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Distinctive nature of sovereign funds

BNY Mellon’s Hani Kablawi discusses sovereign funds and their influence on the global capital markets

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Northern Trust launches new front to back trading solution

Northern Trust has launched Integrated Trading Solutions to help asset owners and asset managers achieve better trading and performance outcomes.

The new solution combines Northern Trust's trading experience in equities and fixed income with access to global markets, trading venues and liquidity.

Integrated Trading Solutions enables seamless integration using advanced technology across trade execution, middle office, matching and settlement.

Guy Gibson, head of Institutional Brokerage for Europe, the Middle East and Africa and the Asia Pacific at Northern Trust, said: "Institutional investors are at a tipping point, faced with unprecedented pressure from multiple sources: the need to invest in technology, support regulation and compliance requirements alongside competitive fee pressures."

"All these factors combine to drive down profitability. Through our newly-launched end-to-end integrated trading capability, we are positioned to deliver an immediate solution to help our clients address these challenges."

Gibson added: "As a custody bank based agency dealer, with access to excellent liquidity, and leading end-to-end operational and technology capabilities, Northern Trust acts as a trusted partner to clients by providing Integrated Trading Solutions."

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BSO to offer direct connectivity to India INX

BSO, the ethernet network, cloud, and hosting provider, has become the first global network provider to offer direct connectivity to the India INX International Financial Services Centre (IFSC), enabling foreign investors access to the Indian market.

BSO has expanded its service into India INX to enable international investors and non-resident Indians to trade India INX from across the globe, as well as provide the India INX exchange members with co-location and international connectivity solutions.

Via the purpose-built trading destination for global traders, participants will benefit from a more level playing field and state-of-the-art connectivity into the country.

With the support of BSO, the IFSC aims to attract the international financial community by providing domestic and offshore traders equal access to the wider global markets.

V Balasubramaniam, managing director and CEO at India INX, said: “We are very pleased to be extending our working relationship with BSO, a partner who is filling the need here in India for a global network provider with the local knowledge and capability to provide both the lowest latencies and an extremely high level of service for our clients.”

Michael Ourabah, CEO at BSO, commented: “BSO has a well-established footprint and business in India and has been working to support India INX’s development since its inception in January last year.”

He added: “Being at the heart of connecting the global trading community to emerging and high-growth regions such as India is core to BSO’s service-led approach, we recognise that each emerging market we serve has unique needs and we have responded by developing a multi-faceted team that can ease the IT challenges and pain points in the diverse Indian market.”

Every Fund Survey: increasing operational efficiency is the key priority for asset management

Increasing operational efficiency is the key priority for asset management, the latest Temenos Multifonds Fund Survey found.

In terms of the industry’s focus on innovation over the next 12 months, operational efficiency was highlighted as the number one priority, followed by development, digital channels, and risk management.

In total, 90 percent of industry participants surveyed said operational efficiency will become an increasingly important focus.

According to Temenos, a further 91 percent said that improving operational efficiency plays an important role in increasing profitability.

Meanwhile, the survey also found that technological innovation in operational support is not keeping pace, with 94 percent of respondents saying that it needs to accelerate.

Additionally, one in four cited that fund administrators and transfer agencies are not currently keeping up with the requirements of asset managers.

To close this gap, 92 percent of respondents said that third-party technology providers have an important role to play in accelerating technical innovation, the survey revealed.

The survey also asked respondents to rank the key areas of innovation—in order of priority—that asset administrators need to focus on. Supporting new asset classes ranked as the number one priority.

This was followed by unlocking insights through data analytics, opening up new markets and jurisdictions, and increasing the speed to adapt to regulatory change.

This will, in turn, shorten the time period to produce NAVs and increasing client oversight and control followed.

Commenting on the findings of the Every Fund Survey, Oded Weiss, managing director of Temenos Multifonds, said: "Improving operational efficiency is now a key priority in asset management and an important driver of profitability."

"However, the demands from asset managers on third-party service providers have changed due to a combination of factors—competition through digital channels such as robo-advice, increasing regulatory standards necessitating a move to real-time oversight, combined with increasing cost pressures as expense ratios have continued to fall."

Weiss added: "To keep pace with the demands of the industry, third-party administrators now need to invest in the technology, data and services to help asset managers compete in the digital world, by opening up new asset classes, unlocking insights from data, improving the user experience, and increasing oversight and control."

NAB upgrades customer portal and releases new compliance solution

NAB Asset Servicing has released a new digitised online portal and new compliance solution for customers.

The customer portal has an updated interface, and more intuitive navigation, according to NAB.

The firm has also gone live with an online post-trade compliance solution. These developments were completed in conjunction with NAB's digital team.

John Comito, executive general manager of asset servicing at NAB, said: "NAB is listening to customers, and will continue to evolve technology and data infrastructure in response to their emerging needs."

"Our clients will now not only be able to intuitively navigate our portal, but they will also have access to a wealth of research, market information and insights at their fingertips from our leading team of economic experts."

He added: "The new NAB asset servicing online portal has been built on the NAB's Adobe experience manager platform, which provides us with the ability to continue to build and deliver for our clients."

"Through our new compliance solution, clients can now access online dashboard reporting via the portal, which gives them a complete view of the status of every rule monitored for their portfolios."

"The platform also provides access to daily underlying data allowing the drill-down capability to the security level," Comito concluded.

Fenergo: global financial institutions fined $26 billion for non-compliance

The US accounts for nearly 44 percent of all global regulatory anti-money laundering (AML) and know-your-customer (KYC) fines, yet almost 91 percent of the total value ($23.52 billion), according to Fenergo, a client lifecycle management solutions firm.

The findings are part of a study carried out by Fenergo detailing the global fines activity of regional and in-country regulators over the past 10 years. It also highlights how regulators have approached breaches from foreign versus domestic financial institutions.

A staggering $26 billion in fines has been imposed for non-compliance with AML, KYC and sanctions regulations in the last decade, Fenergo found.

Fenergo said: "The US Department of Justice is the most punitive regulator in the world when it comes to imposing financial penalties for non-compliance", levying half of the global AML/sanctions fines amount, nearly $14 billion.

This was followed by the New York Department of Financial Services imposing financial penalties totalling $3.6 billion.

US regulators have hit foreign banks hard, imposing fines on European banks nearly five times more than they imposed against US banks.

Europe has imposed 83 fines, totalling $1.7 billion, the majority being imposed by the UK's Financial Conduct Authority.

While in the Asia Pacific region, Fenergo found regulators had levied 79 fines worth almost $609 million, commencing in 2011.

The study found the Middle East still lags behind other regions for financial enforcement, recording a total of $9.5 million in the last 10 years.

Globally, Fenergo found 2015 was the most punitive year for fines, with $11.52 billion levied against banks, while the figure of $8.9 billion was the highest single fine ever levied against a bank by one regulator.

Fenergo further found the Nordics was the only region that fined their own domestic banks more than international banks.

The data in the form of an interactive infographic available on Fenergo's website is based on various sources, including regulatory and news outlets providing insight into fines by region, country, regulator and by types of fines imposed.

Commenting on the findings, Laura Glynn, director of global regulatory compliance at Fenergo, said: "Up until now, the focus of regulators had been on the US and European markets."

"However, we are now witnessing regulators in Asia Pacific and the Middle East markets becoming more proactive in their supervisory efforts."

Marc Murphy, CEO of Fenergo, commented: "As a firm dedicated to providing the financial industry with client onboarding and regulatory compliance solutions, Fenergo continuously captures and maintains this data as part of our day-to-day business."

He added: "It is our experience and deep understanding of global financial regulations that permits us to extrapolate global trends, allowing us to offer this additional insight to our clients."

J.P. Morgan sets up agency clearing service for Aus and NZ OTC derivatives

J.P. Morgan has launched an agency clearing service for Australian and New Zealand dollar-denominated over-the-counter (OTC) derivatives.

The launch makes J.P. Morgan the first Australian Securities Exchange (ASX) OTC clearing participant to launch this type of clearing service.

According to J.P. Morgan, its clearing solution benefits Australian-domiciled clients as they will be able to keep all of their Australian and New Zealand cleared derivative trades in one clearinghouse.

ASX operates the largest listed interest rate derivatives market in Asia with a fully developed OTC clearing service, which provides global standard application programming interface connectivity, 24-hour clearing, Australian and New Zealand product coverage, and a fully automated cross-margining facility.

Allan McGregor, senior manager derivatives and OTC markets at ASX, said: "ASX's automated cross-margining facility is already used by banks, including J.P. Morgan, to generate margin savings through the combined risk management of highly correlated ASX futures and OTC products."

He added: "This facility is now accessible to buy-side firms and hedge funds, which is particularly important given the global and domestic roadmap towards mandatory bilateral margining rules for non-centrally cleared OTC derivatives."

David Stinson, futures and options, and OTC clearing at J.P. Morgan, commented: "We understand that clients need solutions to optimise the performance of their cleared portfolios, minimising the amount of margin they have out to the street. By supporting the cross-margining facility that ASX offers across its cleared interest rate derivatives, we are extending this benefit to buy-side clients and allowing them to access funding and margin efficiencies."

Helen Lofthouse, executive general manager derivatives and OTC markets at ASX, commented: "J.P. Morgan's access to ASX's OTC client clearing service demonstrates its commitment to providing the best solutions for its clients."

"It also shows ASX's determination to develop services valued by the market, which includes local clearing that's open throughout the Australian and New Zealand time zone."

Orient Bank selects Acument net for treasury management operations

Orient Bank has selected Acument net for its treasury management operations.

The bank selected Acument net due to its real-time, automated, and powerful capabilities for reporting and straight-through processing (STP).

The decision to select Acument net came after Orient Bank's treasury department, which deals in foreign exchange, repos and securities, was looking for a flexible, easy to integrate, and robust solution to support their operations.

According to Profile Software, an international financial solutions provider, Acument net is a front-middle office and risk management solution. This will enable Orient Bank to efficiently manage all pertinent functions in the most advanced manner.

The solution also allows for STP handling of treasury transactions imported in real time from various platforms, including their existing core banking Flexcube release 12.

Acument net empowers the bank to monitor all treasury related elements ranging from positions to accrual calculation, Profile Software revealed.

Meanwhile, it manages the full process of customer bond orders and execution on the primary market, while checking limits in real time with automatic generation of SWIFT confirmations. As well as this, the solution also supports risk management functions for counterparty risk, market risk, and it reportedly offers a comprehensive approach to handling risk related issues so as to safeguard the bank's operations.

Sudheer Kumar, head of IT at Orient Bank, said: "Acumen net offers a full STP and automated approach to our treasury department's requirements. It updates in real time position for powerful reporting, while seamlessly integrating with the back office system."

Euroclear connects to the Federal Reserve's Settlement Service

Euroclear UK and Ireland (EUI) has become the first foreign financial market infrastructure to connect to the Federal Reserve's Settlement Service.

This enables clients to settle transactions in US dollars efficiently and safely in central bank money.

In a central bank payment model, EUI is now able to offer all three of its settlement currencies, which include US dollars, pound sterling, and euros.

According to EUI, this new central bank US dollar settlement model addresses residual intraday credit and operational risks between settlement banks that existed in the previous commercial bank money model.

Consequently, customers of each settlement bank are assured that they will receive the dollar cash proceeds of a sale of securities from the moment that each transaction settles in EUI.

In turn, the settlement banks are protected against the risks they take on each other through the process of settling in central bank money and have a more efficient and controlled settlement process.

The ability of settlement banks to make the required payments in the Federal Reserve accounts is underpinned by funds held by the banks with the Bank of England, EUI revealed.

This provides payment protection and certainty against the risk of intra-day insolvency events between settlement banks.

Meanwhile, the process is in line with the highest international standards including the Principles for Financial Market Infrastructure of Committee on Payments and Markets Infrastructure (CPMI) and the International Organization of Securities Commissions (IOSCO).

John Trundle, CEO of Euroclear UK & Ireland commented: "We are extremely pleased to be able to offer this unique and path-breaking service through the Federal Reserve."

"The connection to the National Settlement Service strengthens the robustness of US dollar settlement for our clients, provides greater visibility and efficiency of the settlement process, and a reduction in systemic risk. It is a great step forward for our industry."

Dolfin becomes member at the Malta Stock Exchange

Dolfin's Maltese unit, Dolfin Asset Services Ltd, has become a member of the Malta Stock Exchange (MSE).

The firm's membership allows Dolfin's traders and clients in Malta direct access to Malta's securities market, both in bonds and equities, Dolfin revealed.

The move builds on Dolfin Group's ambition to offer a true one-stop-shop to its clients regardless of whether they custody their assets in London or Malta.

Additionally, membership of the MSE also gives Dolfin access to the Maltese central security depository and increase its efficiency by enabling trading directly through the MSE without going through an intermediary.

Ramon Bondin, CEO of Dolfin Asset Services in Malta, said: "Our membership of the MSE demonstrates our ongoing commitment to financial services in Malta. Since opening our office in Valletta this April, we have continued to grow and invest in the financial centre."

Bondin added: "Our membership enables us to provide our clients with a faster, more efficient service while further embedding our roots in Malta."

Joseph Portelli, chairman at the Malta Stock Exchange, said: "The Malta Stock Exchange is pleased to be welcoming Dolfin as our newest member."

"Dolfin is the second broker affiliated with the exchange which has a strong international presence."

"Attracting foreign-based brokers is a testament that the Malta Stock Exchange will have a growing international footprint."

Reliance Trust selects Northern Trust for global custody

Northern Trust has been selected by Reliance Trust, a FIS company, to provide global custody, fund administration and fund accounting services for collective investment trust (CIT) funds, expanding a key relationship in its growing CIT collective investment trust (CIT) fund service business.

Under the agreement, Northern Trust provides services for 21 Reliance funds with approximately $7.7 billion in assets under advisement.

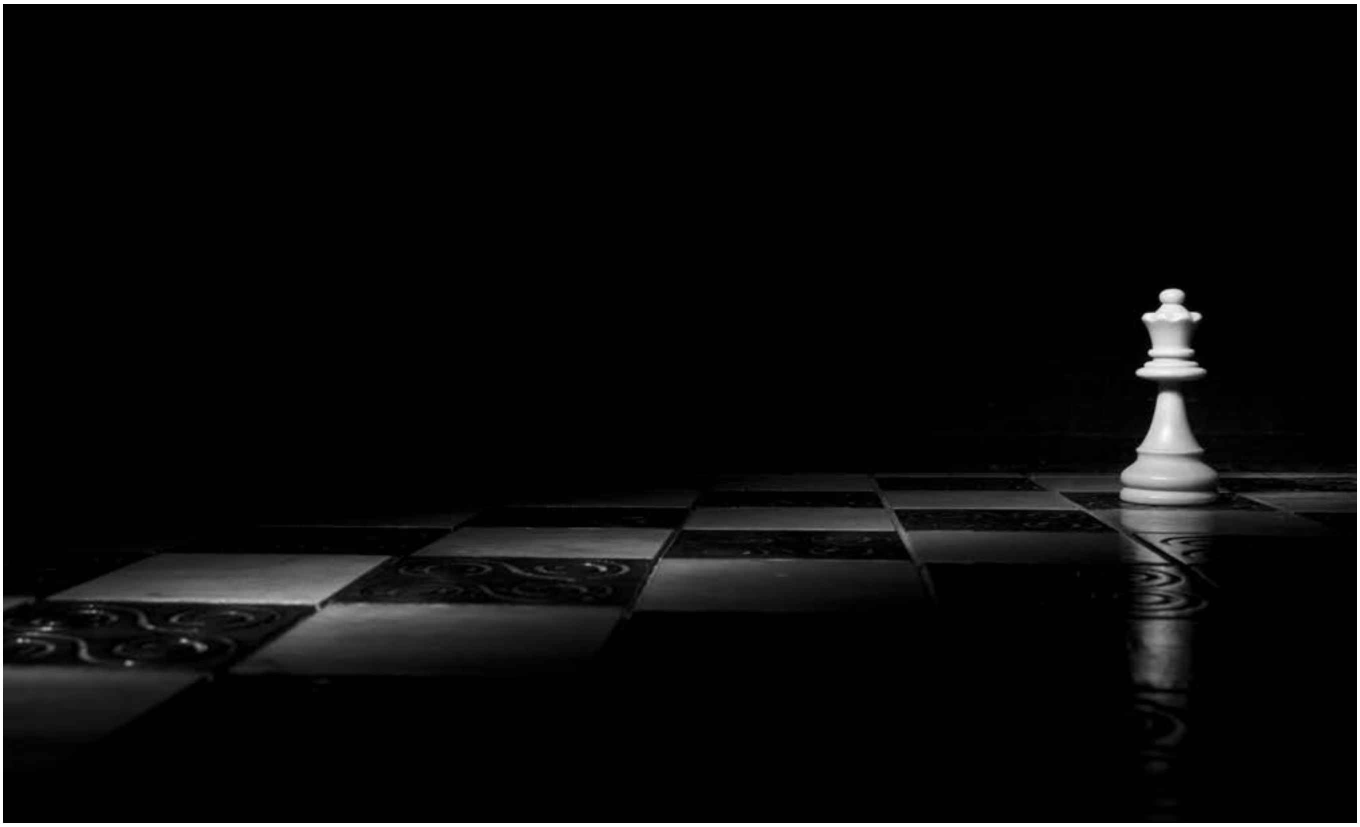
Northern Trust's CIT business grew by approximately 41 percent in assets under administration during the 12 months ending 30 June 2018.

CITs continue to grow in popularity as a fund structure for tax-exempt US retirement plans and other qualified investors, according to Northern Trust.

Because CITs are not sold directly to retail investors, they are subject to different regulatory oversight and typically have a lower cost structure than mutual funds.

Dan Houlihan, head of asset servicing, Americas at Northern Trust, said: "We are excited to build on our relationship with Reliance Trust."

He added: "Our platform is structured to offer fund managers an end-to-end solution that combines Reliance Trust's expertise and scale as a trustee with Northern Trust's global operations technology, financial strength and decades of experience supporting CITs and other fund structures."



Ahead of the technology game

Tim Martin of Cashfac Technologies highlights its recent research conducted alongside Ovum, and how the firm differs from other financial services solution companies

Jenna Lomax reports

What does your role as product manager involve?

I focus on the company's product roadmap ensuring our current and future plans keep us ahead of the game.

When we look at the roadmap, we look at spending time with our current customers and long-term prospects, what their plans are and where they are getting demand from their customers.

We are always looking to the market, the latest technical innovations and the regulatory space.

All this informs what we do from a product perspective. We are always looking to preempt, rather than react to demand so we always look to be ahead of the curve.

Cashfac Technologies has recently conducted research with Ovum looking at how virtual accounts are closing the service gap for corporate banks. How has the research helped Cashfac?

The report was commissioned by us to see what the corporates are looking for and if the banks are responding. When we look at this space, and we compare the retail and corporate space, for example, internet banking has moved on massively over the past few years.

Traditionally the corporate space has lagged behind. Corporates are now getting a lot more vocal. Everyone is looking for more corporate efficiencies and asking their banks to deliver it.

One of the statistics in the Ovum report was that 99 percent of the banks asked said they would have a virtual account offering in the next 18 months, showing that it's essential banks get ahead and stay competitive in a fast evolving market.

How do Cashfac Technologies differ from other financial services solution companies?

Virtual accounts have always been in our DNA, it's the heart of what we've been doing. A lot of players coming into the market are involved, whether in payment processing or corporate banking and adapting their solutions to address the virtual space.

Our solutions help us to provide a whole range of functionalities based around virtual accounts. We've been in the industry for almost twenty years and delivered on-site services before cloud options were available. This gave us more insight into corporate requirements, but now cloud delivery is our preferred option.

Therefore, we've got a really good understanding of what the customer wants. Rather than delivering banking software to banking people, we're actually coming to it from the banking environment, so it's understanding what the bank's customers need and about delivering then focused products that match their needs.

People talk about virtual banking in different ways. Banks will give you different definitions of what virtual banking is. Going forward, the maturity in that space and a better definition of what it means to the virtual account system could just be about routing payments, it could be about account servicing or a wide range of in-house bank offerings.

What are you doing at Cashfac Technologies in terms of best practices for ensuring your clients have the best possible regulation compliance?

If you talk to a lot of the banks, they will talk about transaction traceability. It's about looking at what happens with a transaction from start to finish.

Historically, banks were unable to track payments. Banks have a lot more responsibility and availability in seeing where money has come from throughout a payment lifecycle. We help provide that layer of traceability, and with the introduction of virtual accounts, our software gives increased visibility to our clients, ensuring they stay compliant at all times.

You have offices based in Europe. What opportunities or challenges has regulation, such as Basel III and GDPR brought for Cashfac Technologies?

Working in a regulator space we provide services, as well as software. We are ISO 27001 accredited. We are going through the ledger process in terms of account information and payment information services providers and are going through the Financial Conduct Authority (FCA) regulation for open banking.

In terms of Basel III, the banks are looking at what can be provided as an alternative to pooling structures and what banks have to work on when they offer pools. Regulators are trying to change that. There's no definitive answer, but they are looking at how virtual accounts can support that.

In all walks of life, everyone has been affected by GDPR. From our product point of view, we've always had the capabilities to achieve it and we're supporting the additional requirements that have reflected in the regulation. It'll be straightforward for us, going forward.

What are the trends within regulation, data privacy and information security at the moment with the increasing introduction of technology and artificial intelligence (AI)?

Our transaction capabilities are important. The bank's regulators and their internal teams want to have all that information available. Data privacy is of the utmost importance. A lot of the data flows we are involved in sit within the banking framework. With AI, a lot of people are looking at how that can be used to support different processes.

To what extent do you think artificial intelligence will change the industry in the next five to 10 years?

AI is going to change a lot of platforms—moving from what are typically rules-based approaches. They seem to be moving towards intuitive processing and using learned behaviour, rather than prescriptive and prescribed behaviour. There may be certain rules on how transactions are processed.

If you have money coming in you need to know exactly where it is coming from and what it is relating to. I see AI playing a part in improving that and having systems that will be able to learn and recognise behaviour going forward.

In terms of compliance and understanding changes in trends, people will be looking to ensure better compliances and controls are in place. AI traditionally fits into that place, identifying what's going on and identifying breaks in trends. AST

Tim Martin
Product manager
Cashfac

Looking at multi-channel opportunities

Mark Trousdale of InvestCloud discusses the firm's recent acquisition of rplan and highlights how working across two roles gives him a unique insight into market initiatives and business developments

Jenna Lomax reports

Can you explain how InvestCloud came about and the company's vision?

We were founded in 2010 with a vision of bringing investment tools to managers and investors to help them make better-informed decisions. We believed that any investment manager should have access to a first-class integrated digital investment platform through the cloud and that's what we've really set our minds to since the beginning.

We've branched out in a few different ways. A lot of companies try to rush out a product and advertise it immediately. Our approach was to build software and build a digital platform beyond the software. For example, we have a code generator called programmes writing programmes (PWP), which means one business analyst or designer can do the work of 50 programmers. It's a faster, more cost-effective way of bringing digital platforms to bear.

> *It's core to our philosophy, that if you're going to articulate the product then you'd better know what you're talking about. We at InvestCloud are constantly talking to customers and prospects*

The other thing that is different to our competitors is our digital warehouse—similar to other warehouses in years past in that it aggregates data and provides data management tools but it also deals with data that's a little less intuitive in the data warehousing space which we call unstructured data.

We have a completely different approach to building technology. We have over 700 clients now—around 650 of them are small to medium sized companies (for example, under $40 billion assets under management each), but we also have some of the largest banks in the world using our solutions.

What does your role as chief marketing officer and EVP involve?

I'm responsible for our marketing activities, everything from PR campaigns to events to writing case studies as well as being responsible for analyst relations.

I've been on the management committee for the last four and a half years. I'm very involved in business development as well and so that's really clustered around our market initiatives and business development.

Marketing is all about articulating a product and being empathetic to your market and putting yourself in the shoes of your buyers. In order to do that effectively, you need to be out in the market.

It's core to our philosophy, that if you're going to articulate the product then you'd better know what you're talking about. We at InvestCloud are constantly talking to customers and prospects.

InvestCloud recently acquired rplan. The digital platform combines financial apps and application programming interfaces. How will asset servicing companies benefit from this acquisition?

What we see a lot of asset servicing companies doing globally is looking at multi-channel opportunities.

So, how can they still create funds that are leading from an investment management standpoint and still distribute their independent financial advisors or other intermediaries, but then at the same time develop more of a direct relationship with the client?

Many say that those closest to the client win. The more you're disintermediated from the end investor, the more you stand to be irrelevant in the future.

Services can become more commoditised, but there's a need to be excellent in reaching your end investors. Rplan has honed that and proved that it works.

If you master client communication, automation and management, you will build asset under management growth and you will retain more clients.

InvestCloud's acquisition will extend its direct-to-consumer (D2C) offering for institutional asset managers. How long do you think it will take businesses to go completely D2C? And why?

I'm not of the opinion that they will go completely that way. There will still be a role for intermediaries whether those intermediaries are compensated as dealers, or whether those are intermediaries that are compensated as fee-based advisors.

While those entities are out there, they will be looking for a product. A lot of those firms, are often good at relationship management but don't always have the stock pickers and the portfolio managers that some of the larger houses do.

Those outside firms are still looking for investment products to offer to their clients. But I don't think it's ever going to be D2C completely.

A lot of people are looking at the likes of Vanguard for example and seeing how much successes D2C can have, but I don't think it's going to be the only channel.

Is the writing on the wall for D2C as asset managers move towards multi-channel financial distribution?

Wholeheartedly, the writing is on the wall. Clients are definitely talking about this. They're talking about it because client acquisition is important, it's important to them to multiply their channels for their very strong products. Those who don't adapt die off—the world is changing. AST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Despite the challenges facing the German banking industry, there are bright spots, notably in serving the local and international needs of Mittelstand clients, and in the ability to provide more efficient and better service to retail and corporate clients through online channels. Germany's best bank, Commerzbank, is focusing on both these opportunities.
COMMERZBANK
The bank at your side

Captive capital

BNY Mellon's Hani Kablawi explains that as sovereign funds continue to evolve, the asset management and asset servicing providers that support them will continue to adapt to theirchanging needs

In September, BNY Mellon hosted its eighth Sovereign Academy. We have been running these events, which are attended by senior managers of sovereign wealth funds and other public investors from around the world, on a semi-regular basis for more than 10 years.

Over this period, we have seen the size of sovereign funds and their influence on the global capital markets steadily grow.

Sovereign funds now hold around $7 trillion of assets according to the Sovereign Wealth Fund Institute. While around half of the funds by assets are concentrated in the Middle East—primarily in the UAE, Saudi Arabia, Kuwait and Qatar—sovereign funds span some 50 countries around the globe.

The views expressed herein are those of the authors only and may not reflect the views of BNY Mellon.

> *Sovereign funds have typically been less transparent than other institutional investors. However, as assets have grown, there has been greater demand for more oversight by stakeholders from within government institutions*

The world's largest sovereign fund belongs to Norway. China is the nation with the most sovereign wealth assets, with funds including the China Investment Corporation, the Hong Kong Monetary Authority and the SAFE Investment Company. Other $100 billion plus sovereign funds hail from Singapore, South Korea and Australia.

Sovereign funds are far from homogenous and they vary significantly in size, shape, objectives and investment horizons. Nevertheless, they typically have three things in common: they hold large pools of captive capital, they seek long-term returns and they safeguard wealth for future generations.

As assets under management have grown in recent years, many sovereign funds have looked to diversify into new asset classes and to build their own investment capabilities in-house. The low interest environment has encouraged sovereign funds to look beyond their traditional focus of public equities and fixed income, and to extend into new sectors, regions and asset classes. Alternative asset classes—private equity and hedge funds, and especially real estate and infrastructure—are now firmly on their investment menu.

Research that BNY Mellon undertook earlier this year with the Official Monetary and Financial Institutions Forum, found sovereign fund portfolios to contain, on average, 8 percent in real estate and 11 percent in infrastructure. Since 2009, sovereign funds and public pension funds have increased their holdings of real estate by 120 percent and infrastructure investments by 165 percent.

The research also suggests more investment will continue to be allocated to these real asset classes, with sovereign funds and public pension funds combined expecting to invest an additional $334 billion in real estate and $130 billion in infrastructure over the next two years.

The appeal of real assets to sovereign funds stems from their low correlation to stocks and other investments, combined with yields that have exceeded most traditional assets over five, 10 and 20-year horizons.

Central bank policies, demographic shifts—the growth of the middle class, impact of millennials and urbanisation—and the outperformance of real assets, have created a surge of interest and investment. This greater diversification of assets and enhanced investment complexity presents a number of challenges for sovereign funds to which asset servicing providers are responding.

The diversity and relative illiquidity of alternative asset classes makes their management, monitoring and accounting far more complex than fixed income and publicly listed equities. As sovereign funds increasingly make direct investment themselves, having the technological systems and platforms in place to deal with this complexity is becoming ever more crucial.

Like all institutional investors, sovereign funds face the daily challenge of ensuring they have efficient and effective middle and back office operations.

Sovereign funds have typically been less transparent than other institutional investors. However, as assets have grown, there has been greater demand for more oversight by stakeholders from within government institutions.

Sovereign funds are also facing greater transparency requirements as investment committees look to understand the drivers of performance across their different investments.

As a result, managers for sovereign funds are seeking increasingly sophisticated data reporting and accounting solutions.

Sovereign funds' unique and often high profile positions mean that security is absolutely at the top of their agendas. Our experience is that they are especially focused on having the highest levels of security and encryption.

They also put great stock on the ownership of their asset servicing and solution providers; long-term financial stability is essential.

These and many other issues were discussed at this year's Sovereign Academy, which I always find to be a unique, intimate forum to discuss the key challenges and opportunities facing our sovereign fund clients.

Sovereign funds will continue to evolve, along with the distinctive 'sovereign' nature that distinguishes them from other institutional investors.

As they do so, the asset management and asset servicing providers that support them will continue to adapt to their changing needs.

Comings and going at Allfunds Bank, BNY Mellon, LCH and more

Allfunds Bank has appointed Sebastián Ochagavía as the new country head of Chile in a continued effort to expand its presence in Latin America.

Ochagavía will be responsible for heading up the Allfunds sales efforts in Chile, Argentina and Uruguay and will report directly to Laura Gonzalez, head of Latin America and Iberia.

Prior to AllFunds, Ochagavía was deputy head of institutional clients at Compass Group where he was in charge of the distribution of third-party products, including mutual funds, exchange-traded funds and alternatives strategies.

Before joining Compass, Ochagavía was a business development associate at BlackRock, where he was responsible for institutional clients in Chile and Peru. Prior to this, Ochagavía worked at Corso Inversiones, one of the largest single family offices in Chile, as a buy-side investment analyst.

Commenting on Ochagavía's appointment, Gonzalez, said: "I am very pleased to welcome Sebastián Ochagavía to Allfunds. I am confident he will make an immediate impact on our business."

She added: "The Latin American market, particularly Chile, is extremely important to us. Ochagavía will be joining an already very well-established team that have been operating in the region for over 10 years and so I am delighted to have his experience and insight to help grow our business."

BNY Mellon has appointed Sam Xu as country executive for China.

Based in Shanghai, Xu will report to Gregory Roath, head of global client management.

Most recently, Xu served as head of transaction banking for China at Standard Chartered, where he covered cash and liquidity management, trade finance, custody, and other securities services.

Prior to Standard Chartered, Xu worked for Deutsche Bank and J.P. Morgan in China as well as New York.

Xu succeeds Robert Kung, who will be retiring following five years with BNY Mellon.

David Cruikshank, chairman of Asia Pacific at BNY Mellon, commented: "China is an important and promising market for BNY Mellon."

Gregory Roath, head of client management for BNY Mellon's Asia Pacific region, said: "I am pleased to have Xu joining BNY Mellon to lead the strategic direction and expansion of the company's local capabilities and presence across all businesses in China."

Roath added: "With his diverse background and extensive experience in the industry, his leadership will be integral to further driving BNY Mellon's business in China as we continue to deliver excellence for our clients across the investment lifecycle."

LCH has appointed Kate Birchall as head of Asia Pacific, effective from 15 October.

Based in Sydney, Birchall will report to Martin Pluves, CEO and will be responsible for LCH's business in Asia Pacific, including the central counterparties existing over-the-counter derivatives clearing operations in Sydney and Tokyo.

Birchall will join LCH from National Australia Bank (NAB), where she was most recently head of portfolio optimisation and collateral.

Prior to her time at NAB, Birchall was a director at KPMG and also held various roles at Lloyds, CIBC and Australia and New Zealand Banking Group.

Birchall takes over from Marcus Robinson who has been appointed as head of group business development at LCH, based in London.

In his new role, Robinson will be responsible for defining new business opportunities by engaging clients across services to identify and develop new services and products. Robinson will report to Daniel Maguire, CEO of LCH Group.

Martin Pluves, CEO of LCH, said: "I'm pleased to welcome Kate Birchall to LCH as head of Asia Pacific. She brings with her substantial experience of the markets in Australia and internationally, and will be an asset to our leadership team."

He added: "In her new role she will oversee our growing business in Asia Pacific, fostering relationships with market participants in the region, and leading our colleagues based in Australia and Japan. I'd also like to thank Marcus Robinson for his successful four-year tenure as head of Asia Pacific, and look forward to continuing to work with him in his new role as head of group business development."

The European Fund and Asset Management Association (EFAMA) has appointed Tanguy van de Werve as its new director general

He will begin the role on 1 January 2019 and will be responsible for the implementation of EFAMA's strategic agenda, and the leadership and management of the EFAMA secretariat in Brussels.

He will also be the central spokesperson and representative for the European asset management industry with international policy makers, regulators, and other key industry stakeholders.

Prior to joining EFAMA, van de Werve served as a managing director and head of the Brussels office for the Association for Financial Markets in Europe (AFME) for three years.

Before that he spent more than nine years as director general of Eurofinas and Leaseurope—the trade bodies representing the specialised European consumer credit providers and the European leasing industries, respectively.

Peter De Proft, who has headed the industry body for the past eleven years, will step down from the role, but remain an honourary director general at EFAMA and will have an advisory function to the new director general during the transition period, ending in June 2019.

William Nott, president of EFAMA, commented: "Tanguy van de Werve has an excellent track record in leading complex industry associations, raising the profile of the industries he has represented, and most importantly, in achieving tangible and quantifiable results with EU policymakers for those industries. He has also been at the heart of the evolution of the European financial services industry in recent years."

Nott added: "Peter De Proft's part in the EFAMA story has been invaluable, and he will be sorely missed by his team, the national associations, and the corporate and associate members whom he has served with distinction since 2007."

Commenting on his appointment, van de Weve said: "I am thrilled to join EFAMA, and to partner with members at such an exciting time for the European asset management industry."

"As investors in financial markets and stewards of capital and long-term savings, asset managers are ideally placed to help address crucial societal challenges, such as the increasing retirement savings gap, the need to finance long term infrastructure, and the transition towards a greener economy."

He concluded: "De Proft will leave big shoes to fill at EFAMA and I look forward to benefiting from his experience and guidance, as I aim to pick up where he has left off."

Dolfin, the independent wealth management platform, has appointed Nick McCall as head of wealth management.

McCall will be responsible for strengthening Dolfin's sales and trading capabilities and lead an expanding team of private client relationship managers. McCall has more than 30 years of experience in the financial industry, most recently leading private wealth firms such as Hay Hill, Falcon Private Wealth and Clariden Leu.

Dolfin now offers custody, depositary in Malta, execution brokerage and asset management services to private clients, financial advisers and institutional investors from both its London headquarters and its newly expanded office in Valletta.

Commenting on his new role, McCall said: "Dolfin is now a well-established firm with forward momentum. I'm excited about the opportunity to build awareness of its offerings, extending and diversifying its international private client base."

He added: "Unlike many wealth managers with outdated systems and legacy thinking, Dolfin's approach is truly nimble. By combining technology with investment expertise, it can offer a compelling client experience that I'm eager to be a part of delivering."

Denis Nagy, CEO of Dolfin, said: "We're delighted to welcome Nick McCall to the team. He brings a wealth of industry expertise and his long history in wealth management will support our focus on building close and lasting relationships with our clients."

He added: "McCall's appointment is part of our continued commitment to significantly improve our investment process by challenging convention and harnessing technology."

State Street Corporation has appointed Michele Hardeman as head of global markets for Asia-Pacific, effective immediately.

In her new role, Hardeman will be responsible for the strategic direction, sales, service and operations of the global markets business in the Asia-Pacific region.

Hardeman will report to Wai-Kwong Seck, CEO for Asia-Pacific at State Street, and Lou Maiuri, global head of global markets at State Street.

Hardeman, who has relocated to Hong Kong from Boston, previously served as head of foreign exchange sales for State Street global markets.

She joined State Street in 1998 and was head of FX sales for Australia prior to her move to Boston in 2011, where she took on the same position for the Americas.

Commenting on Hardeman's new role, Seck said: "Michele Hardeman has more than 20 years of experience in capital markets across Australia and the US. Her global experience and deep understanding of the challenges clients face will enhance our global markets capabilities in the region."

Hardeman added: "Investors are always challenged with the need to generate and preserve alpha in the current market environment, where interest rates are rising, volatility is increasing and many asset classes are getting expensive."

She said: "Our proprietary indicators and research can help clients in the Asia Pacific region to navigate global markets to improve investment returns and minimise risk. I am excited to return to the Asia Pacific region to lead State Street Global Markets as we grow and broaden our capabilities and client base in the region."