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The primary source of global asset servicing news and analysis
Issue 186 21 Mar 2018

Blockchain Insight

Is the blockchain really the solution to your problem?

SS&C acquires North American fund administration from CACEIS

SS&C Technologies Holdings (SS&C) has entered into an agreement to acquire CACEIS North America, the fund administration business of CACEIS, based in Toronto and New York.

The acquisition is expected to close in the Q1 this year, subject to customary closing conditions. The agreement will add 65 employees to SS&C.

Bill Stone, chairman and CEO of SS&C, said: "We welcome the clients and skilled professionals of CACEIS North America. This acquisition further enhances the depth of our teams and our servicing capability in the Toronto and New York markets."

Jean-Francois Abadie, CEO of CACEIS, commented: "I am very pleased for our clients to join SS&C, as our companies both share the same vision and passion for delivering quality service."

He added: "We believe this move is very positive for the clients and our team, who will now have greater opportunities working with the leader in North American fund administration."

Tina McInnis, CEO of CACEIS Canada, said: "We are confident in SS&C and excited for the future of clients and employees of CACEIS North America."

"We believe our clients will benefit from SS&C's robust technology platform, while taking advantage of their enhanced capabilities and global reach."

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Published by Black Knight Media Ltd

No winners in post-Brexit financial services, says PwC

Disruptions to the level of market access in financial services as a result of Brexit will leave "no 'winners'", according to a report from PwC.

PwC's report, which focuses on the impact of the loss of mutual market access in financial services across the EU27 and the UK, projected that disruptions would be "economically costly", with the UK most negatively impacted by the loss of mutual market access.

For remaining EU members, the economic impact "incorporates both gains and losses".

The report showed: "While Frankfurt has emerged as the likely recipient of the largest amount of relocated activity (particularly from US and Japanese banks), a number of other cities have also been selected, including Paris, Berlin, Amsterdam, Brussels and Madrid."

"However, these gains from relocated activity are out weighted by the impact of fragmentation and loss of efficiency, which increases the cost of finance throughout the whole economy. For the EU27, the annual gross value added (GVA) impact is -0.3 percent (or €33 billion in 2016 values) by 2030."

It added: "Financial services focused states have possibly the most to gain by gaining a greater share of relocated financial service activities from the UK, but they are also more negatively impacted from the fragmentation of EU financial markets, so for them the overall impact is still negative."

"In overall terms, for the existing EU28, our central estimate is that there would be a negative economic impact of -0.45 percent of total GVA (or €60.2 billion in 2016 values)."

PwC said that this study considers "the scenario in which the British financial services sector can no longer access the European market except as an average third country, and vice versa."

The report identified seven distinct channels through which the financial services sector and its linkages to other industry sectors might be affected under such a scenario, then assessed how these effects would have wider economic impacts on the whole EU economy.

It is as yet unclear whether the UK will remain a part of the single market.

While UK prime minister Theresa May did not rule out single market access, she made it clear in her speech at Mansion House on 2 March that remaining in the single market "would mean having to implement new EU legislation automatically and in its entirety" and "would mean a significant reduction in our access to each other's markets compared to that which we currently enjoy".

SGX partner with Smartkarma

The Singapore Exchange (SGX) and Smartkarma have teamed up to launch a cloud-based platform that will enable SGX-listed companies to streamline their communication and data reporting to the institutional, analyst and investor communities.

The new C-Suite pilot programme, allows listed companies to communicate with analysts and investors, monitor sentiment, compare industry performance, and benchmark instantly against peers, which will enhance investors' understanding of and accessibility to these companies.

SmartKarma and SGX are inviting C-level executives and investor relations professionals of SGX-listed companies to join the C-Suite Pilot programming to provide their input and feedback, with the objective of gaining a better understanding of local requirements and use cases specific to this market.

Chew Sutat, head of equities and fixed income, SGX, said: "The global investment research landscape is fast evolving with the emergence of self-directed and independent research, as well as new regulations resulting in a reduction in investment coverage by financial institutions."

Raghav Kapoor, Smartkarma CEO, added: "[The platform] is coming at a time when banks and brokers are downsizing research desks due to regulation and cost constraints, resulting in a decline in the depth and breadth of coverage of certain stocks, assets and sectors. C-Suite addresses this need in the market, strengthening information flows in a second Markets in Financial Instruments Directive compliant way."

CLS to launch end-of-day report for MiFID II compliance

CLS, a data solutions provider, is launching CLSReporting, a reporting product for foreign exchange (FX) matched instructions that supports clients with their second Markets in Financial Instruments Directive (MiFID II) reporting requirements.

CLS will allow parties and counterparties access to FX trades to exchange additional information in their settlement instructions submitted via SWIFT FIN and ISO 20022 extensible markup language messages.

The trade information will be collated from CLS' CLSSettlement and CLSSameday in a single report after end-of-day processing has occurred for each service.

According to CLS, this will create significant post-trade efficiencies for participants, allowing them to gather data necessary for MiFID II reporting with ease it will also provide an enhanced view of overall FX trade activity.

Data required for reporting under MiFID II, such as legal entity identifiers for counterparties and funds, timestamps, product identifiers and execution venues, will be available in each report.

Alan Marquard, chief strategy and development officer at CLS, said: "As we continue to expand our suite of CLS data products, we have been working closely with our members to understand how we can best support them with their MiFID II reporting requirements."

He added: "By allowing clients to include additional information in their settlement instructions and providing a downloadable end-of-day report, we can help them to easily capture data and streamline their MiFID II reporting processes."

WEF creates consortium to address financial technology cybersecurity

The World Economic Forum has created a new consortium to strengthen cybersecurity for financial technology companies and data aggregators.

The group will produce a new framework for the assessment of cybersecurity in financial technology.

Citigroup, Zurich Insurance Group, the Depository Trust & Clearing Corporation (DTCC) and financial technology lender, Kabbage, are among the consortium's founding members.

The launch of the consortium comes after leading cybersecurity experts identified the growing threat of cyber-attacks to financial services providers as a key concern at the World Economic Forum.

Their assessment and proposed solutions have been published in a white paper, 'Innovation-Driven Cyber-Risk to Customer Data in Financial Services'.

The consortium will commence work immediately in consultation with the World Economic Forum's new Global Centre for Cybersecurity in Geneva, Switzerland.

The group will develop common principles for cybersecurity assessments, guidance for implementation, a point-based scoring framework, and counsel on improving an organisation's score.

Matthew Blake, head of the financial and monetary system initiative at the World Economic Forum, commented: "Financial technologies can only deliver on their customer experience promises if the financial system is able to manage the risks adequately."

He added: "This consortium will offer technology companies a clear goal post and thus enable them to implement sound cybersecurity measures at the product design stage."

Michael Bodson, president and CEO of DTCC, and a founding member of the consortium said: "Cyber-risk is the number-one threat to the financial services industry and its infrastructure, so it is critically important that we work together to share insights and drive best practice."

Mario Greco, CEO of Zurich Insurance Group, Switzerland, and a participant in the consortium, stated: "Cyber breaches recorded by businesses have almost doubled since 2013 and the estimated cost of cybercrime is $8 trillion over the next five years."

He added: "We expect the consortium to help adopt best cybersecurity practices and reduce the complexity of diverging cyber regulation around the world."

ESMA publishes new DVC data

The European Securities and Markets Authority (ESMA) has published trading volumes and calculations regarding the double volume cap (DVC) under the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR).

The purpose of the DVC mechanism is to limit the amount of trading under certain equity waivers to ensure the use of such waivers does not harm price formation for equity instruments.

ESMA delayed the implementation of the DVC in January, to "avoid creating an unlevel playing field". ESMA made the decision to delay the introduction of the DVC based on the analysis it has collected on the quality and completeness of the data received from trading venues to perform DVC calculations.

Since the beginning of the year, ESMA has worked with National Competent Authorities (NCAs) and EU trading venues to solve these issues.

ESMA's DVC calculations for January totalled 18,644 instruments, while February saw a total of 14,158 instruments.

Based on this data, ESMA states that two caps will limit dark trading in equity and equity-like instruments.

ESMA states that NCAs should suspend, within two working days, the use of waivers in those financial instruments where caps were exceeded.

The authority rules that the use of the waivers should be suspended for these instruments for a period of six months starting from 12 March 2018. ESMA is intending to publish the applicable DVC data for March on 9 April, including any data received after the cut-off date for data submissions.

CallMiner and Aspect Software partner for MiFID II compliance

CallMiner has partnered with Aspect Software, to help financial services address storing

Apex expands Irish footprint

Apex Fund Services will open new expanded offices in Cork, Ireland, creating 50 new jobs in the area.

Apex expects to increase headcount across its Irish offices over the next 18 months as Brexit materialises. It will also expand its headcount in Dublin and Sligo going forward.

Bryan Atkinson, managing director of Apex Fund Services Ireland said, "Rapid expansion at Apex is driving the demand for additional talented resources across the group globally."

"Ireland is one of the world's largest financial hubs and an extremely important service centre for Apex, with offices in Cork, Dublin and Sligo."

He added: "With Brexit looming, more and more managers are looking to the Irish funds industry for stability and we are in the perfect position to service that business."

"Apex Ireland employs a dynamic team and provides a unique opportunity for those interested in working in the financial services sector."

data communications in compliance with the second Markets in Financial Instruments Directive II (MiFID II).

Under MiFID II, financial services organisations who do business within the EU are required to store communications, including phone conversations, for seven years to give regulators the ability to investigate market abuse.

Aspect and CallMiner's joint solution identifies, measures, and mitigates risk for financial institutions across communication channels by automatically identifying any calls, texts, web chats, or emails that represent a risk to the organisation's compliance.

The solution brings data from disparate systems together to allow easy reconstruction of transaction records that are necessary to demonstrate compliance.

Senior vice president of Europe and Africa at Aspect, Stephen Ball, said: "We are thrilled to be collaborating with our longtime partner CallMiner on this innovative solution."

"Our partnership will help our joint customers successfully navigate these new rules, further secure the safety of their end user customer data and help strengthen the bond of trust with their customers."

Frank Sherlock, general manager of CallMiner Eureka UK, commented: "Our approach avoids the time and costs associated with manual quality sampling and provides a holistic, automated MiFID II quality assurance framework."

He added: "The same engagement analytics solution can also be used to identify trends, process inefficiencies and recognise opportunities to improve customer experience, as well as helping with MIFID II compliance."

Flexpoint Ford acquires Dash Financial

Dash Financial Technologies has partnered with private equity investment firm, Flexpoint Ford.

The agreement will see Flexpoint Ford acquire the Dash business from GTCR—a private equity firm focused on leveraged buyouts.

Peter Maragos will continue to lead the business as CEO and board member, while Steven Begleiter, managing director of Flexpoint Ford, will serve as non-executive chairman. Daniel Edelman, principal of Flexpoint Ford, will join as a board member.

The deal is expected to close in the Q2 2018, subject to regulatory approvals.

Upon closing, GTCR will complete its investment in Dash, which it began around the same time that Dash merged with the LiquidPoint division of Convergex, an investment management provider.

Commenting on the buy-out, Maragos, said: "This is a very exciting moment for our firm as we embark on the next chapter of growth with a new strategic partner."

"We are incredibly grateful for the contributions and support we received from GTCR and we are thrilled about what this new partnership with Flexpoint Ford will ultimately allow us to do for our clients in the institutional trading community."

Daniel Edelman, commented: "We have known the Dash management team for some time and look forward to helping them to build upon the firm's significant success to date by both accelerating current organic growth and by pursuing potential adjacent acquisitions, similar to the highly successful LiquidPoint transaction."

FCA updates its LEI validation rule for its market data processor

The Financial Conduct Authority (FCA) has updated the second Markets In Financial Instruments Directive (MiFID II) rule, amending the legal entity identifier (LEI) rule in relation to its markets data processor (MDP).

The update comes after the European Securities and Markets Authority (ESMA) outlined temporary rules in respect of the LEI.

In December 2017, ESMA issued a delay to the enforcement of LEI requirements for MiFID II, explaining that leading up to the deadline, it had learnt that not all investment firms would succeed in obtaining LEI codes from all their clients by 3 January 2018.

The FCA's statement released on 2 March 2018, explained that ESMA's approach requires the FCA to amend the LEI validation rule in its MDP.

The FCA communicated to ESMA and the industry that the change would not be possible before the implementation date of MiFID II.

The FCA said that the revision to the LEI validation rule will be implemented in the MDP on 10 March 2018.

Firms with any outstanding transaction reports where the trade date precedes the LEI registration date, will be able to resubmit it from 12 March 2018.

MiFID II, part of EU legislation, was implemented on 3 January 2018 and stated that all legal entities involved in a trade are required to include their LEIs in European trade reporting.

Publicis.Sapient delivers next phase of European DataWarehouse

Publicis.Sapient has updated the European DataWarehouse (ED) to support the development of the non-performing loans (NPL) markets and the European Banking Authority (EBA) data templates.

ED is the first and the only European data repository for loan-level data. It was established under the European Central Bank's (ECB) loan-level initiative in 2013.

The market initiative was setup in partnership with Publicis.Sapient with the objective of reviving investor confidence in the European asset backed securities (ABS) market.

ED will now be collecting test files for NPLs, in accordance with reporting templates developed by EBA, until the end of June 2018.

Publicis.Sapient has worked with ED to provide a data repository platform for banks, servicers and other market participants to collect, validate and disseminate NPL data based on the guidelines and templates published the EBA.

Bernd Harnisch, vice president of consulting at Publicis.Sapient, said: "We're delighted to support the development of ED and deliver this latest enhancement."

"By providing a unique, cloud based platform for the collection of NPL test data, ED is giving the opportunity for banks, servicers and other market participants to get familiar with the EBA templates and more specifically, the loan level reporting for residential mortgages and loans to small and medium corporations."

Christian Thun, CEO of European Data Warehouse, commented: "We welcome EBA's launch of the NPL standardised templates providing a common set of fields enhancing data availability, quality and comparability."

"Building on the ABS experience, ED is delighted to bring its knowledge and skills in offering a platform for testing NPL data along with the opportunity for NPL market participants to familiarise themselves with the EBA templates."

SME Bank selects Wolters Kluwer's OneSumX

SME Development Bank Malaysia Berhad has selected Wolters Kluwer's OneSumX to manage its International Financial Reporting Standard (IFRS) 9.

The new accounting standard, which has replaced the International Accounting Standard 39, came into effect at the beginning of this year to address classification and measurement, impairment methodology and hedge accounting.

OneSumX provides the financial industry with a framework to store all relevant contractual information, manage events and transactions, IFRS calculations, accounting generation and processing up to the delivery of the disclosures.

European Commission should avoid creating barriers to market development, says EFAMA

The European Fund and Asset Management Association (EFAMA) has said that an EU agenda on sustainable finance "should focus on a market driven approach" and avoid creating any "unintended barriers to market development".

EFAMA was commenting on European Commission's action plan on financing sustainable growth, in a statement released on 8 March. It said that market driven approach "is crucial, given the constant evolution of products, practices and end-investor demands".

EFAMA added: "Any legislative initiatives need to be reviewed carefully to ensure that positive market-led trends continue to thrive."

However, EFAMA mostly agreed with other areas of the plan, which included a decision to explore a sustainable finance strategy for the EU.

EFAMA said: "The absence of a common language for sustainable assets and the lack of consistent and comparable corporate disclosure on sustainability have long been challenges in the integration of sustainability in the investment decision-making process."

EFAMA added that because of this, it welcomes "many aspects of the action plan, notably the commitment to strengthen sustainability disclosure, as well as the proposal on an EU taxonomy."

However, EFAMA disagreed with the action plan's statements regarding asset managers not systematically considering sustainability in the investment process.

It stated: "Evidence suggests that integration of these factors has increased in the market over recent years."

"By embracing sustainability as an integral part of the investment process and supporting the development of responsible investment in all of its forms, asset managers play a pivotal role in supporting sustainable economic growth and long-term financing of the European economy."

Shahazana Shaari, head of group information technology at the SME Development Bank Malaysia, said: "Due to the 2018 IFRS 9 deadline it was necessary for the bank to select a vendor that could provide us with the best solution and system implementation in the fastest time possible."

Financial services are struggling to secure data, says Claranet

Financial services organisations are still struggling to secure data effectively, according to research firm Claranet.

The research reveals that 69 percent of businesses are lacking in terms of proper data management, casting doubt on their ability to comply with the General Data Protection Regulation (GDPR), which will be implemented in May 2018.

The survey, which was conducted by Vanson Bourne, surveyed 750 IT decision-makers who identified that security is an area that many are struggling with.

Some 69 percent of respondents stated that they were not able to secure customer data effectively, with almost half (45 percent) encountering challenges around securing customer details when trying to improve the digital user experience for customers.

According to Claranet, this points to a "distinct lack of capability when it comes to managing security in a reliable manner".

Claranet's research also found that IT teams are struggling to acquire the skills and expertise that are necessary for addressing this.

The research revealed that 57 percent of respondents identified security as one of the biggest challenges facing their organisation's IT department, while 63 percent stated that their security procedures and requirements hold back their ability to innovate.

To address these issues, Claranet reported that some 55 percent of businesses in financial services are expecting to increase their IT budget across the entire organisation by at least 5 percent next year.

Commenting on the findings, Michel Robert, Claranet's UK managing director, said: "The GDPR is on our doorstep, but it is clear that many organisations have their work cut out if they are to comply with the regulation."

"Thinking more broadly, the fact that almost seven in ten organisations can't guarantee the security of their customer data is particularly concerning."

He added: "Part of the problem derives from the fact that most internal IT teams don't have the skills, expertise or the time to keep up with the rapidly changing threat landscape as it's not their core area of focus. Our research has shown that organisations are very much aware of this problem, but also that they are still some way away from solving it."

"It's important to recognise that much still needs be done in terms of increasing cybersecurity capabilities at a pace rapid enough to ensure GDPR readiness and overall preparedness."

Metropole Gestion selects SimCorp

Metropole Gestion has selected SimCorp Dimension to streamline its front and middle office operations, across its range of equity, fixed income and diversified funds.

SimCorp's front office suite will provide Metropole Gestion with the functionality it requires to support investment decision making, including trade and strategy simulations, and impact assessment.

According to SimCorp, Dimension will support Metropole Gestion's strategy execution by enabling the business to scale and grow, while reducing operational risks and costs.

Metropole Gestion will be supported by SimCorp Dimension's investment book of record, which will cover portfolio and order management, pre- and post-trade compliance, performance measurement and risk management.

Metropole Gestion will leverage SimCorp's Standard Platforms offering, which, according to Metropole, will offer clients the option for customisation where needed.

Isabel Levy, managing director and chief investment officer and founder of Metropole Gestion, said: "The implementation of SimCorp Dimension will enable us to support our growth strategy, by enabling us to scale to increasing volumes and assets under management, while significantly reducing operational risk and maintaining a low cost base."

Emmanuel Colson, managing director at SimCorp southern Europe, commented: "We are very pleased to welcome Metropole Gestion to our fast-growing investment management client community."

He added: 'Metropole Gestion will benefit from our Standard Platform delivery model, which enables our clients to leverage our experience in streamlining asset management operations and benefit from industry best practices."

ALFI: Greater scope 'could have been given' for UCITS and AIFM proposals

The European Commission's proposal amending elements of UCITS and AIFM directives could have been given greater scope and effectiveness,according to the Association of the Luxembourg Fund Industry (ALFI).

ALFI's statement, released on 15 March, followed the publication of the European Commission's Proposal amending UCITS and Alternative Investment Funds Managers (AIFM) directives, also know as Directive 2009/65/EC and Directive 2011/61/EU, respectfully.

ALFI said: "[We] acknowledge the intention and efforts of the European Commission in its recently published proposal amending to remove barriers to cross-border distribution of collective investment funds while ensuring the requirement for a high level of investor protection."

The association also suggested that the European Commission's proposal should have been extended beyond the AIFM Directive context.

Alfi added: "[We] support an approach where the European Securities and Markets Authority (ESMA) would provide guidelines and examples to ensure a common understanding and implementation in the EU."

ALFI considered that the text as proposed does not "provide for the level of harmonisation required to effectively achieve the removal of practices that have been identified as barriers to cross-border distribution of investment funds in the EU."

The association stated that the framework outlined for pre-marketing, the conditions set for the de-registration of investment funds and the requirements for local administrative agents remain "too restrictive".

ALFI intends to pursue its commitment towards the removal of barriers to cross-border distribution of investment funds and towards the Capital Markets Union initiative as a whole.

In the statement, ALFI said it would provide the European Commission with detailed feedback on its proposal and accompanying impact assessment in due course.

BNY Mellon to provide global custody for WRS

Wichita, Kansas Retirement Systems (WRS) has selected BNY Mellon to provide global custody, accounting and reporting, compliance monitoring, benefit disbursements, securities lending and cash sweep.

WRS provides retirement and survivor annuities, disability benefits, death benefits, and other benefits for the public employees and retirees of Wichita, Kansas.

Pam Beim, pension manager at WRS, said: "Wichita Retirement Systems selected BNY Mellon to provide custody services, due to their unmatched level of understanding of public funds relevant in today's market. We look forward to partnering with their experienced specialists that are focused on relationship-building and client satisfaction."

Dan Smith, head of BNY Mellon's asset servicing in the Americas, commented: "We are excited to be appointed by the WRS and look forward to supporting them and their constituents." AST

Product, progress, prediction and people

Brexit, regulation and technological innovation were hot topics at this year's ALFI European Asset Management Conference in Luxembourg

Jenna Lomax reports

Delegates at this year's Association of the Luxembourg (ALFI) Fund Industry's European Asset Management seemed to embrace debate particularly surrounding regulation, Brexit and technological innovation.

However, opinions seemed more unanimous surrounding environmental, social and governance (ESG) discussions as well as gender diversity within the industry, a running theme of the conference.

In her welcome and introduction speech, Denise Voss, chairman of ALFI, cited the conference would see discussion surrounding "product, progress, prediction and people".

Voss reiterated the opinion of the Capital Markets Union that investment funds have an important role to play to drive growth and jobs moving forward, which she said ALFI welcomes.

Voss commented on other themes of the conference, which explored financial technology, the third pillar of the Pan-EU Personal Pension Product, regulatory outlook and gender diversity in the asset management industry.

Voss also suggested that "Brexit's significance cannot be denied", and she was certainly right, as it seemed to be a hot topic in most panels.

Following on from her speech, Xavier Bettel, the prime minister of Luxembourg, stated: "A lot of people talk about a 'soft' or 'hard' Brexit'—I want an 'intelligent' Brexit."

He added: "[The UK] cannot have its cake and eat it, we have to think about European interest. But we shouldn't punish London, there is a consistency needed with developing a dialogue and a lasting relationship [with the UK] rather than focusing on short-term results."

Later in the morning, Brexit was back on the agenda when a panel, which looked at the European regulatory landscape, interviewed speakers from The European Securities and Markets Association (ESMA) and the European Fund and Asset Management Association (EFAMA).

In the panel discussion, the representative from ESMA said the association was prepared for the UK to become a 'third party' after Brexit.

An audience member questioned the panel on whether ESMA was responsible for providing "a very short timeframe within the industry, almost leaving us [the industry] hanging off the edge of a cliff in preparing for Brexit".

The audience member added: "Could [Brexit] be a massive disruption to consumers and destroy what we're trying to create—a better Capital Markets Union?"

The ESMA panellist said that the UK and the EU "want a clear transition regime".

The representative from ESMA explained: "So much of the UK is governed by UK law, what we're doing is being prepared for the UK to become a third party, working with trade repositories and others.

He added: "We are saying 'tell us the plans you need to have ready'."

"We will do everything we can to get a memorandum of understanding in place with the UK."

The ESMA representative said that the agreement would probably "be similar with the one we have with Taiwan, Chile and Canada". He also listed custody services as a major priority in these negotiations.

The ESMA and EFAMA representatives agreed that "one year is not much time", alluding to the timeframe between now and March 2019, when the UK is expected to leave the EU.

Another audience member questioned passporting activity post-Brexit, he asked: "It's curious in a time of such globalisation, that the passport arrangement for the UK looks like it will be very hard to achieve, but it's so easy in Japan and similar countries. Are you cherry picking?"

The ESMA representative replied: "The UK's prime minister Theresa May and the rest of the UK government have said that passporting wouldn't work. In an open financial market, there is a small difference in regulation, in terms of how and where business takes place."

He added: "Once you're outside of [the EU] there are different elements to participation, but there are still possibilities for third countries."

The representative of EFAMA said: "We need to avoid unnecessary disturbance in European financial industry between Europe and the UK. We are reluctant to give ESMA these new powers as it would lead to more of a bureaucratic system, competitiveness is too important to our industry."

The EFAMA representative added: "We need to have these rules in place to support a delegation model which ESMA agrees with, it is essential the delegation model can function in practice. Without arrangements in place we need to prepare for the risk that there might not be the right things in place by March next year."

Aside from Brexit, both representative discussed other regulations, as well as the future of UCITS. The speakers agreed that UCITS are still the "premier global framework of Europe", especially in Luxembourg. The panel also discussed further challenges surrounding the implementation of Packaged Retail and Insurance-based Investment Products (PRIIPS) in terms of training and costs, which they said "could make the sector more competitive if conducted through more efficiency and more business cross border".

The ESMA representative concluded the panel with the statement: "You [the industry] cannot credibly argue the industry has not been involved in measures such as the second Markets in Financial Instruments Directive (MiFID II) PRIIPS and rules surrounding UCITS. These have been extensively discussed with the industry, but [the industry has] to share the relevant data with us."

To which the moderator asked: “Things are discussed, but are those in the industry listened to?”

One of the main predictions at this year’s conference was the importance of technology within the industry in the coming years, especially in a panel discussion titled: ‘Redefining the asset management operating model’. The last decade has seen increasing use of trading technology as electronic trading takes over from more traditional methods, but a panellist said it’s still early days.

According to the panellist, the financial services industry is still in the “foothills of trade technology”, with big changes coming in a few years time.

Alongside trade technology, the panel discussed a number of key challenges the industry faces and spoke of the predicted effect technology and innovation will have on asset management, asset administration and asset custody. The panel also debated macroeconomic factors such as low interest rates, which one panellist said will get tougher due to MiFID II, with increasing competition between active and passive funds.

Day two’s afternoon agenda focused on “prediction in practice”, with speakers and panels discussing and debating how the presence and role of technology, blockchain and financial technology is predicted to change the industry further.

One speaker, an asset and wealth management leader, stated that digital technologies in asset management are now part of a “do or die policy”. He discussed that the industry needs to “move forward with [this] understanding” in order to survive in asset management and servicing.

According to the speaker, technology-related tasks carried out within the industry were previously performed manually, but now middle and back-office functions are almost fully automated.

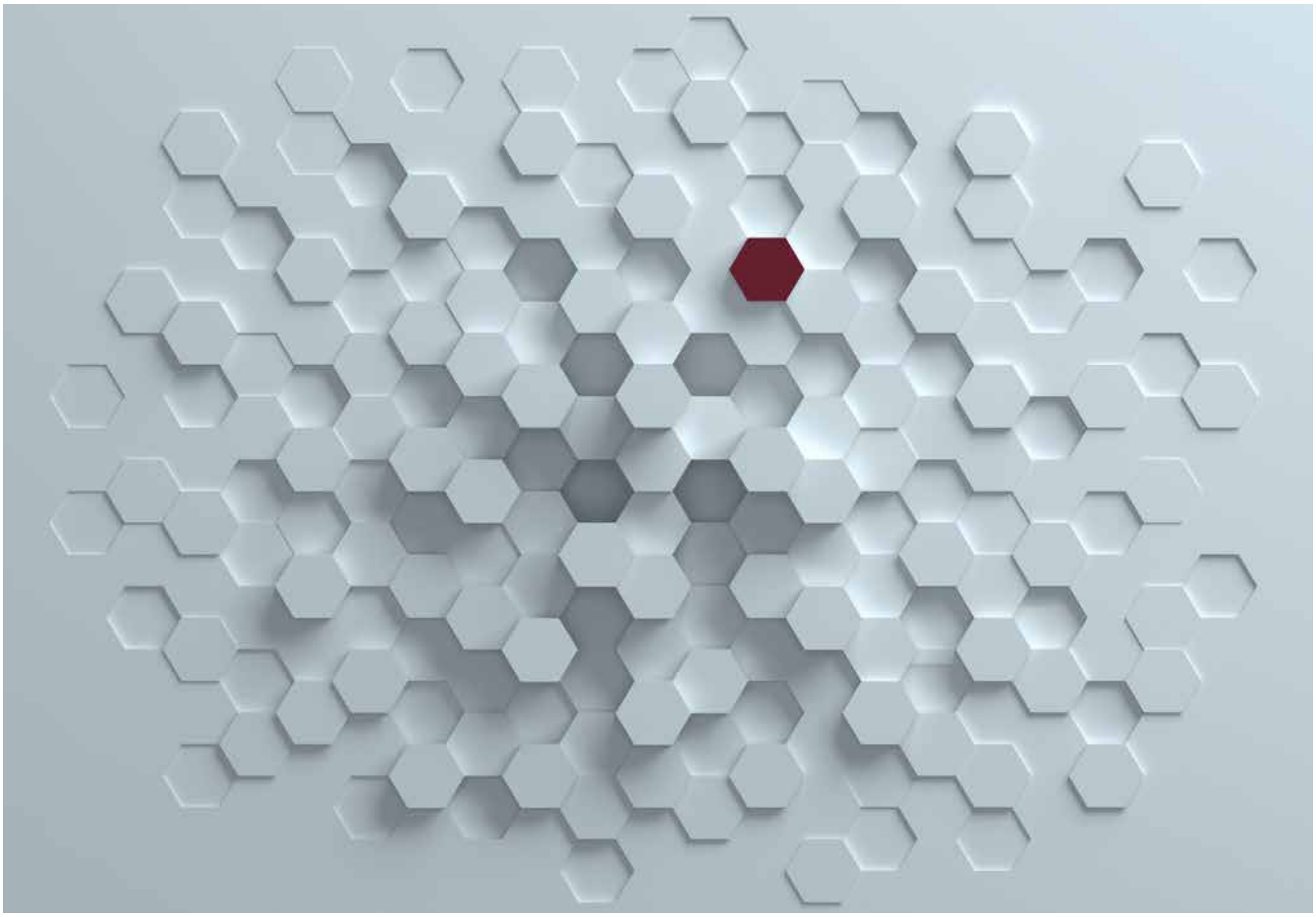
The speaker explained that because of this, margins are getting squeezed and this is “mostly to do with passive funds and regulation”. He added that the main drivers of this squeeze are environmental, social and governance (ESG) concerns, especially Brexit, which he said would have a “big effect on where our industry is going”.

In the following panel, another speaker discussed how the finance industry is engaging with blockchain, fintech and automation. The speaker said that the biggest challenge the industry faces isn’t technical, it’s actually identifying the technology that the customer needs. He stated that there is a difference between digitisation and digitalisation. Digitisation, he said “describes siloed processes, which is the view that business to business and business to consumer are different”.

Whereas digitalisation, he explained, “drives behavioural change and describes end-to end journeys”. He said that these ‘digitalisation customers’ expect real-time processes in terms of t-Zero, as opposed to TARGET2-Securities, adding that the industry is looking for “omni-channel access, 24/7 automation”.

“The technology that [clients] start using will determine how you interact with them. The power of blockchain and fintechs are focused in that area.”

He concluded: “If you remember one thing, it’s to understand your customers needs.” AST



99 problems, but blockchain ain’t a solution to one

Too often with new technologies, such as blockchain and other DLTs, we have a solution looking for a problem, according to Keith Pritchard of base60. He explains more

Becky Butcher reports

If financial firms are planning to launch any kind of blockchain product, what approach should they take? And why?

There are a few key questions that should be answered before any blockchain/distributed ledger project gets initiated—regardless whether that is in financial services or not.

- Do we have a clear understanding of what the problem is that we are trying to solve?

Too often with new technologies we have a solution looking for a problem, and when the two don’t quite fit we end up bending the problem to fit our desired technical solution. This is obviously the wrong way around; making sure that you have a clear understanding of the problem to be solved, irrespective of the technical solution, is key.

- Have we identified all of the technical designs that are capable of solving the problem?

Having identified the business problems we are trying to solve, we should then identify the different technical options that could help solve those problems. blockchain/distributed ledgers may be just one of a series of possible technical solutions to any given problem.

- Have we selected the best technical solution for the problem?

Having identified all the technical options for solving the business problems, we need to go through a thorough process of selecting the best one under these particular set of circumstances.

- Is there a business case?

For most projects we need to be able to articulate a sound business case. What will be the benefits delivered by and the cost of delivering the project? In the majority of financial services organisations this will need to be a hard cash based business case.

What challenges can financial services come across when working with blockchain?

A big challenge often faced when making a business case for a project in financial services, is that there will be an existing infrastructure in place that the new platform will replace.

The business case needs to take account of the costs for building the new platform and also for 'plumbing it in' to all the existing parts of the financial infrastructure (the latter should include the significant testing cost).

Another challenge is that often the specific design of the blockchain platform does not take account of the set of problems that we are trying to solve. For example, broadly there are two aspects of the blockchain design that can be distributed to each node of the network; functionality and/or data. In financial services many organisations operate a private network.

In such cases, the business case for distributing functionality to the nodes of the network is very hard to make; it does not address any specific problems in the existing environment and the model of using a centralised trusted service provider is often more appropriate. However, I still see solutions proposed, for private networks in financial services, that incorporate the distribution of complex processing functionality to the nodes of the network.

Why can blockchain and distributed ledger technology (DLT) provide a good solution to financial services firms?

In financial services there is a huge amount of technology and operations spend on reconciliations between the various parties to a deal: clearing houses, central counterparties, service providers and regulatory reporting hubs.

The sweet spot for DLT, I believe, is in the model whereby data is distributed to the nodes of the ledger, but functionality is provided by centralised service providers. This way the members of the network can be sure that they all see the same data at the same time and the need for expensive time-consuming reconciliations is removed.

This not only lowers the operational costs for the members of the network but can also help shrink the balance sheet as often capital needs to be set aside against non-reconciling items. So this technology can deliver real financial gains.

Are there any opportunities to progress the adoption of DLT in the financial services industry?

The key challenge is always going to be making the business case for implementing such a radical change when there is an existing infrastructure in place. Thus, the likely areas are going to be:

- Where there are regulatory drivers for a radical change or new process—in such cases the business case is less important, things just have to get done

- Where there is a new service being brought to market

- Where mismatches of data across the market bring such a big technology costs, operational costs, balance sheet expansion and other levels of risk, the result being the business case becomes easier to make. AST

The key challenge is always going to be making the business case for implementing such a radical change when there is an existing infrastructure in place

Keith Pritchard, consultant, base60

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Comings and goings at State Street, HSBC, Icon Solutions and more

State Street has appointed Lisa Lou as country head of global services for China and general manager of its Beijing office.

Based in Beijing, Lou will be responsible for managing the State Street's global services business and leading the firm's China strategy.

Lou will report to Richard Fogarty, senior vice president and head of global services for the firm's North Asia business.

Prior to State Street, Lou worked at J.P. Morgan Chase Bank China, where she was head of financial institutions and public sector clients for China and general manager of its Beijing branch.

Before that, Lou held senior management roles at Standard Chartered Bank China and HSBC Australia, covering client segments and product lines.

State Street first established its presence in Beijing and Shanghai in 2005 and 2008 respectively, and has a technology and processing center in Hangzhou. Beijing also has a branch license from The China Banking Regulatory Commission.

Commenting on Lou's appointment, Fogarty said: "Lisa Lou has a wealth of knowledge about financial services both in China and internationally. She will play a vital role helping to strengthen our local relationships with regulators and the financial industry in China, as we look to expand our servicing capabilities and grow our client base over the coming years."

HSBC Securities Services has appointed Riccardo Millich as sales director for Luxembourg.

In this newly created role, Millich will be responsible for building HSBC Securities Services's local sales strategy and supporting its business growth with all countries and asset classes for UCITS and Alternative Investment Fund Managers Directive (AIFMD).

Millich, who will report to Nick Maton, head of HSBC Securities Services, will collaborate with the HSS teams across the US, Europe Middle East and Africa and Asia to support client global growth.

Prior to HSS, Millich held director positions in Luxembourg UCITS and alternative investment funds.

Paul Heffernan, head of cross border sales, HSBC Securities Services Europe, said: "HSBC Securities Services sees strong opportunities for growth in Luxembourg. Riccardo Millich and I will be working closely together to leverage HSBC's cross border business, supporting our full service, cross-product and multi-jurisdiction solutions."

Commenting on Millich's appointment, Nick Maton said: "We have clear growth ambitions for HSBC Securities Services in Europe and the recruitment of Riccardo Millich's as sales director will help connect HSBC's clients to our global product offering."

Icon Solutions has appointed Toine van Beusekom as head of payments architecture.

Beusekom will be responsible for how clients can use architectural, technical and delivery change to support the business challenges and opportunities of the Second Payment Services Directive, open banking and financial technology.

Beusekom has more than 20 years' experience in the payments industry, including senior roles at J.P. Morgan, IBM and CapGemini. He has also worked at Clear2Pay as senior business consultant.

Carl Bones, head of architecture, said: "Toine van Beusekom joins us at an exciting time for both Icon and the payments industry."

"We see his deep insight and experience being pivotal in consolidating Icon's position as the leading global payments consultancy."

He added: "[Beusekom] will help us to further expand our ability to deliver cutting-edge services and solutions to our customers in innovative and pragmatic ways."

Commenting on his new appointment, Beusekom said: "I am thrilled to join Icon's world class payments team and to assist in developing the innovative payments architecture, which underpins the instant payments framework."

He added: "Icon's Payments Architecture is truly a new step in the evolution of how we can support the ever-changing payments industry from strategy to runtime."

Intertrust has promoted Bill Guo to managing director of China.

Guo will responsible for the Chinese market and leading the firm's three offices in Beijing, Shanghai and Guangzhou.

The newly created role has been put in place to strengthen its local presence in response to increased demand from Chinese clients looking to invest and expand, as well as supporting international businesses and investors entering the Chinese market.

Guo joined Intertrust in 2008 to lead the firm's Beijing office.

Daniel Jaffe, member of the executive committee, said: "Bill Guo's successful management of the Beijing office and in-depth knowledge of our Chinese client requirements puts him in a great position to drive the business forward."

Jaffe added: "We're continuing to look at growth opportunities in our core service areas in the region and this promotion is very much a result of our forward-looking vision."

"I wish Guo the best of luck in this exciting new role."

BNY Mellon has named Katherine Starks as head of its asset servicing business in Germany, Austria, Switzerland and Central and Eastern Europe.

In her new role, Starks will lead the growth of BNY Mellon's custody, depositary and fund accounting services in the region.

She will also oversee the delivery of value-added services, including the firm's digital strategy.

Previously, Starks served as head of continental Europe for sales, relationship and account management for the Euroclear group.

Pearce commented: "The German market is a key strategic priority for BNY Mellon and we are strongly committed to adding local strength and long-term stability to our client-facing team in Germany."

"Katherine Starks brings deep knowledge of the European market and extensive experience in leading world-class teams and especially serving client needs in Germany."

Link Fund Solutions, part of Link Asset Services, has appointed Andrew Lelliott as head of transfer agency to widen its fund services in Europe.

Lelliott joins from Northern Trust where he was senior vice president. He was responsible for the significant growth of Northern Trust's transfer agency business in the UK.

Prior to this, Lelliott worked for International Financial Data Services (now DST), Schroder Investment Management, PBA Management Consultants and Barclays.

Link Fund Solutions offers services to traditional and alternative funds in the UK, Ireland and Jersey.

Peter Hugh-Smith, managing director of Link Fund Solutions, said: "Andrew Lelliott's appointment demonstrates our ambition of becoming a leading provider of transfer agency services in the UK, building upon the success of our authorised fund manager services." He added: "Lelliott will be a valuable addition to the team, bringing both significant experience and expertise to help us achieve our long-term ambitions for growth and delivery of a best in class client service."

Commenting on his appointment, Lelliott said: "I am hugely excited to be joining Link Fund Solutions as it gears towards growth of the transfer agency business. I look forward to working with the talented management team at Link as we look to grow this strategically important service to the fund management industry."

Technology solutions provider Fiserv has appointed Naren Patel as director of business development and strategy for Europe, Middle East and Africa.

Patel previously worked at SmartStream Technologies as head of sales and strategic account management within the Corona business unit.

Prior to SmartStream, Patel was strategic account director at IHS Markit from 2015 to 2016.

KAS Bank has expanded its business development team with the appointment of James Parish and Michael Callari.

Parish joins as senior business development manager, while Callari takes on the role of business development associate.

Parish will focus on growing KAS Bank's specialist UK pension fund business, through the development of financial technology governance solutions for trustees.

Callari will work closely with Parish, supporting the business in its growth plans and achieve its ambition to become the governance partner of choice for UK pension funds.

Pat Sharman, managing director, KAS Bank, said: "KAS Bank is committed to improving the pensions market across the entire value-chain. The business has ambitious growth plans and I'm confident James Parish and Michael Callari will be crucial in the growth strategy moving forward."

"These key hires will enable us to progress and execute the next phase of the business, elevating our delivery of innovative solutions to help drive improved transparency and governance across the pensions landscape."

Augentius has appointed Jimmy Leong as managing director of specialist global private equity and real estate.

According to Augentius, Leong's appointment will drive business growth in line with increasing opportunities in East Asia.

Based in Augentius' Singapore office, Leong will be responsible for developing both new and existing client relationships to support business expansion and fund administration throughout East Asia.

Leong has more than 20 years experience in senior management positions in Asian and international financial institutions.

Prior to joining Augentius, he was managing director of Hua Hong Foundation Investment and worked at Glaux Investment Pte.

Commenting on his appointment, Leong said: "The growth in Asian private equity remains highly optimistic as the landscape is set to undergo major transformations, driven by the rise of international and Asian managers capitalising on China's new regulatory structure."

He added: "Augentius is well positioned to benefit from these opportunities and to establish itself as the leading service provider across Asia Pacific.

"I am thrilled to join Augentius at this opportune time and I look forward to working with such a dedicated team of professionals."

Ian Kelly, group CEO at Augentius, commented: "We are delighted to have Jimmy Leong on board. His tremendous experience and knowledge of the industry makes him perfectly placed to head up this region as we build on our success to date and expand further in Asia." AST