asset servicing times

The primary source of global asset servicing news and analysis

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Streamlining the collateral management process

BNP Paribas Securities Services to enhance asset servicing

BNP Paribas Securities Services has launched Securities Inventory Management, a solution designed to automate the transfer of securities between different markets.

Securities Inventory Management makes use of active forecast and position management technologies to ensure that the securities purchased by BNP Paribas Securities Services's asset manager and asset owner clients are automatically moved at the end of every day to their domestic market. From there, clients can utilise custody services such as liquidity and collateral optimisation.

According to BNP Paribas, safekeeping securities in the markets, in which they were issued, helps clients reduce the number of intermediaries in their custody chain, avoiding loss of information on events relating to their assets and optimising operations. The service also enables the automatic transfer of securities to the required settlement market in case of a sale, reducing non-automated processes and associated risks such as settlement delays.

Securities Inventory Management is now live in France, Germany and Italy for BNP Paribas Securities Services's clients, and will be available globally in the coming weeks.

Alain Pochet, head of client delivery at BNP Paribas Securities Services, said: "In today's complex market environment, driven by the need for collateral availability, an increasing number of domestic assets are no longer held directly in their original market but through complex chains of intermediaries."

He added: "This is why we have devised this new service, which makes the most of our local network, to automatically move assets back to the markets in which they were issued and mobilise them quickly wherever they are needed in case of cross-border transactions for example."

"Managing cross border flows is complex and automating real-time optimisation tasks will be of significant benefit to our clients."

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Japan sets date for T+2 implementation

The working group on Shortening Stock Settlement Cycle (WG) has confirmed that Japan will move its settlement cycle of T+2 to next year on 16 July.

Japan Securities Clearing Corporation, Tokyo Stock Exchange, and Japan Securities Dealers Association will act as WG's secretariat. The project has been three years in the making, and the WG has worked on the realisation of the shortening stock settlement cycle in Japan.

On 30 June 2016, the WG published the 'Final Report of the Working Group on shortening Stock Settlement Cycle in the Japanese Market', which included results of the discussions at WG.

Through the deliberation at the council on securities delivery and clearing/settlement systems reform, which is the upper body of the WG, it was decided the scheduled implement date of the T+2 settlement cycle will be next year, on a trade date basis.

The WG will continue to work on necessary preparations for a smooth transition to the T+2 stock settlement cycle.

Euromoney Tradedata and Minium integrate data

Euromoney Tradedata's reference and market data feeds have been integrated into Minium's real-time risk and post-trade software service.

According to Euromoney Tradedata, the initiative will make onboarding onto the Minium service quicker and easier for its clients.

Minium, a Cinnober company, provides software as a service solution for real-time risk management and post-trade processing.

Minium uses an open ecosystem to provide its solutions which allows its clients to choose from a selection of modules in order to create an operational environment tailored to their individual requirements.

Commenting on the partnership, Mark Woolfenden, managing director at Euromoney Tradedata, said: "The integration of our reference and market data into Minium constitutes a compelling proposition for firms in the derivatives industry."

He added: "Minium is entering the market with modern technology at a time when new functionally rich components can be integrated alongside legacy systems. We have previously worked with Minium's experts and are very pleased to now combine Euromoney Tradedata's specialist skills in outsourced data services and expertise in futures and options with Minium's innovative applications."

Patrick Tessier, COO at Minium, commented: "We are delighted to be able to offer our customers a seamless integration with Euromoney Tradedata, which alleviates the burden of maintaining their static data. This is very much in line with our philosophy of building an open solution for the benefit of our clients."

Asset managers turning to emerging technologies as regulatory dust settle

Asset managers are turning to emerging technologies as regulatory dust settles, according to Linedata's eighth global asset management survey.

Datta and Harris launch Soterium

Experienced financial services consultant Sudha Datta and specialist Jim Harris have launched Soterium, a financial services firm.

Soterium offers servicing in global custody and securities lending for small- to medium-sized beneficial owners in the North American market. Soterium's is based in Toronto, Canada.

Datta is an independent consultant and advises asset managers, family investment offices, pension funds, endowment funds and credit unions.

Datta served as head of operations with the Sovereign Wealth fund Abu Dhabi Investment Authority where he was responsible for custody, securities lending and investment operations for more than 20 years.

Harris has more than 40 years finance experience in both the UK and Canadian financial services. Harris headed global custody and UK settlements teams in his career with a UK Bank.

He is responsible for both the creation and implementation of the Continuous Risk Assessment Model at RBC.

Harris moved to Canada in 2010 to help establish the Americas hub in Toronto and has served twice as the chair of the Depository Information Gathering Project.

Linedata's research showed that there is a shifting focus away from regulation as companies prepare for a new wave of demands and opportunities afforded by disruptive technologies.

In recent years, adapting to new regulation was considered one of the main challenges for over half of respondents with 51 percent in 2017 and 52 percent in 2016.

This has dropped to 37 percent in the 2018 survey, with cutting costs (37 percent), attracting new client assets (29 percent), managing data (23 percent), and managing risk (21 percent) cited as asset manager's other key concerns.

According to 22 percent of survey respondents, new intermediation models including robo advisors are considered to be the biggest potential disruptor to the asset management industry over the next five years.

This was followed by exchange-traded funds (ETFs), which 20 percent of respondents forecast as a significant disruptor, blockchain technology (16 percent) and machine learning and artificial intelligence 12 (percent).

Meanwhile, cybersecurity remains one of the top three challenges facing asset management firms, according to 25 percent of respondents.

Sophie Février, co-head of asset management and innovation director at Linedata, said: "Now that the regulatory dust has settled asset managers are looking to future growth and the challenges and the opportunities offered by emerging disruptive technologies."

"The years ahead will bring exciting change as conceptual testing leads to implementation in areas such as robotic process automation and artificial intelligence tools."

Arnaud Allmang, co-head of asset management at Linedata, added: "The 2018 survey results show a sector embarking on a transformation process to succeed and grow."

"The emergence of big data and analytics allows asset management firms to enhance

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ArchOver launches IFISA to UK investors

ArchOver is to launch Innovative Finance ISA (IFISA), an initiative to help British investors make the most of their annual tax-free allowance.

ArchOver's IFISA service offers investors credit control and security and the allowance to invest directly, earning tax-free interest of up to 10 percent per annum—far more than the average return on a cash ISA, according to ArchOver.

The UK government introduced the IFISA in April 2016. It allows investors to earn interest on peer-to-peer (P2P) investments without having to pay tax on their earnings.

According to recent research by ArchOver, over half (54 percent) of UK investors would put their cash into an IFISA if they had the money available, with nearly two thirds (63 percent) recognising that it would offer a higher return on their savings.

The ArchOver IFISA will be available to both existing and new lenders from 24 May 2018. Users will be able to invest their ISA allowance in all of the projects on the ArchOver platform, earning tax-free interest with a minimum investment of £1,000.

Investors can choose the security type depending on their needs, including investment models that provide protection measures like credit insurance, dispute resolution and controlled accounts and all-assets charges with Companies House.

Angus Dent, CEO of ArchOver, commented: "There's a strong market out there for the IFISA, and we're excited to get stuck in. Potential investors do need to be aware that the IFISA doesn't work like a cash ISA— investment capital is always at risk—so it is essential that you work with a trusted and established partner."

He added: "With our proven history of strong credit analysis and managing loans with extremely low default rates, we're well placed to help people invest wisely and get the yield that they want on their cash."

Ian Anderson, COO of ArchOver, said: "Our goal is always to work to our lenders' and borrowers' needs and provide them with the best service possible. This launch is an important part of the ArchOver story, as we continue to build an industry-leading investment platform that combines the best security with highly competitive interest rates."

the efficiency of their decision-making process, and to provide products and services to clients, which can distinguish them from the crowd. Since 2017, Linedata has been evolving its strategy to better support the growth desired by asset managers, and is now able to provide a combined offering of services and software incorporating cutting edge technologies."

Investors focus on credit and inflation linked investment strategies

New research from Tabula Investment Management has revealed that investors look to focus on credit and inflation linked investment strategies.

According to the research, when considering a range of fixed income and debt investment vehicles, those linked to credit and inflation will see the biggest increase in demand from investors.

Investors highlighted investment grade credit where 42 percent of those interviewed expect demand to increase compared to 10 percent who think it will fall, the research conveyed.

Additionally, it revealed that some 48 percent of institutional investors and wealth managers expect demand for inflation strategies to increase between now and 2020, and just two percent anticipate a fall.

The findings from Tabula discovered that other fixed income/debt strategies that investors expect to see a net increase in demand over the next two years include high yield credit, emerging market debt, and asset backed securities.

Meanwhile, demand for government bonds will remain relatively flat.

Michael John Lytle, chief executive of Tabula Investment Management, said: "Our findings reflect investors increasing focus on the impact of inflation and for signs that it's going to pick up. Many are beginning to make changes to their portfolios in preparation for this."

He continued: "Increased demand for investment grade credit reflects investors'


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continued search for yield, and difference between implied and realised default rates. The implied default rates are the yields on the securities which are there to compensate investors for the credit risk of the issuer. Today's yields far outstrip the actual (realised) default rates over the last 40 years."

Lytle added: "Our findings also highlight the growing demand for a wider range of fixed income and debt investment products, which we plan to capitalise on with our range of exchange traded funds that we plan to start launching soon."

BNY Mellon's Pershing selected by Dakota Wealth Management

BNY Mellon's Pershing Advisor Solutions has been selected as a custody partner for Peter Raimondi's newly launched investment management firm, Dakota Wealth Management.

Pershing Advisor Solutions has powered Dakota advisors transition to their new platform.

Pershing was selected for its private banking, bank and brokerage custody capabilities.

Ben Harrison, managing director and head of new business development at BNY Mellon's Pershing Advisor Solutions, commented: "Our comprehensive and unique set of capabilities allows us to bring strategic value to firms like Dakota and provide them with long-term value as their businesses evolve and grow."

He added: "To that end, we are thrilled to count an industry leader and a visionary such as Peter Raimondi among our clients and very much look forward to being an integral part of Dakota's success."

Digital Asset Group and GMEX Group form a strategic alliance

GMEX Group (GMEX) and the Digital Asset Group (DAG) have partnered. The joint venture marks the first fully integrated financial group that is servicing this emerging sector.

Digital Asset Group is not to be confused with Digital Asset, the DLT software company run by Blythe Masters.

Northern Trust gains new APAC mandate

Northern Trust has been appointed by Hong Kong Baptist University to provide custody and accounting services.

Northern Trust will provide global custody and accounting services for its endowment.

Founded in 1956, Hong Kong Baptist University is a Hong Kong-based fully-funded public tertiary education institution. To date, Northern Trust has an established network of 11 offices across Asia-Pacific—in Australia, China, Hong Kong, India, Japan, Malaysia, Philippines, Singapore and South Korea.

Michael Wu, country executive for Greater China at Northern Trust, said: "The university segment is strategically important for us and we look forward to building a close relationship with the Hong Kong Baptist University."

He added: "We are committed to supporting investment activity for tertiary institutions globally, allowing them to focus their attention on running schools and providing education. Endowments are a growing segment in the APAC region and there is an increasing need for more timely, accurate and granular reporting. Northern Trust's strong and robust technology platform, combined with our experience of dealing with academic institutions ensures we are well placed to support the university in achieving its investment objectives."

PineBridge opens Nordic office

PineBridge Investments has opened a new office in Helsinki to better serve clients and prospects in Finland and the Nordic region.

The branch office will be led by Tomi Långström, head of Nordic business development, who joined the firm in 2014 and is based in Helsinki.

The Helsinki office is PineBridge's first office in Finland. PineBridge also has offices in London, Cape Town, Dubai, Dublin and Zurich.

Klaus Schuster, head of Europe at PineBridge, said: "We have been active in the Nordic region for a long time and are very pleased to establish an office in Helsinki. Our business in the Nordics has grown significantly over the past few years and we are excited to have an on-the-ground presence to deepen coverage of our clients here."

He added: "This further demonstrates the continued growth of our business across the European market as well as our focus on this important region."

Långström commented: "Establishing a foothold in Helsinki is an opportunity to further develop existing relationships and build new partnerships with the investment community."

He added: "We look forward to bringing the full scope of PineBridge's multi-asset, fixed income, equity and alternative investment capabilities to existing and new clients in Finland and the Nordics."

The partnership is bringing together the practices of regulated banking, finance, and exchanges alongside emerging innovation and digital world enabled by blockchain, distributed ledger, and artificial intelligence technologies.

DAG aims to be the premier trusted digital and crypto economy platform, which connects traditional financial services with emerging digital assets and GMEX.

It also shows how the bridge between traditional finance and digital assets are going to be built. Sean Kiernan, co-founder and CEO of DAG, is taking his knowlegde in traditional regulated banking and combining it with the DeepTech knowledge of Dmitry Kaminskiy, the co-founder and CIO of DAG.

Through their shared expertise and the experience of the DAG team, they will provide traditional banking services and solutions for digital asset businesses.

Additionally, they will facilitate entry into the emerging blockchain and crypto economy for existing regulated financial services firms.

GMEX has developed and delivered GMEX Fusion, an integrated centralised and distributed solution set, which combines the established GMEX technology with the latest blockchain technology.

Kiernan commented: "The DAG is delighted to be forming a strategic alliance with GMEX who have an impeccable track record in building traditional and crypto exchanges, and delivering innovative and forward-thinking solutions with an emphasis on quality and robustness."

Expanding on this, he said: "We hope that all of this, combined with DAG's expertise will give our clients and partners the utmost confidence that we can offer the most compelling products and solutions for bridging traditional financial services with the digital asset space."

Kaminskiy added: "We consider this partnership as a leading example of the synergetic convergence of the most advanced technology tools being applied to the intersection of the traditional financial sphere and crypto economy, and we are making serious bets that this will deliver the most sophisticated and efficient solutions on the market by utilising the most advanced IT-solutions steered by a diverse and experienced team on the very forefront of financial technology, regulatory technology, legal technology and invest technology."

Hirander Misra, chairman and CEO of GMEX Group, said: "The GMEX team and I are thrilled to be working with the DAG team who have a huge pedigree of successful ventures in the financial services, fintech, and wider technology space."

APEX utilises Cinnober and Irisium

Asia Pacific Exchange (APEX), a new derivatives exchange and clearinghouse, based in Singapore, went live with core functions operating on technology from the Cinnober Group.

APEX's independent clearinghouse, Asia Pacific Clear now runs on Cinnober's TRADExpress RealTime Clearing, for over-the-counter (OTC) and exchange-traded markets.

Irisium, a subsidiary within the Cinnober Group, provides APEX's market surveillance system.

According to APEX, by using Irisium's platform, it will be able to identify in real time and investigate manipulative and suspicious trading behaviours.

The first contract to trade on APEX is the US dollar-denominated physically-delivered Palm Olein Futures contract.

APEX is Singapore's third derivatives exchange after The Singapore Exchange and Intercontinental Exchange. At launch, APEX had six clearing members. Eugene Zhu Yuchen, the company's founder and CEO, said: "APEX's vision is to establish itself as an exchange that will be the Asian center for price benchmarks to be referenced by global market participants."

He added: "A fair and orderly market reflects genuine demands and supplies. We believe

SGSS helps Financière Arbevel transform funds

Societe Generale Securities Services (SGSS) is to assist Financière Arbevel, a French asset management company, in transforming funds as part of the FROG initiative.

The FROG group, created by the French regulator (Autorité des Marchés Financiers) and the French Asset Management Association, aims to provide French and foreign asset management firms that have chosen to domicile their investment funds in France with the best possible conditions for international growth.

Financière Arbevel plans to benefit from the new initiative launched by the Paris financial centre to grow its international distribution capacity. With support from SGSS, which recently won the mandate, Financière Arbevel has recently converted eight of its common funds into a French Sociétés d'Investissement à Capital Variable (also known as SICAV).

As a SICAV, Financière Arbevel funds will benefit from a solid framework to protect investor interests through a dedicated governance charter, according to SGSS.

Societe Generale provides assistance for Financière Arbevel in securities lending, depositary, accounting and valuation administration, registrar, administration and monitoring of statutory ratios.

SGSS also assists firms in foreign exchange and the clearing of products impacted by the European Market Infrastructure Regulation.

that through the close cooperation with Cinnober and Irisium, APEX is able to provide a fair, transparent and regulated trading venue to all participants."

Veronica Augustsson, CEO of Cinnober Group, commented: "We are very proud to now be live with our real-time clearing solution and surveillance platform also in Singapore."

She added: "It's a pleasure and privilege to be part of APEX setting up of a new derivatives market, and being able to contribute with our real-time technology and joint expertise and know-how across Cinnober and Irisium within post-trade services and market surveillance."

NorthRow to verify international users for UK Open Banking

NorthRow has been chosen by the UK's Open Banking Implementation Entity (OBIE), to verify its users in the EU and the rest of the world. The move follows the implementation of verification processes for UK users.

The company will handle the identity proofing and verification processes for onboarding financial technology (fintech) firms and other financial organisations.

The new partnership will see NorthRow verify users throughout the EU and markets in Asia Pacific, including India, the Philippines, Australia and New Zealand.

Northrow's solution processes include online application forms, real-time identification (ID) verification, ID document capture and verification, as well as video interviews.

Under the initiative, retail financial services firms will make a standard set of application programming interfaces available to companies regulated by the Financial Conduct Authority.

According to Northrow, the initiative will open the way to new products and services that could help consumers and small to medium-sized businesses get a better deal. It will also give them a more detailed understanding of their accounts, and help them find new ways to make the most of their money, said Northrow.

OBIE was established by the UK Government's Competition and Markets Authority in September 2016, with a remit to increase competition, make the management of money easier, and enable personal and business banking customers to take control of their financial data.

Adrian Black, CEO of NorthRow, said: "We want to enable open banking to make timely, accurate and informed decisions about potential participants and onboard them quickly, so they can focus on expanding the initiative and ultimately give the end customer secure control of their finances."

He added: "We have delivered a customised solution, ahead of schedule, that will provide the OBIE with an automated and seamless process for the fintech onboarding journey."

Nigel Spencer, head of support services at the OBIE, commented: "We have built a good working partnership with Northrow; their flexibility and innovation in the provision of a bespoke solution that also includes video identity verification has been proven with the success of the platform for UK users."

Capitolis launches novation service in FX

Capitolis, the pioneering technology provider for the capital markets, has launched a novation service in foreign exchange (FX).

Market participants including Citi, HSBC, BlueCrest, and Brevan Howard have collaborated with Capitolis on this service, which is the first of its kind in FX.

Capitolis Novation automates the manual workflow in both FX prime broking and bilateral trading. This provides capital efficiencies for the FX market.

The service helps militate against costs and inefficiencies linked to the manual process of novation that banks currently employ to meet their regulatory capital requirements, as well as managing client credit capacity.

With this service, Capitolis automates the novation process for all market participants and FX instruments. The solution is currently, being tested and is expected to go live in the next few weeks.

Gil Mandelzis, CEO of Capitolis, commented: "Over the past few months we've been working with major market participants on developing an industry solution for novations. We are grateful to the strong support our solution has received from prime brokers, executing banks and leading buy-side firms."

Sanjay Madgavkar, global head of FX prime brokerage at Citi, said: “Capitolis is focused on innovative ideas, which will help prime brokers and their clients.”

Vincent Bonamy, head of global intermediary services at HSBC, added: “Our key focus as a leading FX house is to provide the best level of client service possible. This partnership opens a new way to increase the quality and efficiency of our offerings in terms of transparency and automation.”

Bevan Kaminer, COO at Brevan Howard, said: “We support the efforts of Capitolis in improving standards of practice in the FX novation market, notably in terms of the efficiency savings this can bring to buy-side firms, and look forward to our continued collaboration.”

Paul Lawrence, operations manager at BlueCrest, commented: “The Capitolis option novation solution is a positive step forward in terms of bringing a level of standardisation and efficiency to a traditionally operationally intensive process.”

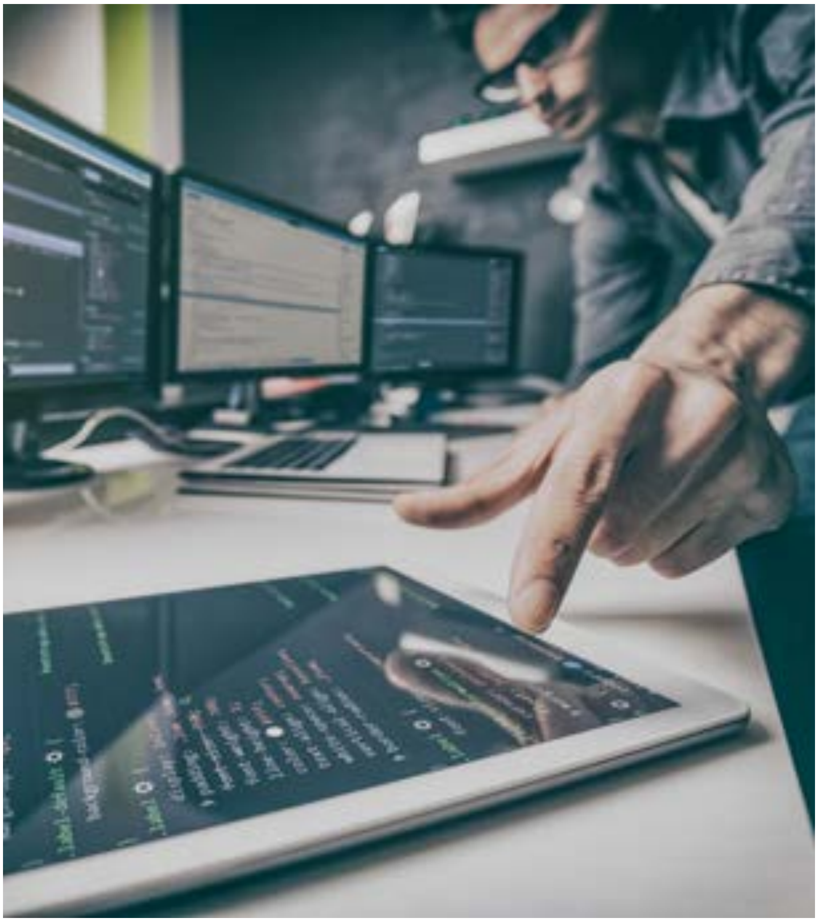
TORA teams up with Trax

TORA has partnered with Trax, the post-trade services and European market data division of MarketAxess, to help their mutual clients to meet the second Markets in Financial Instruments Directive (MiFID II) trade and transaction reporting requirements.

The new reporting requirements under MiFID II are designed to improve the pre- and post-trade transparency of execution prices and the actions of those parties involved in transactions.

Under the directive, investment managers need to send trade reports, including volumes, prices and instrument identifiers in near real time to an Approved Publication Arrangement (APA), while transaction reports, including timestamps, venue, asset type and trade size need to be sent to an Approved Reporting Mechanism (ARM) on T+1.

TORA’s order and executive management system (OEMS), combined with Trax’s



Northern Trust offers GIPS-compliant reporting to asset owners

Northern Trust has offered global investment performance standards (GIPS)-compliant reporting direct to asset owners.

This development by Northern Trust’s investment risk and analytic services (IRAS) group delivers reporting through an enhanced version of its proprietary composite management system (CMS). CMS is an online application, which enables clients to create and maintain composites, and clients can leverage reporting to help them achieve GIPS compliance.

Ian Castledine, global head of IRAS product management at Northern Trust, said: “Northern Trust has offered GIPS composite reporting to asset managers for a number of years, and whilst many asset owners require investment managers to comply with GIPS standards, it has not been commonplace for asset owners to apply the same principles.”

“Following the release of new guidance from GIPS in January, we expect to see the trend for asset owners to adopt GIPS standards gaining momentum across the industry.”

He added: “Institutional investors globally remain under pressure to deliver high levels of transparency in their reporting. By enhancing our CMS platform and making tools accessible to help our clients with their GIPS compliance processes, Northern Trust is at the forefront of offering solutions for our clients that meet these demands.”

regulatory reporting engine, provides clients a straight-through processing solution that enables clients to meet their trade and transaction reporting requirements of MiFID II.

Commenting on the partnership, Chris Jenkins, managing director of TORA, said: “To keep pace with the ever-changing regulatory landscape, buy-side firms need trading technology that can be easily integrated with other solutions”.

He added:. “We’re excited to add Trax to our expanding MiFID II ARM and APA partner ecosystem and be able to offer our clients a simplified trading and reporting workflow.”

Nick Moss, head of product management, Trax Post-Trade, commented: “The trade and transaction reporting obligations of MiFID II have brought increased operational complexity to a wide range of participants. Trax is committed to working with OEMS providers, such as TORA, to help reporting firms streamline their processes and ultimately reduce risks.”

Paragon invests in new customer-focused solutions

Paragon Customer Communications has made a multi-million-pound investment to grow its range of customer-focused solutions for the financial services sector.

The firm is to expand into European financial centres including Luxembourg and Dublin, to support new and existing customers to develop targeted inbound and outbound communication strategies.

At a recent forum, where the expansion was announced, invited guests were shown the advancements made by Paragon in the fields of data and technology to drive client experience and engagement.

According to Paragon, the advancements have been developed to meet the evolving needs of financial sector firm in an ever-changing market landscape.

Presentations at the forum included details about investments in technologies, including artificial intelligence and automation, that are supporting the firm’s new Inbound Digital Mailroom solution.

The Inbound Digital Mailroom is a fully digital service.

Jeremy Walters, CEO of Paragon said: “Financial services is an important sector for Paragon Customer Communications, having worked together with companies in the industry for many years. From talking to our customers, our research has identified that digital transformation and speed to market, all underpinned by the latest compliance and regulation requirements, are pivotal to their communications strategies.”

He added: “With a presence in over 15 countries, we continue to identify and develop opportunities to further expand our capabilities in our core markets, which include the UK and Europe.”

Fixed income sees a sea of red so far this year

It has been a tough start to 2018 for bond investors, with government and corporate bonds across the globe delivering capital losses, according to Matthew Toms, investment associate at Heartwood Investment Management.

The latest insights from Heartwood indicates that the US has led the way, with the short-medium section of the US yield curving the most.

Fears of rising inflation and the prospect of interest rate increases beyond those previously forecast seem to be the main drivers.

According to Toms, this yield curve move has infected corporate bonds and emerging bonds, culminating in negative returns for both asset classes.

Meanwhile, credit spreads have barely moved this year, indicating investors remain optimistic about default risk.

For three reasons, Toms attests that Heartwood will not be inclined to increase bond exposure in order to take advantage of higher yields.

Firstly, inflation is expected to pick up, potentially pushing yields higher still and delivering further capital losses.

Additionally, valuations still look unattractive in most areas of fixed income, according to Toms.

Finally, whilst US treasury, corporate and EM dollar-denominated bonds are yielding more than they were at the start of the year, the cost of hedging US dollar/sterling has rocketed this year, thereby reducing potential returns to sterling investors, Toms said.

Toms continued: "We normally look to hedge our overseas bond holdings because otherwise currency movements tend to swamp the underlying bond return."

Pleasingly, however, Toms says there is a tiny splash of green in an otherwise sea of red, as European ABS positions have small positive returns so far in 2018.

Triple Point launches Impact EIS

Triple Point, investment solutions provider for private and institutional investors, has launched its EIS impact service.

Impact EIS's strategy is to target investments in commercially successful companies that earn a market return for investors whilst making a positive social impact. This offers financial advisors an opportunity to use their traditional analytical skills to assess the opportunity as well as build long-term relationships with their clients.

Initially, Triple Point Impact EIS will raise £10 million and offer investors a portfolio of between eight and 12 fast-growing companies across four key sectors: environment, health, inequality, children, and young people.

Funds raised will provide scale-up capital for revenue-generating companies, which have the potential to achieve five to 10 times the amount in returns.

The capital should be deployed over 12 to 18 months and the target is to exit investors four to seven years after allotment. The offer is available all year round, for a minimum investment of £25,000.

Triple Point seeks to align its interests with its investors and maximise returns by limiting the costs for investee companies and by not charging arrangement fees.

Belinda Thomas, head of sales and investor relations at Triple Point, commented: "We are delighted to launch the Triple Point Impact EIS, which looks to back companies that maximise financial returns while also having a positive impact on society."

"The Impact EIS is the fruition of several years of development and is a response to growing demand from investors for principled investment products."

She added: "Its Impact Investment strategy reflects and capitalises on the macro forces shaping global growth, with the opportunity for superior long-term returns. And for advisers, it allows them to fully utilise their core financial analysis skills while also developing wider relationships with their clients."

Bitcoin cash and EOS added to deVere Crypto

DeVere has added bitcoin cash and EOS to its cryptocurrency exchange app, as a new global survey reveals that 35 percent of investors will have exposure to cryptocurrencies by the end of the year.

Users of deVere Crypto, can now also buy, sell, store, and exchange bitcoin cash and EOS, alongside bitcoin, ethereum, litecoin, ripple, dash, monero and stellar lumens.

The news comes as deVere release the findings of a new international poll in which it is revealed 35 percent of high net worth individuals are now already invested in or will make investments in cryptocurrencies before the end of 2018.

More than 600 respondents took part in the survey—all of them are deVere clients who currently reside in the US, the UK, Australia, the UAE, Qatar, Switzerland, Hong Kong, Spain, France, Germany and South Africa.

Nigel Green, founder and CEO of deVere Group, commented: "The addition of bitcoin cash and EOS to the deVere Crypto app is part of our ongoing commitment to clients."

He added: "The survey's findings demonstrate that high net worth individuals are increasingly unable to ignore the huge potential of cryptocurrencies."

"There's now surging public awareness of the value, need and demand for digital, global currencies in a digitalised, globalised world."

"I expect that a broader awareness and understanding of the crypto sector will grow exponentially in the next year as the technology that underpins it further improves, as major corporations and financial institutions embrace it, and as regulation is further developed."

Speaking earlier this year, Green said: "All the digital coins on deVere Crypto have different characteristics, strengths and values."

"As such these additions help to achieve portfolio diversification within this specific asset class and their individual traits make them useful in different ways for investors."

He concluded: "I believe that there is no longer any doubt that cryptocurrencies in some form are the future of money. And, seemingly, this is a view increasingly shared by wealthy investors the world over."

Streamlining the collateral management process

Jenny Nilsson of triResolve reflects on how market participants have evolved to meet their regulatory obligations and how operational excellence is quick and easy to achieve with triResolve Margin

Since the introduction of the uncleared margin rules in September 2016, collateral management has been thrust into the regulatory spotlight and become a hot topic for firms with over-the-counter (OTC) derivatives portfolios.

While regulation has certainly changed the way firms view and manage their collateral management obligations, challenges persist. Deadlines, while essential to achieve change, often cause firms to make hasty decisions in a bid to become quickly compliant. As is often the case, for many market participants no (or limited) extra resources were provided to help them meet their uncleared margin obligations. As a result, many firms overlooked the opportunity that the regulation presented to review their existing processes and consider the use of new technologies to optimise their margin workflows. Fast-forward 18 months, and those that did opt to overhaul their traditional margin processes are reaping many operational benefits and experiencing new levels of automation. With no pressure of an impending deadline, those stuck using manual, fragmented processes should take the time to reevaluate their approach and ensure their collateral management workflows are both cost and operationally efficient.

A typically manual and fragmented process

No matter how operationally efficient the market participant, inefficiency persists in a fragmented process. Collateral management by default comprises many different parts, which traditionally relied on multiple tools ranging from excel spreadsheets to email to installed software.

The calculation and issuance of margin calls alone is dependent on the collation of data from multiple sources and communication via email, and in some cases even fax. Tedious and insecure, this approach typically requires users to send each margin call individually. Calls may be slow to calculate, slow to send and require many manual touch points; vastly increasing the risk of user error.

Although upfront costs are minimal, it's highly probable that firms may experience incomplete margin calls and failed payments, plus the increased operational costs required to rectify errors and unsecured exposures.

There are then interdependencies to consider. Operationally efficient firms remain dependent on the efficiency and timeliness of their counterparty. Margin call response times vary, and even the best relationships incur delays and require frequent chasing. Even if outgoing margin calls are issued first thing in the morning, receiving incoming calls, or replies to your own calls, may take place over the course of the entire day—and often only after manual follow-ups. To meet their obligations, a user is somewhat beholden to checking their email throughout the day. This is one of the core problems with a manual margin call process. Delays to an outgoing margin call, or receipt of a late incoming call can have knock-on impacts on collateral funding decisions, adding further unwanted complexity and costs.

These are just a few of the many issues that firms with manual processes will be facing. Too much time is spent on the operational process and not enough focus is given to higher priority tasks demanded by regulators, such as timely dispute resolution.

Bringing down the communication barrier

The first step in streamlining margin workflows came with the launch of MarginSphere, an electronic margin messaging service created by AcadiaSoft. The service introduced new levels of efficiency for margin communications.

Developed with the support of major firms, MarginSphere allows users to replace their traditional email message exchange with a real-time margin message. This provides not only time savings, but a more secure message transfer and improved transparency in the margin call lifecycle.

Reinventing the collateral management process

Electronic messaging on its own cannot completely streamline the margin process. For firms to achieve real transformative change they need to adopt a solution that considers the entire margin workflow; including margin call calculation and validation, messaging with counterparties, call issuance/reply, booking of collateral, pledge acceptance and settlement instruction.

triResolve Margin, an extension of triResolve Portfolio Reconciliation, is best placed to provide the market with the operational efficiency it so desperately needs. triResolve Portfolio Reconciliation has over 2,100 groups working together to regularly reconcile 85 percent of all collateralised OTC derivatives and corresponding collateral balances. If a market participant needs to verify the trade information underlying a margin call and resolve disputes, they use triResolve.

By leveraging triResolve Portfolio Reconciliation, triResolve Margin is unique in its ability to automate the collateral management process. Firms simply select their auto-rules, and triResolve Margin provides the required level of straight-through processing (STP), highlighting any exceptions. By removing manual processes, collateral managers can focus on reducing counterparty credit risk and gain more accurate collateralisation—delivering peace of mind that their firm is protected from counterparty defaults.

Controlled automation

Although automation is this year's buzz word, technology should not force firms to choose between manual or automated processes. Instead, clients should be given the flexibility to choose a workflow which helps them confidently fulfil their regulatory and operational objectives.

Some firms see value in continuing to perform manual tasks, but the right technology should enable them to eliminate cumbersome repetitive tasks which are better suited to automation. In the instance of collateral management, automation can help firms to move away from manual processing and focus their efforts on higher value activities that help reduce risk.

triResolve Margin can fully automate the collateral process, without requiring a complex retro-fit to suit a firm's existing processes. Users simply select from a suite of predetermined auto-rules and automate the areas that best suit them in seconds. There is the option to implement a completely automated end-to-end workflow, or to configure each collateral agreement differently. Thus, allowing the client to select the exact level of automation with which they are comfortable.

A collaborative approach

At triResolve Margin, we recognise that for some clients, complete automation of the margin call workflow can be daunting. To deliver peace of mind, we typically onboard clients by mirroring their traditional setup and when they are comfortable with the system, we work with them to introduce automation.

We often review the margin activity of our clients versus their dealer counterparts over a period of several weeks. In doing so, we can identify trends and implement the most effective workflow solutions to suit all parties. Client managers with vast industry experience advise on the implementation of auto-rules, including:

- Auto-send outgoing margin call
- Auto-agree incoming margin call
- Auto-dispute incoming margin call
- Auto-pledge collateral for incoming margin call
- Auto-accept proposed collateral from counterparty

triResolve Margin can deliver complete STP, or facilitate a hybrid approach whereby some workflow steps such as the margin call agreement remain in the hands of the user. Regardless of the approach, triResolve Margin consistently highlights the exceptions and provides the analytics and dispute resolution tools required to quickly resolve discrepancies.

This collaborative method allows firms to move towards an automated process in a phased approach, and allows triResolve Margin to evolve with clients circumstances to deliver continued benefit.

We are not simply a software, and users have the support of dedicated client managers 24/7.

In the spotlight: Efficiency by numbers

triResolve Margin has over 110 clients globally, including 40-plus buy-side firms. Using auto-rules, a large asset manager recently achieved the following results in their first two weeks:

- 83 percent of margin calls being sent automatically
- 71 percent of collateral proposed by their counterparty was automatically verified and accepted
- It took under 60 seconds to complete outgoing margin calls (including delivery of margin call, agreement and collateral pledge by counterparty, and final acceptance/verification of proposed collateral)
- 73 percent of margin activity was automated across outgoing/incoming calls The asset manager is expected to soon fully utilise triResolve Margin's auto-rules, enabling them to automatically issue all margin calls before 7am.

Case study: Major asset manager

Discover why a major asset manager adopted triResolve Margin to streamline their collateral process.

Client type: Major international asset manager with assets in excess of $350 billion

Existing collateral support: In-house spreadsheet based solution for calculation of margin. Emails for exchange of margin calls and triResolve for dispute resolution

Collateral profile: In-scope for variation margin (VM) requirements. Trading OTC derivatives in all major markets across several hundred funds, with several thousand collateral agreements

Problem: The company's internal tools provided limited collateral management capability

This created daily challenges to manage data feeds from multiple trade and market systems, and data quality issues were frequent

The process was time consuming and required a high-level of user input and diligence.

As a result, the organisation had an overreliance on counterparty calculated margin amounts and reporting, and felt they were not fulfilling their own risk management objectives. They needed to update their processes. However, faced with a significant increase in collateral agreements due to the un-cleared margin rules, any new solution needed to be fast to implement, scalable and facilitate STP.

Solution: Following an request for proposal process, triResolve Margin was selected as the solution that best suited their needs. Not only was it deemed to meet all functional requirements, it fitted with the company strategy of adopting web-based solutions.

Key stakeholders identified a number of key advantages in triResolve Margin. The main drivers included its ability to proactively support the uncleared margin rules, rather than being a retro-fitted product, and unlike other offerings, it provided a seamless way to manage margin call disputes. It also offered out of the box access to AcadiaSoft's MarginSphere messaging service, which in turn would enable automated connectivity to their broker counterparties.

Due to the large volume of collateral agreements, onboarding was phased by a combination of fund and broker. The first phase, in excess of 600 collateral agreements, was live within two weeks. The entire onboarding process was managed by the triResolve service management team who took responsibility for the key tasks of collateral agreement set-up and counterparty connectivity and approval in MarginSphere. Subsequent phases delivered automated margin connectivity for all funds and corresponding dealers, which equated to several thousand collateral agreements. In a matter of weeks, they were able to decommission their old manual processes and achieve unprecedented levels of STP.

Bringing it all together

For many firms, the uncleared margin regulation has been a positive driver for operational change. Those that are trying to tailor legacy processes to meet their regulatory obligations are missing a huge opportunity to streamline their collateral management workflow.

With triResolve and triResolve Margin, firms can focus their attention managing counterparty credit risk and ensure regulatory compliance by automating the process and highlighting the exceptions in one place, on one platform.

We know the regulations, we understand the risks and we know how to manage them—quickly, simply and efficiently.

Jenny Nilsson
Head of product marketing
triResolve


Think Malta,
think BOV
Fund Services

Brexit: the elephant in the room

Hot topics at the AFME conference included technology, Brexit impact on investors and custodians, and the regulatory landscape in a post-Brexit world

Maddie Saghir reports

Delegates gathered at this year's Association for Financial Markets in Europe (AFME) London conference. During the event, panellists discussed topics including the impact of Brexit on investors and custodians and the regulatory landscape in a post-Brexit world. Discussions in the afternoon drew upon gamechangers in the post-trade market, as well as ways for post-trade services to transform and evolve whilst looking to the future.

Opening the conference, the chair warned that Brexit would affect all members in some way, and highlighted the degree of uncertainty that surrounds Brexit. The chair advised firms to make early planning assumptions, and asked delegates whether or not they thought it would be a hard or a soft Brexit.

As well as this, the chair speculated how the industry would manage to renegotiate contract memberships in a condensed period at the same time everyone else is trying to do something similar but with a slightly different flavour. "We plan for the worst and hope for the best", the chair remarked.

In one panel session, panellists discussed the affects of Brexit on investors and custodians. They discussed Brexit best- and worst-case scenarios for the buy-side and for custodians, how the effects of fragmentation caused by Brexit could be mitigated, and the extent to which European markets may lose ground to Asian and American markets.

One panellist said: "The problem is that so little is known about the transition. At the moment custodians are effectively dealing with client needs, it has been, in a way, relatively easy."

In terms of Brexit as a priority, one panellist indicated that it wasn't on top of their list. They said: "We struggle with whether we should put Brexit on the agenda and we really haven't as we have other priorities, there just isn't the meat to sink your teeth into in Brexit really. The key thing is that we have close communication with our clients."

Another panellist said: "We had to consider a worse case scenario—loss of the ability to sell UCITS funds. The merger happened, and for a number of reasons we built up an existing base in Luxembourg. And in Ireland, where we had a presence already, we decided to make that second Markets in Financial Instruments Directive (MiFID II) entity. Those steps started to be put into place quite early on, and doing anything like that is quite a big undertaking."

The panellist added: "If you were a purely domestic player then you might have made different decisions. It really depends on your business, what your size is and how long it is going to take."

"We don't know what the in-landscape is going to look like and there are lots of other things to consider."

Closing the panel on a positive note, the moderator asked panellists to name one opportunity that the Brexit process may bring to them.

For one panellist, an increase in their UK office's staff numbers was seen as an opportunity.

Meanwhile, another suggested that there is opportunity to establish presences in different jurisdictions. They added that the "UK will have its own regime and so an aspect of making it attractive and safe for investors, might be a point that has a higher standard in future".

In the following panel, speakers discussed themes regarding the current regulatory landscape, CMU and European post-trade (EPT) in a post-Brexit EU. They were asked what has changed in their priorities, and what their perspective on the situation is.

Taking a positive approach, one panellist said: "Today we are in a much better place than we were seven or eight years ago. We have structure, a level playing field, and we have a tool to work on the connectivity. The situation is much better than we think."

Taking a slightly less optimistic approach, another speaker said: "I think we have made a bit of progress but the problem is Brexit. What impact is Brexit going to have in the future? Tensions can already be seen within the regulatory community. There are a lot of unknowns at this stage."

One speaker advised: "We need to be innovative in order to keep up with this race. We are still waiting for the Google of financial services. The first impact will be the transparency, and moving in the direction of further consolidation, we are trying to work on our range of services so that we are attractive and ready."

Meanwhile, in the afternoon, some 52 percent of the audience at the conference said that technology is the main gamechanger in the industry. A further 42 percent thought that the main gamechanger is actually regulation, while 6 percent surmised that politics and monetary issues are the main game changers.

One panellist said: "Sometimes international politics is as good as a Netflix drama. In Brexit discussions, it seems that we take two steps forward then quite a few back. International politics is something overshadowing everything that we do."

Another panellist commented: "Global markets have been decoupled from global turmoil, so this is certainly challenging a time for us [the industry]. Close to the 10th anniversary of the worst financial crisis since the Great Depression, the financial landscape have been changed through policy regulation. Nationalism gives rise to protectionism. It would be a disaster for us all to go in the wrong direction."

The shift of focus turned to technology, with one speaker pointing out that the industry spent about $1 billion on implementing Target2-Securities (T2S). T2S was put into place in January 2017, when it was virtually live.

In a separate poll, the moderator asked the audience when they predicted the industry would see the first scale blockchain application in the post-trade area: 2020, 2025, or 2030.

Some 59 percent said 2025, while 29 percent said 2030, a further 13 percent said 2020.

Commenting on this, one speaker said: "The timeline keeps getting longer. These ideas that we might have as an industry make sense to us, one system and one platform. But, it has never happened, because the industry could not come together."

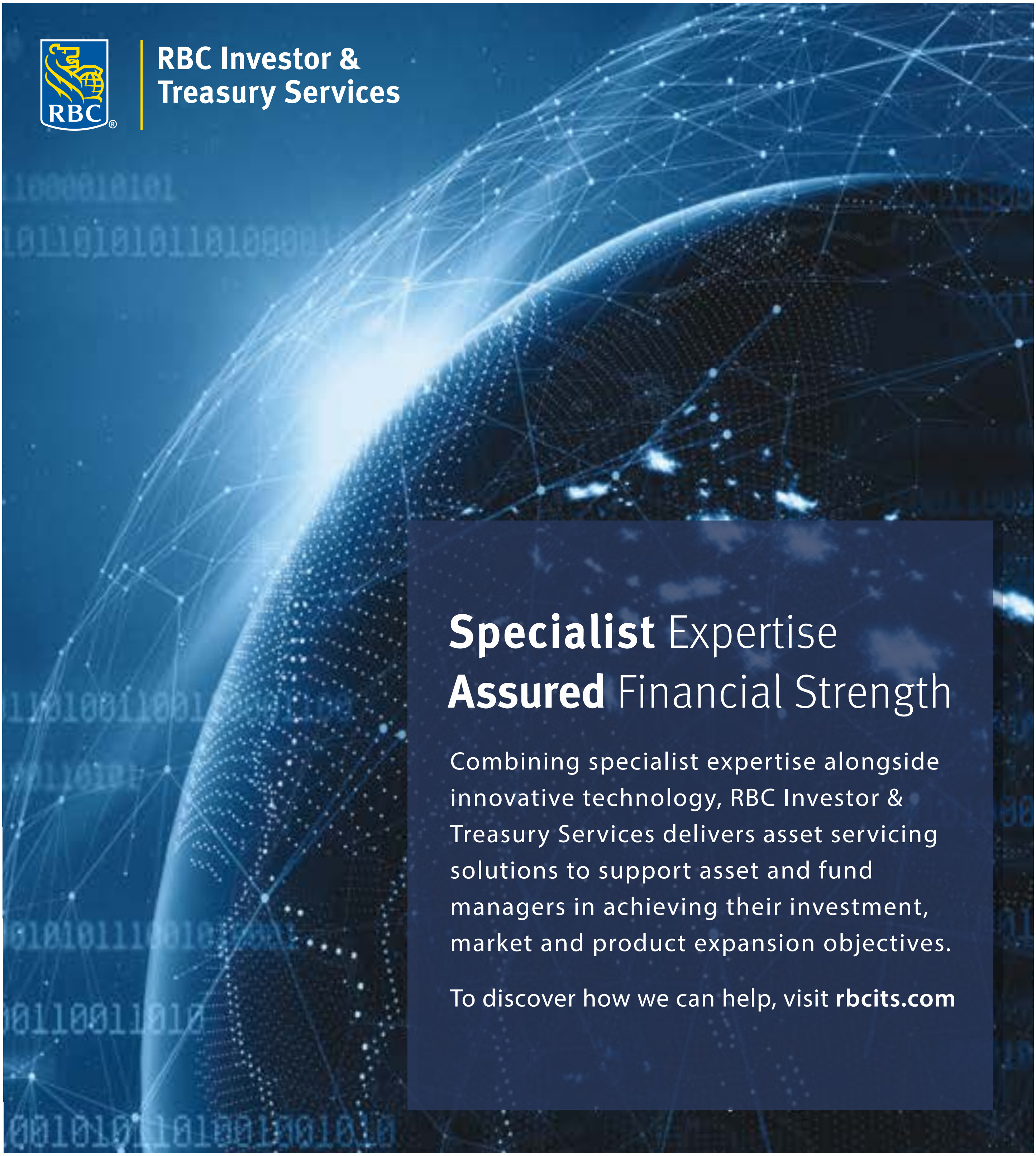
Another speaker said: "Maybe it is 2030 rather than 2025 because to make this work you need global corporation, global standards, and you need to put a lot of money into it."

The panel moved back to discussing politics, saying that in regards to Brexit, the industry could be about to enter into either a wild thunderstorm or a period where the clouds will clear.

"There is not a lot of information on any one of those areas to guide us. The regulators are setting the rulebook, they need to make sure that ground is in good shape, we have to confer with the team's market participants to complete their needs. We need complete optimal conditions to meet their ground but we can't control the weather."

To conclude the conference, the chair reverted the known knowns and known unknowns in his closing remarks. Brexit, obviously, is a known unknown, whereas the EPTF report is the known known, the chair said. Understandably, sizeable efforts and resources are allocated to Brexit, the elephant in the room, the chair continued.

He added: "Yet, I would argue that adequate resources should be devoted to increase the efficiency and safety in a cross-race space through harmonisation and standardisation for two reasons: First, to reduce the still existing fragmentation in European capital market irrespective of Brexit. And second, I am convinced that this will facilitate and improve business cases for fintech solutions." AST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A diversified role

Declan Quilligan of Citco discusses the current state of the hedge fund industry in Europe and how the role of the hedge fund manager has evolved

What does your role as EU head of hedge funds entail?

Our global strategy is to remain a pre-eminent asset service globally and my role is to ensure that we continue to achieve that goal for our European hedge fund offering.

A significant part of my role is making sure that we anticipate the changing needs of our client base so as to ensure that our offering evolves to satisfy not just current needs but also future needs of our client base.

My role involves staying ahead of industry developments to enable us to develop innovative solutions to bring to the marketplace to better assist our clients. Ultimately, we are looking to grow our business and remain profitable.

Our goal is to remain nimble in adapting to what we all appreciate is an ever-changing environment with constant regulatory change and developments in technology. Our client and investor needs are at the forefront of our thinking.

Last year was an 'exceptional year' for the European investment fund industry, according to the European Fund and Asset Management Association, as its Q4 2017 results showed. What factors do you think made it an exceptional year?

Our experience of the hedge fund industry last year was that there were net capital outflows quarter upon quarter. However, the performance across the board more than compensated for this outflow.

Towards the end of last year, outflows were stemmed and 2018 commenced with positive inflows.

It does appear that a corner has been turned in terms of new startup activity and that could be down to a combination of factors, the performance of the overall European economy, and the fact that some of the more significant and far-reaching regulation, such as Alternative Investment Fund Managers Directive (AIFMD) is now maturing and managers are concentrating on new strategies and new products.

Of the largest UCITS domiciles in 2017, Ireland recorded the largest net asset increase at 15.9 percent. Why is Ireland such a strong market, in particular?

Ireland is performing strongly for a number of reasons. The fund industry is a mature and stable proposition with the Irish Financial Services Centre (IFSC) now over 20 years in existence and with most top-tier service providers in fund administration, auditing and the legal profession situated in Ireland. Being English speaking is an attractive proposition for UK and US managers especially.

The industry works well with policymakers in terms of new products, and bringing new products to the table, an example being the Irish Collective Asset-Management Vehicle (ICAV) structure, which is proving to be very successful. Looking over the last number of years, certainly Ireland would be seen as a business-friendly jurisdiction.

The other major plus is the pool of talent. In Ireland each year, there's a significant pool of highly educated graduate talent coming through into the workplace. Ireland, demographically compared to other countries, has a significantly younger population and as such is attractive from an employer standpoint.

AIFMD is an EU directive that places hedge funds, private equity and other alternative investment firms into a regulated framework. How has it affected the work you do since its first implementation back in 2011?

AIFMD certainly is double-edged. In Europe, we already had the UCITS framework in place, but the UCITS regime is primarily targeted at providing protection to a retail investor base. Then you look at AIFMD, which is targeted at the alternative space and professional investors. An objective of AIFMD was to provide greater protection to these investors, even though these investors are institutional in nature.

A requirement for depositary services was also introduced via AIFMD, which again was a feature of the UCITS regime. Introducing that requirement for hedge funds with a non-retail investor base was viewed as unnecessary by a proportion of institutional investors.

After many years and significant efforts by the industry to promote independent valuation, AIFMD references the responsibility of the manager in valuation, which again raised eyebrows even with the introduction of a provision for an external valuer, a role which Citco is happy to take on.

What kind of effect could Brexit have on EU fund services when the UK leaves the EU in March 2019?

Brexit is the real elephant in the room, and there is still so much uncertainty. One has to assume that financial services will be part of any transitional arrangement that is finalised. A transitional arrangement will provide the industry with some breathing space to gain the clarity that is necessary because investors will want little to change, they will want to be able to access UK managers that they access today and similarly the UK managers will want to access the investor base they have always accessed.

There is then the whole concept of 'equivalence' which if a positive determination is reached, will allow UK managers to continue to provide services into the EU on condition that the rules in place in the UK have been deemed equivalent to those of the EU.

If an agreement on equivalence is reached, my hope is that the ability to distribute will continue in much the same way as distribution takes place today. The AIFMD non-EU passport has been up for much discussion in the last couple of years, but there is still significant uncertainty as regards to when that's going to come into being.

With lack of clarity around substance in setting up an operation outside of the UK, there are opportunities for regulatory arbitrage to happen which is not in anyone's best interest. Some clients are looking at Ireland and Luxembourg to set up operation, but the industry as a whole is waiting for greater clarity before anything happens en masse.

What challenges do you see for fund services and asset servicing in 2018?

As the industry has recovered post-financial crisis, the hedge fund manager has evolved into a more diversified manager. Nowadays, the manager manages more products, more strategies and has maybe extended into private equity, real estate and long-only strategies. Servicing these managers and adding most value along the way necessitates reporting on a consolidated basis across product and strategy.

The challenge for administrators is to become true multi-asset servicers, and certainly, Citco with its state of the art portal, Citco One and its ability to provide data analytics and dashboard reporting by product, sector and strategy is meeting that challenge head-on. Also, the challenge is to provide a true global 24/5 model and global organisations like Citco with a presence in North America, Europe and Asia are at an advantage.

All stakeholders in the industry are looking at their cost base and that presents both challenges and opportunities. Cost of compliance for all stakeholders has increased significantly on the one hand and on the other hand, there is much more focus on total expense ratios. Citco works with clients to help understand the nature of their costs and provide tailored outsourcing solutions to reduce costs.

Leveraging our global service delivery model to meet service level agreements agreed with our clients effectively is an important component of our solution.

Declan Quilligan
European head of hedge funds
Citco

A new era

China is an ancient country with relatively young financial institutions. But with its regulation lagging behind its innovation, what is China's asset servicing outlook?

Jenna Lomax reports

Though China and US are in an ongoing, fluctuating spat surrounding trade deals which currently dominates headlines, away from the news anchor's reach is the good progress they are making, creating innovative financial technology, though the government's David and Goliath combat with financial crime slightly marrs this.

In the 1970s, China experienced an increase of urban workers into higher-paying jobs in cities. Eventually the Shanghai stock exchange was reopened in December 1990, which in turn led to China's accession to the World Trade Organisation.

Skip forward to 2018, and the current Chinese president, Xi Jinping is attempting to improve the country's economic prospects with an on-going five-year anti-corruption campaign.

Corruption is viewed as a serious issue in China. According to the Ministry of Public Security, Chinese police recovered RMB 35.6 billion ($5.4 billion) and closed 168,000 financial crime cases in 2016.

In 2017, The Chinese Securities Regulatory Commission announced administrative penalties of RMB 7.57 billion ($1.2 billion). So no surprise then that last November, the Chinese government launched a new 'super regulator', headed by vice-premier Ma Kai.

The agency will reportedly assist the government with regulation and initiate policies on China's financial security.

China still faces issues with its financial regulation and, under Jinping's guidance, seems to be slowly finding its own ways of responsibly improving regulation, whilst it also tries to increase liquidity in its bond markets and mitigate risk for economic stability.

As Michael Wu, Greater China country executive for Northern Trust, says: "We have seen a rise in the adoption of middle office outsourcing among newly established private fund management companies as they look for ways to achieve cost efficiencies and speed to market."

He adds: "This has led to an increased number of local securities companies becoming active in this space with a unique offering by bundling middle office with trade execution solutions."

A new dawn, a new day

While China grapples with innovation regulation, the light hasn't dimmed on recent progression in China's asset servicing sphere. In July 2017, UBS Asset Management was granted a private fund management license from the Asset Management Association of China. The license allowed UBS's wholly foreign-owned enterprise, UBS Asset Management (Shanghai), to offer onshore fixed-income, equity, and multi-asset private funds to investors in China.

UBS Asset Management is the first qualified domestic limited partner licence holder to receive a private fund management licence in the country.

And, just last October, Clearstream partnered with Citi in an effort to increase Chinese bond trades—it offered international market participants access to China's fixed-income market via its cross-border trading programme, Bond Connect.

Bond Connect is a mutual access scheme that allows institutional investors from mainland China and overseas to trade in each other's bond markets, through a connection between China and Hong Kong's financial hubs.

The first phase of the scheme, allowing for northbound trading, went live on 3 July 2017, after Citi announced it had been selected as an official Bond Connect trading dealer by the People's Bank of China.

Starting from 20 November 2017, Bond Connect extended the China Interbank Bond Market (CIBM) to Clearstream clients throughout the rest of the world, via Hong Kong.

Philip Brown, co-CEO of Clearstream Banking, said: "China Bond Connect represents a major breakthrough in the opening of the Chinese capital markets, contributing to the growing international recognition of the important global role that the CIBM has assumed over the past years."

Elsewhere, encompass, the know-your-customer automation provider, partnered with The Wanda Credit Service, a subsidiary of Wanda Group in May.

In light of the aforementioned increase in enforcement of financial crime laws, encompass enables firms to verify consumer and business information based on Wanda's registry, company and consumer data through the encompass platform.

Paul Charmatz, managing director at encompass, said: "By integrating Wanda's high-quality verification services on Chinese entities and individuals into our platform, we have significantly eased the regulatory burden for our customers."

A new (artificial) life

One of China's strengths is its recent advancements in financial technology.

Finastra, for one, has given several Asia Pacific (APAC) financial technology firms access to its FusionFabric.cloud platform, including InfoTrie, HedgeSPA and Paretix.

FusionFabric.cloud, underpinned by Microsoft Azure, enables third parties to develop and deploy apps.

The University College London is also allowing overseas students, visiting London from China, to develop apps on the FusionFabric. cloud platform in Mandarin.

Chinese innovation in financial services poses an opportunity for the wider fund management industry, according to Porter Erisman, former vice president at Chinese ecommerce platform, Alibaba Group.

Through development of mobile payments capabilities, fintech is now "part of the daily fabric of people's lives" in China, he says.

Going forward, Erisman suggested that "data is going to drive the revolution", because in China, there is a lot of data available on the cloud, without the same sensitivity around data protection seen in other parts of the world.

Erisman added: "More than anything, it's a way for you all to tap into the hungry Chinese investors."

As Wu reiterates: "China is home to some of the world's largest fintech companies and is a leading force in areas such as mobile payment."

"The phenomenal growth is fueled by an open regulatory environment where regulation typically lags innovation."

"This may change as regulators start to take a tough stand in areas such as online lending in order to prevent financial systemic risk."

Of exchange traded funds (ETF), Wu said: "Investor acceptance will continue to grow for ETFs in China. With the proposed ETF Connect, it may provide another pivotal point for growth as the product provides an effective way to invest in a broader market."

China's future

You'd be naive to think that, like the rest of the world, China hasn't taken advantage of the leading cryptocurrency, bitcoin. But last year, in a sudden move the government banned it.

At the turn of last year, China accounted for nearly 90 percent of trading in bitcoin. China's central bank ordered an immediate ban on initial coin offerings, the unregulated alternative to initial public offerings for tech forward start-ups.

And shortly after that, Chinese cryptocurrency exchanges were ordered to stop trading, which Japan and South Korea took advantage of. However, there are now rumours that the ban might be reversed leaving China's cryptocurrency policy unclear.

But as Wu predicts: "As the level of sophistication increases among investors, focuses are likely to shift to advanced analytics solutions, data transparency and digitalisation, which will be largely driven by technological innovation", and it would seem cryptocurrencies are the biggest part of that innovation evolution. AST

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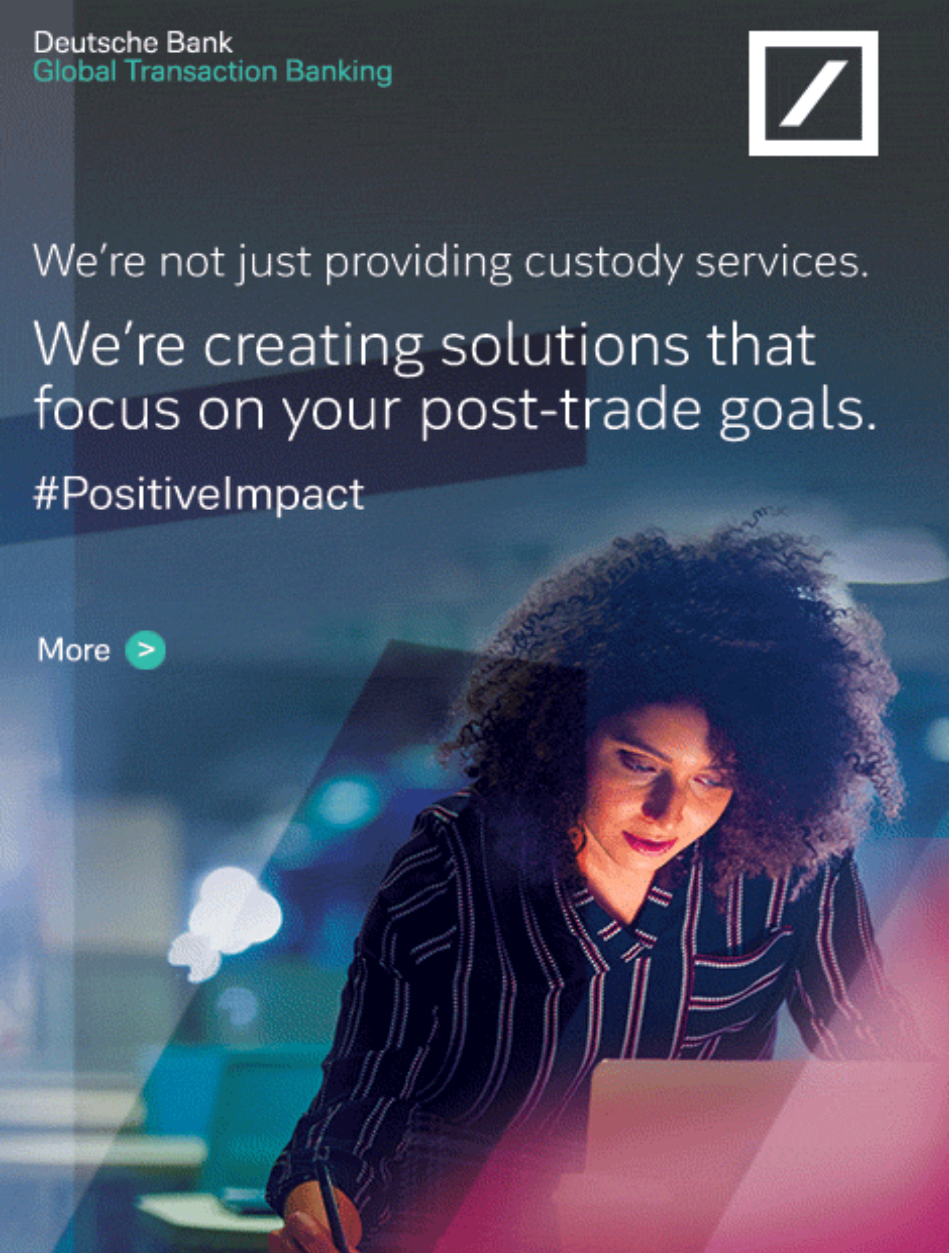
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Comings and goings at BNP Paribas, DTCC, Wolters Kluwer and more

BNP Paribas Securities Services has appointed Stanislas Beneteau to the newly-created position of regional head of the financial intermediaries and corporates client line (FI&C) for the UK, the Middle East and South Africa.

In this role, Beneteau will be responsible for the go-to-market strategy, financials and client solutions for all FI&C clients in the UK and Middle East and South Asia region. This includes the development and management of products such as global custody, local custody and clearing, broker dealer outsourcing and collateral valuation services. Beneteau will report locally to Patrick Hayes, regional head of the UK, the Middle East and South Africa, and functionally to Bruno Campenon, global head of the FI&C client line.

Beneteau joins BNP Paribas Securities Services from Deutsche Bank where he worked for eight years, most recently holding the position of global head of sales of Investor Services.

Prior to this, Beneteau spent nine years at J.P. Morgan.

The Depository Trust & Clearing Corporation (DTCC) has elected two new members to its board of directors.

The new directors are Claudine Gallagher, Americas regional head for the securities services business of BNP Paribas, and Joseph Molluso, executive vice president and chief financial officer of Virtu Financial.

Serving at BNP Paribas, Gallagher is responsible for the strategic development of the region, and its client and product development.

Gallagher serves on senior committees throughout BNP Paribas, including the executive committees of the BNP Paribas Americas territory and of BNP Paribas Securities Services.

At Virtu Financial, Molluso overall responsibilities include strategic planning, operational responsibilities and day-to-day management. Prior to joining Virtu, Molluso spent nearly 20 years in the financial services industry.

The DTCC board of directors is currently comprised of 20 directors.

Robert Druskin, non-executive chairman of DTCC's board, said: "We are pleased to welcome Claudine Gallagher and Joseph Molluso to the DTCC board of directors."

He added: "They bring decades of valuable experience and leadership to the board as well as unique perspectives on the challenges facing the industry today and how DTCC can continue to broaden its capabilities to support our clients. We look forward to working with them in the coming years."

Wolters Kluwer has hired Claudio Salinardi to lead its global finance, risk and reporting business as executive vice president and general manager.

Salinardi has replaced Clive Pedder, who has stepped down from the position in order to pursue outside career and personal interests. Pedder worked with Wolters Kluwer for more than four years.

Most recently, Salinardi was global head of strategic alliances at ICE Data Services. In this role, Salinardi was responsible for managing the firm's relationships with its largest and most influential partners.

Prior to ICE, Salinardi spent more than 10 years with Thomson Reuters in senior roles, which lead to its fixed-income business globally. He has also held positions at J.P. Morgan and ABN AMRO among other financial institutions.

Based in London, Salinardi will be responsible for the global operations of the finance, risk and reporting business in Europe, the Middle East and Africa, Asia Pacific and the Americas.He will report directly to Richard Flynn, the New York-based CEO, and will be tasked with helping financial institutions address their integrated regulatory compliance and reporting challenges.

Flynn said: "Claudio Salinardi joins us at a particularly interesting time for the finance, risk and reporting business. More than ever global regulators are demanding greater integration across business processes at banks and faster reactions to changing regulation. This business has developed cutting-edge technology to allow clients to adopt agile and innovative approaches to managing their ever important finance, risk and reporting obligations."

He added: "I very much look forward to working with Salinardi and would also like to thank Pedder for his leadership and dedication, wishing him well in his future endeavours."

Commenting on his new appointment, Salinardi said: "It's incredibly exciting to be joining the leading business for integrated regulatory compliance and reporting technology solutions globally."

"Wolters Kluwer is well positioned to continue its growth and expansion by helping clients comply with rapid and unpredictable regulatory change."

"I look forward to working with the talented team of experts here to ensure our existing and new clients have access to the best possible technological solutions."

Risk Focus, provider of financial services and Dev0ps Solutions, has welcomed Randy Howie as head of partner strategy.

Howie brings with him over 30 years of experience in the technology industry. Most recently, Howie was founder and CEO of Black Diamond Software.

In the past, Howie has advised high-profile companies such as The Wall Street Journal, IBM, and Pfizer.

Vassil Avramov, CEO of Risk Focus, said: "It is great to have a valuable addition to our company such as Howie."

"Given our delivery track record and reputation for helping clients select the right products as part of our solutions, now is the right time to establish a partner strategy."

He added: "With Howie's background in software engineering, strategic operations and commercial partnership development, he is the perfect fit for this role and having him as the head of partner strategy will help us achieve our business goals and expand our footprint even further."

Commenting on his new appointment, Howie said: "I'm excited to join Risk Focus."

"Not only are we unique in providing both financial services and DevOps Transformation solutions to clients, but our client-first focus, understanding and dedication to our clients' needs creates the best foundation to bring value and growth to our partners." AST

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