented: "This partnership agreement is wide ranging and is designed not to just link the two stock markets but to create a lasting bond between the UK and Turkish financial centres."

"[It] will be another milestone in our economic and financial relations and will add more meaning to Borsa Istanbul's motto: 'regional hub, global actor'."

Cécile Nagel, global head of equities at LCH. Clearnet added: "We're pleased to be working with London Stock Exchange Derivatives Market and Borsa Istanbul to offer our members the ability to clear futures and options on the BIST 30 Index."

"This initiative demonstrates our ongoing commitment to expand our derivatives offering in partnership with trading venues. We are delighted to be part of this launch."

ISSA adopts financial crime compliance principles

The International Securities Services Association's (ISSA) board has adopted the ISSA financial crime compliance principles, which aim to support the efforts of the global community of securities custodians and intermediaries to address the critical challenges posed by financial crime.

In recent years, financial crime compliance has become a top priority for regulators and banks.

Until now, the focus has primarily been on cross-border payment processing and trade finance.

ISSA's principles aim to establish a clear global standard for the opening and maintenance of cross-border securities accounts.

They provide practical guidance to global custodians, sub-custodians, fund distributors, trustees or depositary banks, brokers, prime brokers and central securities depositories that intermediate cross-border securities.

The principles include guidelines on how to most effectively counter the risks of money laundering, terrorist financing, market abuse, corruption, fraud and the evasion of sanctions.

The global system under which securities are kept safe and settled has proven robust and served as a cornerstone of market stability during the financial crisis, according to the ISSA.

The principles that ISSA has developed seek to preserve the value that the securities services industry generates for investors and the capital markets while protecting it from abuse.

Josef Landolt, CEO of ISSA, commented: "As the only association representing firms active in all aspects of securities services, ISSA has been uniquely placed to translate the demand from senior executives from across the industry for an effective and practical response to the challenges posed by financial crime."

ACE releases software for sanctions requirements

Transaction management and compliance technology provider ACE Software Solutions has launched a solution to help corporates in complying with sanctions regulation.

Pelican Sanctions helps to protect firms against financial losses and reputational risk that could result from non-compliance by screening transactions against sanctions lists, flagging up non-compliant payments, and citing reasons for all decisions made.

The release comes as a response to pressure for corporates to share the responsibilities for regulation and sanctions requirements with banks. According to ACE, some treasury departments hold emergency cash either in-house or in local banks in order to protect their own balances.

Pelican provides the sanctions checks required under know-your-client requirements, and supports auditing processes.

It takes data from various sources and in any format, and the process is configurable. The product will be available as a hosted system, and as well as scanning financial transactions, it can view customer and employee data.

Parth Desai, CEO of ACE Software, said "The focus on sanctions risk is likely to increase as regulatory and reputational risk are on the rise, which has led to corporates taking a more proactive approach in this area."

"Every corporate should have a responsibility and understanding of the sanctions risks involved and be actively committed to implementing solutions to provide efficiencies and to better manage their business. Our solution has intelligence sanctions filtering, which provides peace of mind for any global multinational corporation to manage risk and reputation."

ASTINBRIEF

Pension funds' international investments increase

Pension funds around the world are increasingly looking beyond their borders to address their investment needs, according to the Association of the Luxembourg Fund Industry's (ALFI) new global pension fund report.

The report, Beyond Their Borders: Evolution of Foreign Investment by Pension Funds, was

produced by PwC Luxembourg. It looks at the growth of pension funds globally, the asset allocation of pension funds on a regional basis and the foreign investment of pension funds.

On a regional basis, North America's pension funds represented the largest assets at a global level, having reached $27.21 trillion in 2014, up from $15.8 trillion in 2008, according to the report.

Taken globally, pension funds allocated 44 percent of their total portfolio to equities, 28 percent to bonds, 26 percent to alternatives and 2 percent to money market products in 2014.

Allocation varies considerably from region to region, with North America allocating 48 percent of total assets to equities, Asia Pacific 40 percent, Europe 37 percent, and South America 34 percent.

The US, Canada, Japan and the Netherlands pursued the largest equity investments in 2014, allocating $42 trillion, $986 billion, $662 billion and $582 billion respectively to this asset class.

Japanese pension funds experienced the largest increase in the share of equities within their total portfolio, which increased by 21 percent from 2008 to 2014.

In contrast, South Korea's pension funds showed the largest decline in their equity share, decreasing by 22 percent between 2008 and 2014.

The report also found that South America's pension fund assets increased from $184 billion in 2008 to $528 billion in 2014, a 19.2 percent compound annual growth rate.

In terms of investing overseas, foreign investment for the pension funds of the majority of Organisation for Economic Co-operation and Development countries (excluding the US) accounted for an average of 25 percent of their total pension investments in 2008, but jumped to almost 31 percent in 2014.

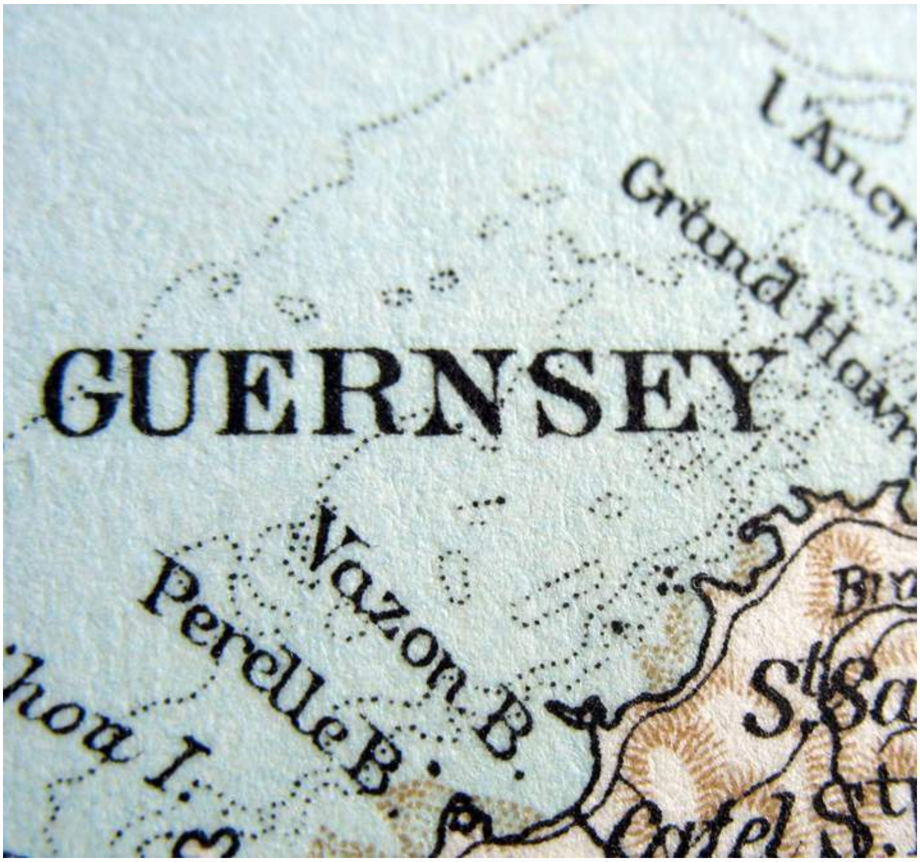
Denise Voss, chairman of ALFI, commented: "This study provides more clarity on the global investments of pension funds, demonstrating the opportunities offered by global investing and how some markets are approaching this, but also highlighting how pension fund regulations differ from one country to the other."

BNP Paribas signs up Colombian AMs

BNP Paribas Securities Services has successfully implemented new custody mandates for 16 Colombian asset managers.

The global custodian, which boasts $9 trillion in assets under custody, will take on $3 billion in assets under management for 119 funds.

The asset managers are a mix of local, regional and global players, which together have a 20 percent market share of the Colombian asset management industry.



The new mandate follows a change in Colombian law requiring local mutual funds to appoint third-party custodians in order to increase asset safety and investor protection in the market.

Onboarding of the funds was completed on 3 September, in line with the regulatory timeframe set by the Colombian Ministry of Finance.

"These new requirements represent a major step for the Colombian finance industry," said Claudia Calderon, head of BNP Paribas Securities Services Colombia.

INDOS reaches $5 billion milestone

INDOS Financial has reached the milestone of $5 billion of assets under depository.

This has been acheived in just 15 months since the firm started providing depository services to its first client in June 2014.

Since then, INDOS has grown its client base to more than 35 alternative investment funds. The funds range in size from $1.3 billion to $5 billion and cover open and closed-ended funds across multiple strategies.

It has also successfully established operational links with 15 fund administrators and 12 prime brokers and custodians.

Bill Prew, CEO of INDOS Financial, commented: "In a little over a year, we have established ourselves as the leading independent AIFMD depository. Our growth reflects not only our increasing reputation but also the growing recognition across the industry of the benefits of an independent depositary solution."

He continued: "We expect other managers to follow the lead of the $1.3 billion manager that has recently switched to INDOS from a depository affiliated to its fund administrator. Managers are increasingly looking for an independent service which adds value to their business and provides a genuine additional level of checks and balances."

Guernsey extends access to EU

Guernsey has extended market access to EU alternative investment fund managers (AIFMs) and alternative investment funds doing business in Guernsey.

The move follows the European Securities and Markets Authority's (ESMA) advice to the European Council, Commission and Parliament that the EU Alternative Investment Fund Managers Directive (AIFMD) passport should be extended to Guernsey.

Its government has now amended its investor protection regulations for alternative investment funds and managers based in EU member states that have fully implemented AIFMD, in order to enable easier movement between Guernsey and EU markets.

Guernsey's chief minister, Jonathan Le Tocq, commented: "When I met with EU Capital Markets Commissioner Hill in May, I set out Guernsey's commitment to supporting free movement of capital and trade. Our amendment to Investor Protection regulation extends Guernsey market access to EU alternative investment funds managers—a move that is both sensible and is a further demonstration of that commitment."

Guernsey Finance chief executive Dominic Wheatley said industry welcomed both the recent ESMA recommendation and the amendment to the island's investor protection regulations.

Wheatley added: "This move by Guernsey's government to reciprocate market access under AIFMD is a clear demonstration of a belief in the benefits of increased trade and competition in the funds sector across the EU that the AIFMD passport facilitates."

Clearstream grows assets pool

Post-trade services provider Clearstream enjoyed an 8 percent increase to its overall assets under custody held on behalf of customers, which rose to 13.2 trillion, from 12.2 trillion in August 2014.

There was also a 10 percent increase in securities held under custody in Clearstream's international central securities depository, representing a rise from €6.5 trillion in August 2014 to €7.2 trillion for the same time this year.

Overall, Clearstream's August figures saw a 25 percent increase in German central securities depository settlement transactions, compared to August 2014.

There was also a 16 percent increase in investment funds transactions compared to August last year.

Regarding settlement transactions, Clearstream achieved a 7 percent increase over August 2014.

Of all international transactions, 80 percent were over-the-counter and 20 percent were registered as stock exchange transactions.

Investment fund services processed 0.8 million transactions in August 2015, a 16 percent increase over August 2014.

Investment fund services transactions have grown by 18 percent from 5.7 million processed in the period year-to-date to 6.7 million.

IPC and Etrali are combining to enhance their strategic visions

IPC Systems and Etrali Trading Solutions have agreed to combine their businesses.

Both have developed businesses that provide technology and services required in the global financial markets.

The proposed combination would enable the companies to advance their strategic visions and growth plans to offer the most comprehensive solutions to the global financial community.

Executive management of both companies are supportive and reportedly excited by the future project, and the opportunity to create greater value for clients.

The completion of the proposed transaction is subject to information consultation with Etrali's Works Council and other customary closing conditions. IPC has been granted an exclusive negotiating period by Etrali's shareholders.

Unlinked cleared swaps slash outstanding NZD

TriOptima and LCH.Clearnet are expanding their consolidation of unlinked, cleared interest rate swaps, eliminating 30 percent of New Zealand dollar (NZD) notional outstanding in the first SwapClear NZD cycle.

Twelve SwapClear users eliminated NZD 902.3 billion (US $590.2 billion) in the first NZD compression cycle in SwapClear.

This represents 30 percent of the NZD notional and 35 percent of the NZD line items outstanding in the clearinghouse.

Peter Weibel, CEO of triReduce, commented: "The significant results in this cycle reflect the effect of unlinking trades in SwapClear and the compression efficiency achieved when trades are concentrated in a single book rather than dispersed across many."

"We've seen similar results in SwapClear for South African rand swaps where we eliminated 42 percent of the line items and 38 percent of the notional outstanding in SwapClear."

TriOptima and LCH.Clearnet's SwapClear offers compression cycles for 13 currencies, several of which have been subjected to TriOptima compression cycles.

Wolters Kluwer expands AML service to Taiwan

Wolters Kluwer Financial Services has launched its OneSumX anti-money laundering (AML) solution developed for the Taiwanese market.

OneSumX provides various complementary solutions and services designed to help manage governance, finance, risk and compliance, to help clients improve efficiency.

In particular, the AML solution is an integrated service that helps protect firms against compliance failure, sanctions and fines. It covers key areas of AML and terrorist funding risk and automatically generates cash transaction reports and suspicious transaction reports.

It can also be integrated with SWIFT message formats and processes, and can integrate with other banking systems. Advanced due diligence processes also include customisable rule sets and risk scoring.

The system works through one single system, meaning accuracy throughout the process and transparency on risk and activity, for both regulators and stakeholders.

Wilson Lai, market manager at Wolters Kluwer Financial Services, said: "The increasing sophistication of money launderers means that government regulators are demanding a more comprehensive response."

"Financial services firms that follow manual processes face the risk of ineffective control mechanisms and should be looking for a more holistic risk based approach to strengthen their AML approach."

"OneSumX AML continues to be adopted by leading institutions globally and we are delighted to now also offer this service for Taiwan."

Institutional Shareholder Services finds partner for ESG

Institutional Shareholder Services (ISS) has partnered up with RepRisk for environmental and social governance (ESG) operations.

RepRisk is a business intelligence provider specialising in ESG risk analytics and metrics.

The partnership will give ISS clients, including asset managers, hedge funds, broker dealers and custodian banks, access to RepRisk's asset management platform, data feed, and monitoring report offerings.

The platform can help clients to manage their reputational, compliance and investment risks relating to ESG issues.

It can also be used as a screening tool to monitor portfolio companies' activities for investment analysis, engagement or exclusion.

Customisable data feeds can also be integrated in to databases and processes in order to flag and monitor ESG processes. The RepRisk framework is designed to serve as an 'early warning' tool for risk managers. It combines technology and human intelligence in 15 languages, and provides information on 55,000 public and private companies around the world.

Stephen Harvey, chief revenue officer at ISS, commented: "As a growing number of institutions globally sharpen their focus on non-financial risks, our clients will benefit greatly from access to RepRisk's research, data, and analytics."

RepRisk CEO Philipp Aeby added: "We welcome the opportunity to partner with ISS and provide its clients insight into ESG-related risks not always visible through traditional avenues of public company mandated disclosures."

Bloomberg and Traiana join forces for FX processing

Bloomberg STP Solutions and Traiana are pairing up to develop a solution for foreign exchange (FX) options post-trade processing.

Bloomberg is a cross-asset post-trade processing provider, while Traiana provides pre-trade risk and post-trade processing solutions. Together they will develop a straight-through processing (STP) infrastructure to further streamline the workflow of FX options.

Bloomberg clients will be able to affirm trades received from any bank, and submit post-trade allocations to prime brokers through the Traiana Harmony network.

Use of existing infrastructure is intended to make the solution as cost-effective as possible, and allows the infrastructure to accommodate a variety of existing market workflows around affirmations and allocations.

Ben Macdonald, global head of product at Bloomberg, said: “As the FX market reaches greater levels of automation, FX options, with their complex instrument structures and numerous post-execution events, continue to involve manual processes which present operational risks and challenges to market participants.”

“We believe that providing a decentralised solution to both buy- and sell-side participants offers them the flexibility needed for broad market coverage and a greater level of participation.”

Jill Sigelbaum, global head of FX at Traiana, added: “Using the connectivity and reach of Traiana’s Harmony network and the power of Bloomberg’s trade processing tools, data and analytics, market participants will be able to streamline their FX options post-trade management practices.”

“This collaboration means that our existing community of banks, brokers and prime brokers can have ready access to Bloomberg clients with no infrastructure changes required.”

Volante supporting fintech start-up in Africa

Volante Technologies has paired up with start-up financial technology firm IWIAfrica to help it integrate further in to the financial markets.

IWIAfrica, a SWIFT Innotribe finalist, is designed to help businesses perform cashless transactions with customers using mobile devices, personal computers and points-of-sale.

It uses a range of payment methods including digital wallets, banking services, cards and digital currencies.

The start-up will gain faster access to the global market through Volante’s product suite for transforming financial messages.

The service enables communication with banks and financial institutions using SWIFT and FIX messages.

Volante will manage the financial messaging and data integration, allowing IWIAfrica to focus on the customer-facing mobile integration platform and commercial opportunities.

The partnership is intended to support enabling a digital securities trading exchange with ambitions to expand across Africa. It should result in smooth trading of securities using personal technology.

Mick Fennell, general manager for the Middle East and Africa at Volante Technologies, commented: “The global financial services market is ridden with both domestic and international standards, and all too often early-stage firms struggle to support the complexity of message standards adoption, let alone manage the myriad message changes and updates that continually occur.”

Allan Rwakatungu, CEO and founder of IWIAfrica, explained: “In order to be competitive, we need to focus on the business and user functionality of our own technology, and take advantage of products that insulate us from the complexity of domestic and international standards.”

“We were very impressed by the vast library of standards from Volante, as well as by the ease of use for the integration of financial data and messages.”

“This support and functionality from Volante removes a huge burden, allowing us to go to market faster and position ourselves as a proven proposition with global capabilities."

Volante CEO Vijay Oddiraju said: "Partnering with IWIAfrica is representative of our strategic commitment to both enabling innovative financial technology start-ups and supporting infrastructure development in the emerging markets."

"In both Africa and Latin America we've seen numerous inventive and dynamic start-ups enter the world of financial technology only to be stifled in their progress by the need to support multiple complex and ever-changing international message standards."

Oddiraju added: "We can offer them a quick and easy path to compliance so they can focus on customer differentiation."

Another mandate for SWIFT's MyStandards solution

Deutsche Bank has signed up to SWIFT's MyStandards Readiness Portal in a bid to simplify its onboarding process for technical clients.

MyStandards offers access to standardised documentation of financial messages such as ISO 20022 and SWIFT MT messages, all through a web-based application.

The Readiness Portal provides on-demand validation of financial messages in accordance with Deutsche Bank's guidelines.

The service is designed to streamline format verification processes between the bank and its clients. Clients can run test messages through the portal and receive fast test results with errors highlighted and comprehensive descriptions.

Deutsche Bank already uses MyStandards within its Autobahn App Market, which has become one of the bank's most popular applications, according to SWIFT.

David Watson, Deutsche Bank's head of global transaction banking cross-product components and regional head of product management in the Americas, said: "Deutsche Bank is committed to further invest in its MyStandards offering."

"Effective onboarding has long been a priority for us and is a key element in the client experience. With the Readiness Portal we are pleased to be able to bring these tangible improvements to our clients as we work with SWIFT to make technical onboarding easier and more timely."

Marc Delbaere, head of MyStandards at SWIFT, said: "This is an important milestone in our continued collaboration with Deutsche Bank. With the successful early integration of MyStandards in Deutsche Bank´s Autobahn App Market, the Readiness Portal is the last piece of the puzzle to provide a fully streamlined onboarding experience to their corporate customers."

He added: "This also paves the way for other financial institutions to further integrate MyStandards and the Readiness Portal in their customer web platforms."

Bennelong selects RBC Investor & Treasury Services as custodian

RBC Investor & Treasury Services has been appointed by Bennelong Funds Management to be its custodian and administrator.

Under the mandate, RBC will administer the Bennelong Avoca Emerging Leaders Fund, Bennelong Australian Equities Fund, Bennelong Concentrated Australian Equities Fund and Bennelong ex-20 Australian Equities Fund.

RBC will also administer additional funds that are due to be launched later in the year.

Craig Bingham, CEO of Bennelong, commented: "RBC comes with the backing of one of the largest banks in the world, but has the funds management expertise and client focus we were seeking."

Chapman's Eye on the market

Brown is the new black

I make no apologies for returning this week to a topic covered fairly regularly in this column, that of personal health—both mental and physical—in relation to working within securities services. Of course, while we do focus on securities services, the issues and implications are still relevant to anyone in a City role.

I say that because working as a financial advisor in Shrewsbury, for example, might have its own challenges, but working in the City or Canary Wharf brings exponentially greater risks and rewards, and so requires greater challenges to be overcome. Workers face lengthier commutes, higher house prices and hence mortgages, and greater competition for roles than in the shires.

My reason for revisiting this topic is a new piece of research by the US coaching firm Corporate Balanced Concepts (CBC), which has been studying the impact of 'brownouts', whereby employees become disengaged and demotivated, and lose interest in their jobs. Not to be confused with fully blown, or 'black', depression, brownout can be mild and reversible, but can also have long-term effects if not recognised and treated. CBC found from a survey of 1,000 executives at all levels, that while roughly 5 percent had suffered from burnout, approximately 40 percent had suffered from some form of brownout.

It shows itself in a variety of ways: working long hours without any real passion for what you're doing, just 'being on the corporate treadmill'; lacking a desire to support colleagues' suggestions for improvements; and being content to simply 'go with the flow'.

Additionally, a sufferer's diet can become unhealthy as they eat more comfort food and generally lack the sense of 'joie d'vivre' that previously typified them. They could also get the feeling that the work is never fully done, no matter how many emails they check in the morning, in the evening, on their commute or on holiday. The demands and questions still keep coming, ultimately impinging on home life and adding to the general downward spiral.

The good news is that there are multiple solutions available depending on the nature of the specific problem. If your work is boring then ask for a fresh challenge, if there's too much then make an effort to prioritise, and let the worthless work trail away. Embark upon an exercise regime and when getting to bed don't take your mobile phone, leave it downstairs.

On holiday, try to spend perhaps 30 minutes before your other half wakes up skimming through and responding to all urgent emails, and then spend a similar amount of time doing the same in the evening over a glass of wine or a beer (or a fruit juice!), as opposed to being 'on' 24/7. One final option, which I'm seeing with increasing regularity, is to move to a smaller firm to give yourself more autonomy, control and scope, qualities which are in increasingly short supply in the larger firms.

Paul Chapman, managing director, HornbyChapman Ltd

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Data's gonna date

Information is more important than ever, but Mark Davis of Avox says that if firms take their eye off the ball, they could end up relying on data that is already out of date

STEPHANIE PALMER REPORTS

What have you been focusing on since DTCC acquired Avox?

Initially, DTCC made the acquisition because of the increased importance of company information—legal entity reference data and legal entity identifiers. However, we have found that there are many more points related to regulatory reporting and risk management that also require significant levels of data, and so Avox is becoming an important part of many of DTCC's services and utilities.

We have a team of 450 analysts who help to support those utilities, and we can therefore contribute a lot of knowledge, expertise and experience to DTCC's new services. We may be a small part of the family, but we are an increasingly important one.

Our team uses a combination of client and external data. Clients identify a list of firms that they're interested in, issuers, guarantors and custodians, for example, and Avox takes on the management of information about them, letting clients know as and when any of the information changes.

Avox keeps an eye on all data feeds, including data changes prompted by mergers, changes of company names, bankruptcy, or if any new codes are issued. We remove the operational overheads of investment managers and banks that would normally have to maintain that information themselves.

Data management is a business that requires a considerable amount of time and effort, and most financial organisations, especially those operating in different countries, prefer outsourcing data management functions as it can become quite a burden to maintain data in a timely and efficient manner.

Asset managers might have an operational team based in San Francisco that specialises in researching US or UK companies, but they may struggle with maintaining information pertinent to, for example, Japan.

It is often these international variations that trip firms up, and that is when they have to choose whether to build an internal team of people with different language skills or to work with a specialised provider.

Once you've compiled the data, what can clients do with it?

Essentially, firms can use that information however they choose to, as it can be helpful for various purposes. Clients historically used this kind of content for their trading and settlement processes, and also for risk management. Now, however, regulation and risk increasingly become the main points driving this type of service.

The data we manage generally covers names, addresses, corporate hierarchy, and industry sectors. It is the core information that is used for risk management, compliance and market data. If you were to analyse internal processes in an organisation, you would likely find the same sets of data being used over and over again for multiple processes—some of the large global organisations push out these same data points to over 1,000 internal systems.

If a firm has one set of information in different formats across 500 different internal systems, it becomes challenging to know which data can be trusted and which might be outdated or simply wrong.

Using incorrect data for reporting may have damaging repercussions to not only the firm itself, but also to the financial system. Rechecking data to ensure effective risk management, however, needs a lot of time.

Focusing on risk management in particular, the timeliness with which firms need to manage their risk is becoming more and more important. If there is an incident in a particular geographical location, firms have to be able to react quickly and understand what that means for their existing risk exposure. They have to know how many trades they have in that region, and how many bonds they are holding that are issued by the regional firms.

Accessing that kind of information should be straightforward, but because of the high volume of information passing through asset managers and banks it is often difficult to identify it quickly. Firms wishing to effectively manage their own risk must have access to such information in real time.

How can you make sure clients trust the data you're providing?

The quality is really the most important thing. Accessing information in a timely manner just to find out that that information is wrong is no help, and may create a bigger problem.

Of all entity data, 40 percent changes every year as companies go through corporate change. Some of our clients are dealing with 100,000 legal entities.

If 40 percent of that information changes it causes a high volume of data updates that need to be processed in order to stay active and current. We pride ourselves on getting that quality right.

As the same ownership rules apply to UK entities and, for example, entities in the Cayman Islands, firms tend to demand a consistent approach to the way their data is managed.

We try to build our processes and package the information in a consistent and repeatable way, so when clients make a request they can know exactly what they are going to get.

Due to our experience, our processes are well established and are continuously evolving. We keep on top of any new developments in the market, such as the launch of new a stock exchange or a market regulator outside the financial services sector, and assess any pertinent data to establish its trustworthiness and value.

Do you see firms getting complacent about their data management, as it's not their core line of business?

That has certainly been the case in the past. The sell side of the industry is more involved in data management practices, and these firms probably have to be simply because of the volume of systems and information they are dealing with.

On the buy side, any complacency would be potentially caused by the fact that these firms are directly linked to their counterparts, which can generally provide access to any documentation needed.

Now, however, the challenges lie elsewhere. New regulations such as the Alternative Investment Fund Managers Directive, Solvency II, the European Markets and Infrastructure Regulation and the Foreign Account Tax Compliance Act are all very relevant to the buy side. These are causing huge change as, just a couple of years ago, regulation did not mandate keeping so much data.

On the other hand, every buy-side firm wants to manage its own risk. They naturally have to comply with regulation, but the most important thing for them is making sure that they stay competitive. Beyond that, we are seeing some of the firms treating regulatory compliance as a tick-box exercise, while at the same time others use it as an opportunity to improve their internal processes and to become more efficient.

Either way, the need to be up to date from a risk-management perspective is a key reason driving firms to address issues pertinent to their data management.

We are seeing a change to the entire discipline of maintaining information to ensure high standards, with firms finally moving away from spreadsheet solutions. We also see appointments of chief data officers, people whose primary responsibility is the quality of the information that flows through an organisation.

Does that go hand-in-hand with the evolution of technology?

That is difficult to say. It is important to identify these two as separate challenges that firms have to address and it is important for firms to have good systems in place for the correct analysis, trade settlement and regulatory reporting.

However, having good technology in place populated with bad information will lead to inaccurate trade reporting and an inability to manage risk. AST

Mark Davies
Managing director, DTCC Europe
General manager, Avox

A state of flux-embourg

The ALFI Global Distribution conference was awash with talk of the digital revolution, while the association's new chairman warned against complacency

STEPHANIE PALMER REPORTS

The winds of change were a recurring theme at the Association of the Luxembourg Funds Industry (ALFI) Global Distribution Conference this month, with digital innovation, the ever-shifting world of regulation, and the changing face of pension funds all featuring, while the weather also progressed from a bit rainy to bucketing it down.

Newly elected chairman of ALFI Denise Voss opened the conference, pointing out the positive growth in the asset management industry, but cautioned that managers should not get complacent. She praised the diversification in the Luxembourg funds industry, pointing out that Luxembourg funds are now based in more than 70 countries around the world.

She warned, however, that "growth is fragile", citing the recent turbulence in the markets in China and saying that it will likely affect assets under management worldwide.

Voss went on to point out two main challenges to the funds industry: changing demographics and embracing digital technology.

An ageing population is putting more pressure on state pension systems, meaning that the next generation may opt for private investment.

"This is an opportunity for the asset management community," she said, but it requires 'investment education', and the right product offerings for investors.

Digital technology also relates to accessibility to investment. Voss suggested that investment through an 'e-platform' would improve access. There are also opportunities to be found in big data, which is "bringing finance and technology together".

A panel discussed life after the regulatory wave, with moderator Sheila Nicoll, head of public policy at Schroders, asking if firms could get back to business as usual.

Nicoll suggested that as soon as "the ink has dried" on a piece of legislation, it is already being reviewed, however, Martina Kelly, deputy head of the markets policy division at the Central Bank of Ireland, responded by saying that legislation has to be maintained, and that this cannot always be done solely by the regulators. "If there are things we can fix, we should fix them," said Kelly. "They should be regarded as living pieces of legislation."

Jean-Marc Goy, counsel for international affairs at Luxembourg's Commission de Surveillance du Secteur Financier, said that although "the time would be right to have some sort of regulatory break", regulatory compliance must become part of business as usual.

Addressing the question of whether firms can resume their everyday duties or continue with the regulatory overhaul, he said: "It should not be considered as an either/or question," adding that this is "wishful thinking".

Goy also encouraged delegates to get involved in the consultation process of new regulation. When talking about new remuneration rules, he reminded them that they have an opportunity to participate in the discussion, saying: "If you have something to say, take this opportunity."

The panel also discussed open capital markets in Europe, with Esther Wandel, manager of the investment funds team at the UK Financial Conduct Authority, saying "this debate should be driven by the choice for the investors".

She added that in order to achieve this "more needs to be done" and that "we should be really ambitious here".

A separate session focused on the possible implications of a capital markets union (CMU). Moderator Jonathan Griffin, managing director of J.P. Morgan Asset Management, drew attention to the fragmentation between EU member states, suggesting that there is a need for stability.

Stéphane Giordano, a senior advisor for regulatory strategy for Societe Generale Global Banking and Investor Solutions in Paris, said that while harmonisation would be ideal, "if we want to go for maximum harmonisation that will take ages".

He suggested that, instead, the aim should be to achieve as much harmonisation as is practically possible.

Generally, the panellists were supportive of urging the European Commission to 'take stock', and agreed that the main focus of the CMU debate should be on the result for end investors.

Giordano also referred to the "regulatory tsunami", saying that the objective was to make the markets safer. Now, a more balanced approach to regulation is required—it is "not sensible" that small- and medium-sized enterprises are subject to the same regulations as large firms, and in some cases the level of regulation is too high, he said.

Another presentation focused on the increase in financial technology firms and solutions. The speaker referred to the growth of the "digital economy", but suggested that it is growing fast in Europe only because the continent is lagging. He suggested that Luxembourg will be part of the solution to catch up with the US.

Financial technology will change the way companies will treat capital and the way that customers use services, as well as changing the way that those services are delivered, the speaker said.

Luxembourg companies have invested a lot in to IT infrastructure, and the country has a high density of data companies, plus the space to store data. More than 150 financial technology companies are registered in Luxembourg already.

The speaker said that "innovation has always been part of our DNA" and that regulators aim to be both tough and innovative, too, with a focus on investor protection. Citing products such as Skype, which had an effect on communication, and Amazon, which changed the retail sector, the speaker said that technology will revolutionise the financial services business model, saying: "We are going to see a lot of development in the field of fin-tech in the near future."

The atmosphere was one of cautious positivity, with innovation being met with support and firms coming to terms with the new regulatory agenda. But, as Voss concluded, the industry should prove that it serves investors in the community as a whole. She said that the future looks bright, "but we mustn't rest on our laurels". AST

Industry Events

FundForum Middle East 2015

Date: 5–6 October 2015
Location: Dubai

Saudi Arabia opened its markets to foreign direct investments on 15 June. There has never been a more pertinent reason to invest into Middle Eastern markets and the FundForum community can't wait to explore and discover those opportunities during our 9th annual FundForum Middle East conference in October in Dubai.

NeMa Americas 2015

Date: 27–28 October 2015
Location: Miami

The conference provides a unique gathering of industry speakers, from global and sub-custodians, brokers and exchanges, to CSDs, CCPs, regulators and technological innovators.

Do not miss this opportunity to find out from your peers, both on and off the record, how to survive and excel beyond 2015.

Industry appointments

Former UK politician **William Hague** has joined the boards of Intercontinental Exchange (ICE) and ICE Futures Europe, and will assume the role of chairman of ICE Futures Europe in January 2016.

Hague will succeed **Bob Reid** who is retiring from the role after 16 years of service. Reid will continue as the chairman of ICE Clear Europe until the end of 2015.

Hague served as a member of the UK Parliament from 1989 to 2015. He entered the UK Cabinet in 1995 and led the Conservative Party from 1997 to 2001.

From 2010 to 2014, he served as first secretary of state and foreign secretary and between 2014 and 2015 he was the first secretary of state and leader of the House of Commons.

Jeffrey Sprecher, chairman and CEO of ICE, commented: “[Hague] brings a unique combination of governmental experience and a deep understanding of business. Our markets will benefit from Hague’s private and public sector expertise as we seek to continue to grow by serving our customers in new ways.”

Hague added: “I’m looking forward to working with Sprecher and the rest of the ICE team around the world as the business moves into the next phase of its growth.”

Doug Gordon has been appointed as head of European distribution at Davy Asset Management, the private wealth and investment arm of financial services firm Davy.

Gordon joins from Threadneedle Investments, where he held the position of Sales Director for nine years. Before this, he was an investment sales manager at Morley Fund Management, now called Aviva Investors.

According to Davy, the hire represents international expansion for the firm.

Paul Giblin, CEO of Davy Asset Management, said: “As head of European distribution, [Gordon] will help us to grow our footprint across Europe. [He] has a proven track record in the UK funds market, and is going to play a leading role in our continued expansion.”

“His experience speaks for itself, and we’re confident he can have a hugely positive impact on the business, our team and most importantly make a difference that matters to our clients.”

International law firm Simmons & Simmons has appointed **Khasruz Zaman** as a partner in its corporate and commercial practice.

Zaman specialises in mergers and acquisitions (M&A) and corporate finance transactions in the financial institutions sector.

He was previously head of the M&A legal team at Barclays and has extensive experience in both domestic and cross-border banking and other M&A transactions.

GBST has hired **Ian Jack** as CEO to its capital markets business in the UK.

Jack brings 15 years of experience in the financial services industry, with a particular focus in front- and back-office financial networks.

He most recently served as global head of infrastructure at the New York Stock Exchange.

Based in London, Jack will report to group CEO Stephen Lake and focus on further growing the company’s capital markets business into new markets throughout Europe.

Lake said: “[Jack’s] in-depth experience in financial networks is combined with an incredible vision for where the industry is going, which fits perfectly with GBST’s philosophy for product development and commitment to global growth.”

HSBC Securities Services has appointed **Rafael Moral Santiago** as head of securities services in Europe. Santiago, who will join HSBC on 1 December, will be responsible for the securities services business across Europe, leading its growth agenda. He will join HSBC from Deutsche Bank, where he spent 13 years in a variety of roles.

Most recently, he was global head of investor services, a role that saw him oversee custody and clearing, fund services and agency securities lending.

Santiago will also form part of the HSBC Securities Services executive committee. **AST**

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