asset servicing times

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Ireland Insight

How has growth in Ireland's fund administration market affected the rest of the industry?

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DTCC expands into Ireland

Ahead of the UK's planned withdrawal from the EU, The Depository Trust & Clearing Corporation (DTCC) plans to extend its presence in Europe by adding a new location in Dublin.

According to DTCC, they will continue to provide an authorised regulatory reporting service for clients in the EU27 and the UK.

Simon Farrington, managing director, Europe, the Middle East and Africa (EMEA) at DTCC, said: "DTCC has had a strong presence in Europe for over two decades, including in London, Wrexham, Brussels, Frankfurt and Stockholm."

He continued: "Our continued growth and desire to get ahead of new regulatory obligations, because of Brexit, now takes us across the Irish Sea to Dublin. We look forward to hiring and developing a local team, and working with lawmakers, regulators, trade associations and other key industry stakeholders to ensure the success of our new operations in Ireland."

Andrew Douglas, CEO of DTCC's European GTR and managing director for government relations across EMEA, commented: "DTCC's GTR serves approximately 80 percent of the global financial market, and, according to European Securities Markets Authority (ESMA) figures, is operating as the largest trade repository in Europe."

"Regardless of the outcome of the final negotiations between the EU and the UK, DTCC's GTR will maintain a presence in the UK as well as aim to establish a new trade repository entity in Ireland, ensuring ongoing compliance with both ESMA and the Financial Conduct Authority's (FCA) requirements under the relevant legislation in both jurisdictions."

Heather Humphreys, minister for business, enterprise and innovation, said: "I was delighted to see that DTCC will be opening an office in Dublin. This once again shows that Ireland is now a major player and a very attractive location for financial services companies from all over the world."

Michael D'Arcy, minister of state for financial services and insurance, noted: "The government will continue to work closely with the industry to implement the IFS2020 Strategy in its aim to promote Ireland as the European location of choice for specialisation and innovation in financial services."

Mary Buckley, executive director at IDA Ireland, added: "Having one of the world's leading post-trade market infrastructure providers establish in Ireland will add to our growing capabilities and reputation as an international financial services location of choice."

Contents

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W: www.assetservicingtimes.com
T: @ASTimes_

Editor: Becky Butcher
beckybutcher@blackknightmedialtd.com
+44 (0)203 750 6019

Deputy Editor: Barney Dixon
barneydixon@blackknightmedialtd.com
+44 (0)203 750 6026

Junior Reporter: Jenna Lomax
jennalomax@blackknightmedialtd.com
+44 (0)203 750 6018

Junior Reporter: Maddie Saghir
maddiesaghir@blackknightmedialtd.com
+44 (0)203 750 6019

Designer: James Hickman
jameshickman@blackknightmedialtd.com
+44 (0)203 750 6021

Publisher: Justin Lawson
justinlawson@blackknightmedialtd.com
+44 (0)203 750 6028

Associate Publisher: Joe Farrell
joefarrell@assetservicingtimes.com
+44 (0)203 750 6024

Marketing and Sales Support: Paige Tapson
paigetapson@blackknightmedialtd.com
+44 (0)203 750 6020

Office Manager: Chelsea Bowles
accounts@blackknightmedialtd.com

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CACEIS adds to its fund distribution offer

CACEIS has added new dimensions to its international fund distribution offer in Asian markets. The expansion of CACEIS' distributions solutions offer will be completed through the automation of its links with the Taiwan Depository and Clearing Corporation (TDCC) platform.

Meanwhile, CACEIS is also enhancing the solutions, which underpin its fund distribution offer in North America, Latin America, and Asia. This will be carried through the optimisation order processing managed by the National Securities Clearing Corporation (NSCC) and TDCC platforms.

According to CACEIS, this will expand its connectivity offering to local investors and distributors.

Additionally, the NSCC links US brokers to investment fund transfer agents.

The platform allows them to automatically manage subscriptions, redemptions, exchanges, and transfers of units as well as the collection of commission.

Joe Saliba, deputy CEO of CACEIS, commented: "As a strategic partner, CACEIS is committed to innovation for its clients."

Saliba added: "These new features complement both the fund distribution offering and CACEIS' global delivery model, which are specifically designed to facilitate the distribution of funds around the world, 24/7, from our entities in Europe, North America and Hong Kong."

Temenos extends Northern Trust contract

Temenos has extended its investor servicing contract with Northern Trust.

The deal supports Northern Trust's services and maximises operation efficiencies for its clients, according to Temenos.

The Temenos Multifonds Global Investor platform will support a major migration of funds acquired through Northern Trust's purchase of UBS Asset Management's fund servicing units in Luxembourg.

The platform will also enable Northern Trust to fold satellite functions into the core engine.

This will offer operational benefits in areas including retrocessions processing, market integration with National Securities Clearing Corporation.

Additionally, it will offer regulatory reporting with the Common Reporting Standard Fair and Accurate Credit Transactions Act module.

Toby Glaysher, head of global fund services, International at Northern Trust, commented: "Temenos' capacity to deliver a modern and open platform through application programming interfaces reduces our time to market for new services enhancing client service."

"The Temenos Multifonds Global Investor platform will scale to support a significant increase in volumes and we look forward to our continued collaboration with Temenos Multifonds."

Oded Weiss, managing director of Temenos Multifonds, said: "Third-party administrators are increasingly recognising both the need and urgency to digitally transform their businesses, to become more efficient, more competitive and increase scale."

"We are proud to be an important part of Northern Trust's strategic transfer agency programme."

"To support them in their move away from legacy platforms to Temenos Global Investor and to help them achieve their growth ambitions."

Accuity acquires Safe Banking System

Accuity has acquired Safe Banking Systems (SBS), a provider of know your customer due diligence and anti-money laundering. SBS enables financial institutions to identify, assess and manage risk by performing false positive reduction and risk assessment in the account screening process.

According to Accuity, this acquisition will provide it with an enhanced and leading account screening solution, and complementing its transaction and trade screening offerings.

Accuity, part of RELX Group, offers data and software that manage risk and compliance, and tools that optimise payments pathways through its Fircosoft, Bankers Almanac and NRS brands.

SBS is already a partner of Accuity's Fircosoft business, leveraging the Fircosoft filter in its solutions.

Hugh Jones, president and CEO of Accuity, said: "SBS has an impressive track record of delivering award-winning technology and deep subject matter expertise, enabling clients to truly take a risk-based approach that advances the field far beyond traditional matching technologies."

He added: "The business shares Accuity's ambition to be a trusted partner to clients, protecting their reputations and transforming the way they manage risk."

"We look forward to welcoming the SBS team and collaborating to strengthen our Fircosoft solutions."

David Schiffer, CEO of SBS, commented: "Accuity is the natural home for SBS and affords us the opportunity to build on our existing partnership and success to date, grow our investments in our business, and expand globally."

He added: "Bringing our expertise and teams together will enable us to accelerate the development of innovative approaches to managing risk through advanced entity resolution and reducing false positives."

Cinnober collaborates with BitGo

Cinnober and BitGo have collaborated to provide solutions to cryptocurrency exchanges.

BitGo's wallet solution will expand Cinnober's trading and post-trade platform to provide an end-to-end secure, institutional-grade digital asset exchange solution.

Through the collaboration with BitGo, Cinnober has consolidated its offering to cryptocurrency exchanges in need of a reliable and proven, high-performance trading solution.

The trading solution will handle increasing market volumes, expectations from institutional investors and requirements from regulators.

The solutions include security key management, multi-signature steps, and setting of procedures and client-driven policies to ensure assets are held in a highly secure environment.

Veronica Augustsson, CEO of Cinnober, commented: "This cooperation strengthens our offering to cryptocurrency exchanges."

"The cryptocurrency market has grown significantly in the past few years, and we've seen exchanges in this segment struggle with capacity, scalability challenges and repeated outages."

She added: "There is an opportunity for Cinnober to support this market with proven trading and surveillance solutions used by established financial markets, and, with BitGo's secure and reliable wallet and custody services, we can offer a competitive solution with short time-to-market."

Mike Belshe, CEO of BitGo, said: "BitGo has a long history of successfully serving cryptocurrency exchanges, and we're pleased to partner with Cinnober."

"This partnership brings together Cinnober's proven success in delivering stability and scalability to handle increasing market volumes with our track

AcadiaSoft launches new hub service

AcadiaSoft, a provider of margin automation solutions for counterparties engaged in collateral management worldwide, has launched a new AcadiaSoft Hub service, Agreement Manager.

According to AcadiaSoft, the service will create an industry-wide, authoritative data store of legal and operational collateral agreement information for over-the-counter (OTC) derivatives.

Agreement Manager, will match, store and exchange new and existing International Swaps and Derivatives Association variation margin and initial margin details as well as the account control agreements between trading parties and custodians.

The hub will also standardise the legal agreement data shared between parties. The aim is to reduce integration points and ensure interoperability of trading partners, custodians, document management providers and online negotiating vendors.

Creating a golden source copy of the agreement data and facilitating the transfer of the data via a standard model has the potential to create a frictionless onboarding process. It could also improve the quality of information available for collateral optimisation, risk and collateral management, as well as trade valuation and novation services.

A pilot of Agreement Manager will begin later this month. Participants will include buy-side firms, custodians and a number of global derivatives banks, including J.P. Morgan and Goldman Sachs.

In time, Agreement Manager will also support repos, master securities forward transaction agreements, securities lending, clearing and other agreement types.

Richard Barton, product manager for AcadiaSoft Agreement Manager, commented: “By storing data in the hub and sharing it in a standardised manner, AcadiaSoft will support client optionality, vendor choice and market-wide adoption of automated solutions.”

Natalie Clareburt, executive director in the Strategic Market Infrastructure Group at J.P. Morgan, said: “Standards and interoperability are critical for the industry to adopt and maximise benefit from all service providers. It is great to see so much industry focus and innovation in contract digitisation and negotiation.”

record of institutional-grade security. This is an important step in driving the institutionalisation of the cryptocurrency market because it provides customers with the tools and technology they need and ensures the market is ready for both institutional and retail investors.”

He continued: “As interest in cryptocurrencies continues to grow and expand beyond the retail market, we will continue to support these exchanges with secure, scalable and flexible technology solutions that can help them manage their growing digital asset portfolios.”

FlexTrade integrates SmartStream reference data utility

FlexTrade is to integrate the SmartStream reference data utility (RDU) with its FlexTrader execution management system (EMS) to comply with the second Markets in Financial Instruments Directive (MiFID II).

The integration offers mutual clients the ability to embed SmartStream RDU’s systematic internaliser (SI) registry information directly into the send order ticket, providing clarity on counterparty SI status, prior to MiFID II milestone dates.

The SI registry is a collaboration between the SmartStream RDU, the approved publication arrangement community and their SI clients to provide a consolidated register of SI mapped to instruments.

It will become increasingly important as the SI Regime becomes mandatory from 1 September, said FlexTrade.

Andy Mahoney, head of sales at FlexTrade UK, said: “Now that we’ve moved to MiFID II business as usual, we have started to look at how we can make compliance a more integrated part of a trader’s workflow.”

He added: “With the first systematic internaliser assessments coming up later in the year, integration with SmartStream RDU’s SI Registry gives traders the transparency they need on a counterparty’s SI status before routing an order.”

"FlexTrade's integration with the SmartStream RDU is fully cross-asset and embedded directly into the send order ticket as a flag to identify whether the selected counterparty is operating as an SI in the given instrument."

"Embedding regulatory compliance information into the EMS ensures the path to best execution is as efficient as possible."

Peter Moss, CEO of the SmartStream RDU, commented: "The SI registry offers transparency that is needed as part of the trade workflow and integration into FlexTRADER EMS making it easy for our mutual customers to make more informed choices."

He added: "With the mandatory SI regime commencing from the 1 September this year, we see more brokers offering SI services and growing demand from clients to understand who is offering what."

Northern Trust launches collateral optimisation solution

Northern Trust has developed a collateral optimisation solution designed to help institutional investors manage their collateral more efficiently, whilst meeting the demands of continuing global regulatory reform.

Northern Trust's collateral optimisation capability applies flexible algorithms to manage asset selection when meeting margin requirements.

According to Northern Trust, the use of these algorithms could reduce the market value of assets being delivered or prevent assets from being tied up as collateral if they can be deployed better elsewhere.

In addition to its new collateral optimisation capability, Northern Trust recently became the first global custodian to offer access to buy-side, sponsored repo clearing via LCH RepoClear.

This capability helps clients minimise risk while improving profitability, enabling them to access a diverse range of lenders in a more efficient manner.

Northern Trust can now also support clients trading tri-party repo via Euroclear's tri-party service.

Gavin Platman, head of operations strategy at Insight Investment, commented: "The ability to optimise the deployment of collateral is key to reducing our clients' counterparty risk by utilising the most efficient assets."

He added: "Insight Investment and Northern Trust have worked together and have devised a solution that we believe addresses our clients' needs today and provides flexibility for the future as liquidity and collateral management needs evolve."

Pete Cherecwich, president of corporate and institutional services at Northern Trust, said: "Our clients want to be strategic and nimble in managing their investment portfolios, especially with regard to collateral management—deploying the right assets at the correct time to meet regulatory requirements whilst minimising any impact on investment performance."

He added: "Historically the collateral management process took time, resource and frankly a lot of spreadsheets."

"Today our advanced algorithmic optimisation solutions can achieve this objective—minimising the value of assets that need to be tied up as collateral and reducing counterparty exposure."

SGG Group acquires Augentius

SGG Group has acquired Augentius, a global provider of alternative investment solutions to the private equity and real estate communities.

Augentius offers fund administration, depositary, regulatory and compliance solutions to institutional investors across jurisdictions, including the UK, Guernsey, the US, Luxembourg, Singapore and Hong Kong.

The transaction, which is subject to regulatory approval, was made in association with Astorg.

According to SGG Group, the services offered by Augentius will complement its current funds offering.

Following the completion of the various acquisitions that the firm has recently announced together with Augentius, SGG Group will employ over 2350 professionals across 24 jurisdictions.

Serge Krancenblum, CEO of SGG Group, said: "This acquisition is in line with our ongoing commitment to developing our product offering and geographical reach to become the leading global partner for the alternative investment industry."

He added: "I am very excited by the acquisition of Augentius as it represents a transformational milestone for our business."

"Upon completion, SGG Group will have a comprehensive global offering to the alternative investment community."

Ian Kelly, CEO and executive director of Augentius, commented: "This is a hugely exciting opportunity as this deal will bring a wealth of new opportunities for our newly combined businesses, and especially for our clients."

He added: "SGG Group is one of the main consolidators of the industry and we are pleased to join forces with a global investor services firm, which has the ambition to build a sustainable firm for this generation and the next." AST

The luck of the Irish

Ireland's prominence in the fund administration industry has heightened in recent years, how has this affected the demands of the fund industry?

Maddie Saghir reports

As Brexit approaches and the uncertainty of a deal or no-deal scenario comes to bear, the finance industry, like the UK, stands on a cliff-edge. Ireland, one of the UK's largest trading partners, could potentially suffer as a result. So far, however, Ireland has had positive outcomes, and with a bit of Irish luck, industry participants hope that Brexit will provide some opportunity.

The luck of the Irish prevailed after the 2007/8 financial crisis, where Ireland enjoyed growth: a rise in total fund asset services, funds and sub-funds, as well as fund processing figures. On top of this, of the largest UCITS domiciles in 2017, Ireland recorded the largest net asset increase at 15.9 percent.

Additionally, Ireland has gained a reputation as a regulation onshore jurisdiction and there has been strong growth in bond domiciled and non-domiciled assets. Technology improvements have helped enhance and empower change in the industry, and as technology continues to advance, this could prove to work further in Ireland's favour.

Pat Lardner, chief executive of the Irish Funds Industry Association, indicated that Ireland's reputation as a regulated onshore jurisdiction with a very strong service offering has held it in good stead.

"As the breadth of fund types and strategies have expanded, so have the capabilities of the Irish industry—whether these be alternative strategies, common contractual fund structures, liquid alternatives or exchange traded funds (ETFs), the list goes on," Lardener explained.

"A combination of a very experienced regulator, a supportive government and a dynamic industry sector have enabled the industry to adapt and thrive to these changing demands."

For Frank Carr, CMO of FRS, the biggest factor affecting the demands of the funds industry has been the continuing push for cost efficiencies in fund administration fees.

Elaborating on this, Carr said: "This cost challenge has been met by software vendors providing technology solutions, enabling providers to administer a much greater number of funds from within their existing human resource capabilities. The demand for more comprehensive analytics capabilities is a more recent feature."

Carr continued: "Technology improvements over the last ten years have empowered major change here reflecting the operational efficiency and low risk frameworks that global asset managers and life companies deploy. For example 10 years ago it would not be unusual to have one person per 10 funds."

The grid below shows some live statistics from FRS's clients reflect this change:

Figure one

Firm	Number of Funds	Operations Staff (FTE)	Efficiency Ratio
A	438	2	219:1
B	2,850	8	356:1
C	1,882	3	518:1

Carr said: "This type of technological advancement has facilitated business growth in Irish domiciled funds."

According to Carr, another big change has been more regulation, consumer protection is driving a new layer of regulation particularly as workers are mandated to make provision for retirement.

Trends

Increasing enhancement of technology marks one of the key trends in the industry. Given the large technology hub in Ireland, Lardner outlined that the integration of technology into asset management is adding to the sense of vibrancy and excitement.

Other trends include a greater number of investment management firms creating or increasing their presence in Ireland, which will add greatly to the ecosystem, Lardner revealed.

From Carr's perspective, providers are positioning their firms for growth, creating operating models that can scale without a corresponding increase in headcount.

Carr explains: "On a short term basis we are witnessing Packaged Retail and Insurance-based Investment Products key information document solutions being deployed in preparation for 2020 introduction for UCITS."

Another trend is cross-border products, which are increasingly seen by asset managers as the optimal path for growth, Tadhg Young, senior vice president, head of global services Ireland and the Channel Islands, at State Street, revealed. He explains that almost two thirds (64 percent) of managers are planning to launch cross border products in the next five years.

"However, the majority (88 percent) see distribution-related data as a challenge in achieving this, and believe the pace of change is only accelerating with more than half (57 percent) worrying about new entrants from the world of technology," said Young.

According to Paul Nunan, managing director of Link Fund Solutions, trends will continue in ETFs.

Nuan commented: "I can see continued ETF growth as well as more money going into real assets such as property."

"I see private equity growing significantly in the coming year, and looking outside that, I think automation is going to start having a real impact on fund service providers."

New heights

Meanwhile, in May this year, data from the Central Bank of Ireland revealed that the Irish Funds industry net sales broke new record levels of €298 billion, which further highlights growth in Ireland.

The new record level marked the highest net sales ever of Irish domiciled funds, constituting for more than twice the amount of the previous record in 2016 and representing over 30 percent of net sales of all European funds.

Another recent report by the European Fund and Asset Management Association (EFAMA) and SWIFT revealed that Funds processing automation rates have reached new heights.

The report, which surveyed 29 transfer agents from Ireland and Luxembourg, found that industry automation rates reached 88 percent of cross-border fund orders in the last quarter of 2017, which represents an increase of 1.3 percentage points compared to the fourth quarter of 2016.

The total automation rate of orders processed by Irish transfer agents increased to 92.1 percent in the fourth quarter of 2017, from 90.6 percent in the fourth quarter of 2016.

Meanwhile, of the largest UCITS domiciles in 2017, Ireland recorded the largest net asset increase at 15.9 percent, and speaking on this topic, Young noted that Ireland houses €1,831 billion in European UCITS assets.

Young said that since its establishment more than 30 years ago the investment funds industry in Ireland has delivered a very stable and globally recognised environment for the establishment and servicing of investment funds.

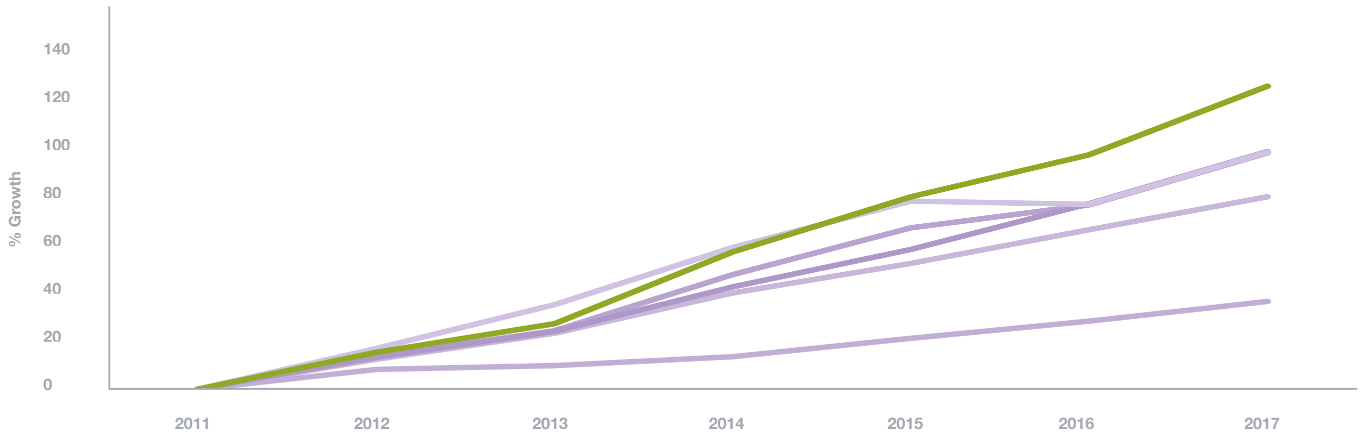
Agreeing on the continued growth, Lardner said: "We are confident that we can continue to provide confidence to managers who want to be able to execute their international cross border strategy."

Carr recognises that maintaining 16 percent growth "will not be easy", but "Ireland remains a top choice to list funds".

Audrey Behan, head of AIFM, Intertrust Ireland, commented: "Assets in Irish domiciled funds have been the fastest growing of the five largest European domiciles over the last four, five and six years. Ireland is growing at approximately twice the European average in terms of net sales into Irish domiciled funds." (see figure one and two)

The graphs below illustrate these trends.

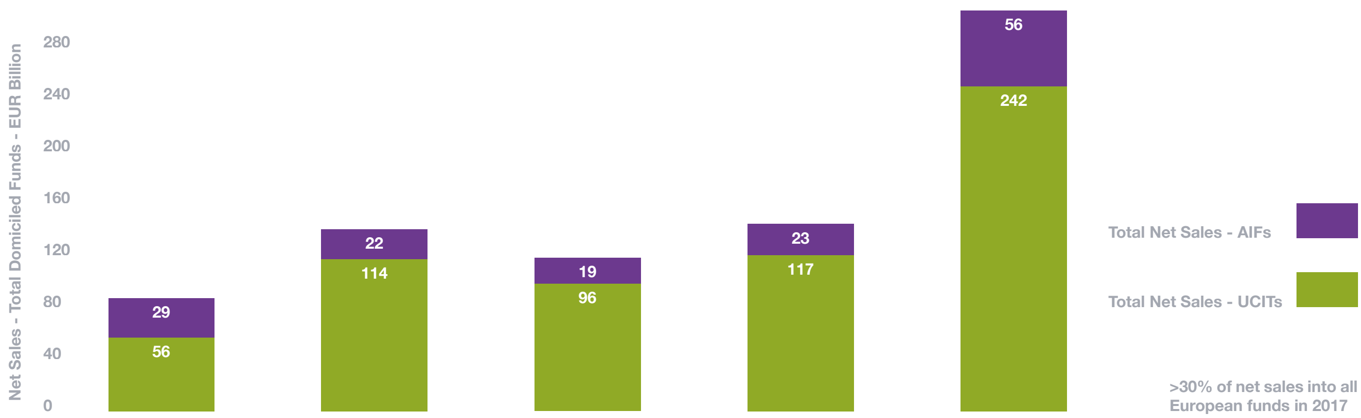
Figure two



Europe	0%	13%	23%	42%	58%	78%	97%
Luxembourg	0%	14%	25%	48%	67%	77%	98%
Ireland	0%	16%	27%	57%	80%	98%	126%
France	0%	9%	10%	14%	21%	29%	37%
Germany	0%	13%	24%	40%	53%	66%	80%
UK	0%	17%	35%	59%	79%	77%	99%

Source: EFAMA Statistics

Figure three



Source: Central Bank of Ireland 2018

Onwards and upwards

Ireland's funds rebounded after the financial crisis and Irish Funds' chart of Irish Domiciled Funds demonstrates this, proving that since the crisis, the Irish economy has been on an onwards and upwards track.

In reference to the chart, Lardner explains that the increase in the number of funds domiciled here [in Ireland] over the period suggests there is a broadening of manager's offerings.

He continued: "While we have seen growth across all segments, the most pronounced growth in more recent years is in the area of ETFs where Ireland is the leading European domicile for such funds."

The luck of the Irish is demonstrated in its rebound from the financial crisis, as Carr points out: "Aside from the global shock in 2007 the appeal of liquid alternatives continues to grow as global institutional investors increasingly seek access to hedge fund and other alternative strategies through regulated fund structures, such as Irish UCITS funds. Irish domiciled ETFs represent approximately 50 percent of the total European ETF market and over 40 percent of global hedge funds are serviced in Ireland, making Ireland the largest hedge fund administration centre in the world."

Behan added: "While there has been growth across a broad spectrum of products in recent years, there has been significant growth in exchange traded funds and in real assets (alternatives). Ireland is a leading European domicile for exchange traded funds, representing approximately 50 percent of the total European ETF market. Over 40 percent of global hedge fund assets are serviced in Ireland making it Europe's leading hedge fund domicile."

Onwards and out

Uncertainty still clouds opinions regarding Brexit, and earlier this year, in an Irish Fund's Alternative Investment Seminar, one panellist warned that Brexit will affect Ireland especially, as the UK is Ireland's largest trading partner.

There has been much debate over whether Brexit will bring opportunities or challenges regarding regulation in Ireland, for Nunan, it could potentially bring both, and that is the challenge.

Whether you are an asset manager or an asset servicer, the uncertainty surrounding Brexit seems to be the most troublesome aspect for industry participants.

Nunan elaborated on this point: "It really depends on what sort of Brexit we get and that is the current challenge. It is causing more and more frustration within the industry."

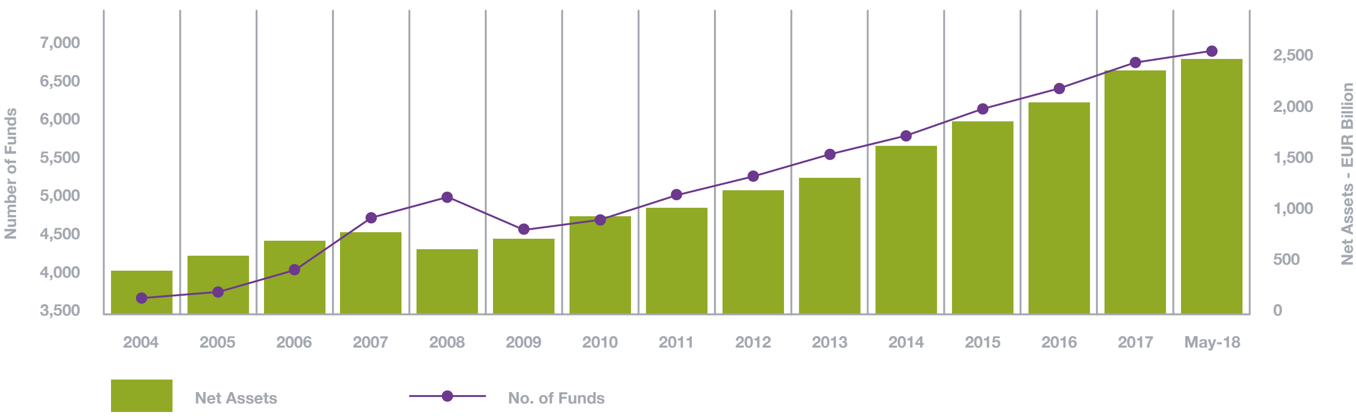
"We have regulators across Europe stating that they expect the industry to have detailed plans in place and to start engaging with them, but the possible outcomes are so diverse that this is very difficult for managers to plan for. I am an optimist, so I do think that common sense will prevail. We will see significant challenges but there is always the possibility of it bringing opportunities and Ireland is very well placed to assist managers whatever the eventual outcome."

Looking to the future, Behan explained that for Intertrust Ireland, there has been significant demand from their global client base for fund solutions in alternatives, primarily unlisted, illiquid assets.

Behan added: "Our alternative investment fund managers solution has grown very strongly from inception in 2015 to present. We expect underlying demand from clients to continue to grow and this trend to be broadly reflected in the Irish jurisdiction."

Predicting what the next five years would look like, Young said: "Cross-border products are increasingly seen by asset managers as the optimal path for growth, with almost two thirds (64 percent) of managers planning to launch cross-border products in the next five years. However, the majority (88 percent) see distribution-related data as a challenge in achieving this, and believe the pace of change is only accelerating with more than half (57 percent) worrying about new entrants from the world of technology", Young warned. AST

Figure four



The importance of being international

Frank Alexander de Boer of LRI Group offers insights into why his company and Apex Group have teamed up, the advantages of their cooperation, and the challenges they may face along the way

Maddie Saghir reports

Why does it make sense for LRI Group and Apex Group to team up?

At LRI Group, we anticipated that growth would be coming from both German speaking countries, which are our home market, and from international clients seeking to enter Europe within a regulated environment in order to meet investors' requirements.

Three years ago we committed to a strategy that would enable us to attract and service international clients with a wide range of international solutions, such as management services, central administration, a depositary function and a securitisation platform. This strategy alos explicitly included merger and acquisitions. We were actively looking to join forces with an international service provider to overcome several hurdles more quickly. In these three years, LRI Group increased by over 50 percent growth in both financial assets and real assets whilst increasing profitability. Obviously, the growth of our client base and product range demanded an increase of professional staff and infrastructure. Apex Group provides both resources and we will now, therefore, be able to capture additional growth opportunities.

Through Apex, we gain access to a global network of over 37 locations, to expertise in a variety of asset classes and to an international network to help service and win new clients. Combined, we can offer a wider range of solutions to a wider range of clients than the groups could individually. This and the larger serviced asset base will enable us to approach clients that have not had us on the radar screen before. At the same time, we become an even more attractive employer to international talent. Individually, it would have taken a lot of time to build that up.

LRI and Apex are culturally a very good fit because both companies are client centered, servicing clients locally with flexible solutions. Apex was not previously represented in the German speaking market, so with this transaction that will come into place in Luxembourg with 500 people, 400 of them will be German nationals.

Therefore, it is also a huge commitment to service the German speaking countries, helping both fund initiators from overseas that want to come here as well as those from German speaking Europe that seek support to access international markets.

What are the advantages for LRI Group?

Access to an international network to service clients locally, and access to international solutions that we would not be able to offer without Apex are key.

Access to systems especially on the real asset administration side is another advantage.

Apex already operates IT systems that we do not yet have in place, and that we would otherwise have to invest in.

This combined with a very visible strong asset base will allow us to gain access to clients, that both companies individually would not have been able to acquire, which opens up a lot of new opportunities for the combined group.

How will clients continue to be maintained and supported?

Apex and LRI are very similar in the way that we deal with our clients. Both companies maintain client-oriented, flexible and local services as their core business philosophies.

Consequently, Peter Hughes, founder and CEO of Apex Group, and I have been visiting and speaking to many clients personally before the transaction was made public. The transaction and its rationale were well accepted. We committed that services will continue to be locally delivered to our clients by the same staff, this has been very reassuring to our clients.

It is extremely important for our client base to have a seamless transition. While clients have been informed that things are changing, they should only notice a change in terms of additional services being made available to them after the integration.

How can those involved ensure this merger is a success?

It is really important that clients and staff know what is going to happen, and that the vision is understood and shared. Our strategy was built upon input from the whole organisation to begin with, the willingness to change and make ourselves fit for the future.

In recent years, we have been actively working towards a suitable transaction and have prepared our organisation for this and have been able to grow our business, and at the same time, much faster than the market.

For example, we have installed decision processes closer to the clients, and provided intensive English language courses to make sure that people were mentally prepared and very willing to go this way. It is very important that the spirit and the common goal of creating a very competitive service orientated group come across on our message internally and externally.

As mentioned, together with Hughes we have in person informed our clients about the transaction, the reasons behind it and the next steps. All clients have Hughes and my direct phone number. So should there be any question, should our clients experience anything unwanted, despite all precautions, this can be directly addressed by us.

Again, it is very important that clients and staff understand what is happening and that they have access to the management if they have questions or if they want assurance. This is one of the most important things that we can do to motivate loyalty from clients and staff.

What has changed for both LRI Group employees and clients?

Firstly, the transaction has to be approved by the authorities, which they have been aware of for nine months. Therefore, we expect the approval process to take approximately three months.

We have a very clear vision of what we want to accomplish. We have no reason to quickly rush through this integration process. We will make sure that our clients receive the same level of service throughout the process. Client-orientation is at the centre of our decisions, as client satisfaction has been the reason for LRI and Apex to be able to grow faster than the market.

The integration of the different entities in Luxembourg will take some time. The objective is, to have all business lines, the management company, the central administration and the depositary bank located in one office in Munsbach by the beginning of next year. We have already welcomed the former Deutsche Bank Alternative Financial Services team in our building, our future colleagues of Warburg Invest Luxembourg have also moved to Munsbach recently. This allows for a lot of new, interesting and pleasant exchanges. So the new group is visibly being shaped, and get-togethers are being planned.

Our clients will be able to pick these services individually or as a bundle.

What will be the main challenges in ensuring that this merger is a success?

The main challenge will be to integrate different working cultures and different nationalities. Obviously, we are still a very German company, around 95 percent of our staff are German.

The Luxembourg entities recently acquired by Apex DB Alternative Fund Services, Warburg Invest Luxembourg and M.M. Warburg & CO Luxembourg and Ipes will be merged with LRI Group in Luxembourg.

These represent different nationalities, cultures, and different operating models and cultures. They need to be integrated, which will happen based on our common vision of building a leading, client-focused and competitive organisation in a growing market environment.

We will become more attractive to clients and staff because we will be truly international, will have the ability to provide and deliver more solutions locally around the globe, have more domiciles to offer to clients and will be part of a powerful network.

As we are becoming more attractive, we will be growing even faster and will be more successful than we would be individually, this will open up chances to our clients and staff, which is a core binding element. This is a very motivating vision. If we can continue to bring that message across then it is going to be an exciting journey.

Frank Alexander de Boer
Managing director
LRI Group

Technology: the big disruptor

Ileana Sodani of BNY Mellon discusses how the asset servicing industry has developed in the past 12 months, what the latest trends are, and how technology is affecting the industry

Maddie Saghir reports

How has the asset servicing industry developed over the last 12 months across the Europe, the Middle East, and Africa (EMEA) region?

In the last 12 months, we have seen significant change in the market in terms of regulation. We heard a lot about its impact on the market at the FundForum conference in June. The second Markets in Financial Instruments Directive (MiFID II) is forcing transparency and encouraging institutions to look at new technology solutions to help them create a more transparent environment for their clients and end-investors.

The industry has to start thinking differently and this is something that I discussed with many people at FundForum.

At the forefront of those conversations has been artificial intelligence (AI), digitisation and distributed ledger technology (DLT). Cryptocurrency is likely to be one of the top conversations over the coming year. The future for asset services? It will probably revolve around data and providing data.

There may also be more consolidation in the industry as we move forward.

What trends are you seeing in the servicing asset classes space?

New and different assets in the search for yield.

As was frequently discussed at FundForum, many portfolios are moving away from traditional assets towards private markets and alternative assets.

To service the various different types of asset classes effectively, we are constantly thinking about how asset classes will change in the future, about investors' needs, about asset managers' and institutions' changing priorities.

For example, at a particularly popular session on exchange-traded funds (ETFs) at FundForum chaired by BNY Mellon's Scott Coey, the topic was quantifying the growth of ETFs in Europe and their opportunities and risks for the markets and its participants.

How is digitisation and technology affecting the asset servicing industry?

Technology is a big disruptor. We need to be cognisant of our disruptors and how we can improve upon the client experience.

Clients may think they are delighted until the next big thing comes to market. We cannot sit still because disruptors will come in.

Financial technology, cryptocurrency, DLT and AI have the potential to create a lot of efficiency and different perspectives.

AI can be carried out wherever you are in the world. It changes the whole environment and the ability to do things.

It doesn't matter where you are, you can be in the cloud and deliver. Therefore, if you are not at that forefront and if you are not thinking that way and changing your mindset then you are going to fall behind. That's why we are making a considerable investment in technology.

We usually spend $2.4 billion a year on technology—this year it is increasing by around $300 million.

Another important factor from a technology point of view is that you have to have your foundation right but then you also have to invest for the future.

You need to protect your foundation and you need to think about where you take it and how you take it in terms of where the market is going.

The key to this will be attracting the right talent. As discussed at the FundForum panel on data science-chaired by BNY Mellon's Daron Pearce, data scientists are going to play an increasingly important role across the asset management industry and most big asset managers see attracting talent in this area as critical to their success.

Are you seeing any asset servicing growth opportunities in EMEA?

A key area is distribution. US and Asian firms are coming into Europe for distribution and looking to capture that wealth.

Another opportunity is real estate, private equity, and infrastructure where we are seeing a lot of activity.

Thirdly, the US is only just waking up to Brexit and the question remains: what are US houses going to do as they look to distribute into Europe? Do they currently have the right balance of infrastructure between continental Europe and the UK?

What challenges are financial services firms facing across the EMEA region? And how is regulation having an effect?

Regulations inevitably push up costs. For us, regulatory technology is one way forward to ensure that we and our clients can remain on top of those regulations in an efficient and effective way.

What are your predictions for the next five years? What trends do you expect to see?

We will see consolidation in the market, driven by regulation and the investment needed.

Once there is more clarity with Brexit the consolidation play will take place to create more substantive European players.

Technology will clearly be a major driver in the next few years. It is important to remember that you cannot stand still with technology—it will continue to evolve and disrupt, creating new challenges and opportunities to provide a more efficient and enhanced service.

Ileana Sodani
Head of EMEA business development for asset servicing
BNY Mellon

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Comings and goings at KAS Bank, Aviva Investors, CIBC Mellon and more

KAS Bank has appointed Rebecca Pitts as business development manager.

In her new role at KAS Bank, Pitts will be responsible for the growth strategy of KAS Bank's UK pension fund business, via the development and delivery of financial technology governance solutions for trustees in both private and public sectors.

Pitts has more than 10 years experience in the financial services industry.

Prior to KAS Bank, Pitts was technical sales executive at SEI Investments (Europe), focusing on securing new business opportunities, driving financial growth and identifying product gaps in the market.

Pat Sharman, managing director of KAS Bank, commented: "Rebecca Pitts's appointment will strengthen our specialist pension team, through her exceptional customer focused skills, further supported by her experience and knowledge of the financial services industry."

She added: "Pitts's key focus will be to execute her skills to identify market trends, drive development of innovative solutions for pensions and build strong and long-term relationships in the pensions industry."

Aviva Investors, has made nine new hires to its equities business, strengthening its UK, global and global emerging market equities teams.

Mikhail Zverev and Alistair Way will join as head of global equities and head of global emerging market equities, respectively.

Zverev and Way will report to David Cumming, CIO of equities, as will Henry Flockhart and Adam McInally who join as UK equity portfolio managers.

Additionally, Jaime Ramos Martin, Stephanie Niven and Ross Mathison will join as global equities portfolio managers, reporting to Mikhail Zverev.

Jonathan Toub and Will Malcom join as global emerging markets portfolio managers, reporting to Alistair Way.

Mikhail Zverev, Alistair Way, Henry Flockhart, Adam McInally, Jaime Ramos Martin, Ross Mathison, Jonathan Toub and will join from Standard Life Investments, where they performed similar roles.

They will be based in Aviva Investors' Edinburgh office, which opens at the end of July.

Stephanie Niven joins from Tesco Pension Investment and will be based in London.

Cumming commented: "We are delighted to attract such high-calibre, experienced individuals with strong performance track records to Aviva Investors, and look forward to them joining the team in the coming months."

He added: "These appointments, along with additional hires we plan to make this year, will complete the creation of strong, integrated teams in the key areas of global, emerging markets, Europe, US and UK equities."

Euan Munro, CEO of Aviva Investors, commented: "Investing in our equities capabilities is a strategic priority for our business."

"These hires will enhance our ability to offer compelling equity propositions for wholesale and institutional investors, as well as strengthening idea generation for our broader range of investment solutions."

Mediolanum Asset Management Limited (MAML) has appointed Christophe Jaubert as head of investment performance.

Based in Dublin, Jaubert is in charge of overseeing MAML's investment team, and he is responsible for the firm's investment performance and overarching process.

Jaubert will contribute to the evolution of the firm's investment process, which uses both fundamental and technical analysis to identify investment opportunities.

Additionally, a key part of Jaubert's new role is to manage Mediolanum's multi-manager portfolios, which encompass equity, fixed income, and alternative strategies.

Jaubert has more than 24 years of experience in investment management at wealth managers.

He joins from Rothschild HDF Finance in Paris, where he served as the managing director, CIO, and head of research.

Prior to this, Jaubert worked as managing director and CIO for HDF Finance, with responsibility across Paris, New York, Singapore, and Geneva.

Furio Pietribiasi, managing director of MAML, commented: "We are delighted to have Christophe Jaubert onboard."

"He brings his manager selection experience and philosophy to complement MAML's asset allocation approach to pursue performance excellence."

Pietribiasi continued: "Our objective is to continue to expand our range of products and strategies by building and acquiring new capabilities."

"Jaubert's experience of working across multiple asset classes and strategies, notably in the alternatives space, also makes him ideally placed to guide our investment team in identifying outstanding and innovative investment solutions for investors."

CIBC Mellon has appointed Karen Rowe as CFO.

In her new role, Rowe will be responsible for financial planning, analysis, accounting, corporate taxation and financial reporting.

Rowe joins from Canada Pension Plan Investment Board where she served as managing director, head of investment finance.

She led the team responsible for finance, valuation and operations of the global private investment portfolio.

Prior to that, Rowe served at CIBC in various roles such as vice president, finance, global merchant banking, Canadian investment, corporate and commercial banking.

She will replace Duncan Webb, who has retired after serving 35 years in the financial services industry.

Steven Wolff, president and CEO of CIBC Mellon, said: "Karen Rowe is a welcome addition to the company and she brings a deep understanding of the financial services industry, particularly in the area of Canadian pensions and private markets."

"We are excited to have Rowe join CIBC Mellon's strong and dynamic leadership team. She is highly-qualified with the skills and experience to manage our continued financial growth."

Commenting on her appointment, Rowe added: "CIBC Mellon is well-regarded by institutional investors as Canada's leader in asset servicing, and I am proud to join the company and support its financial management."

"I am looking forward to contributing to CIBC Mellon's strong operational execution, service excellence and continuous improvement." AST