asset servicing times

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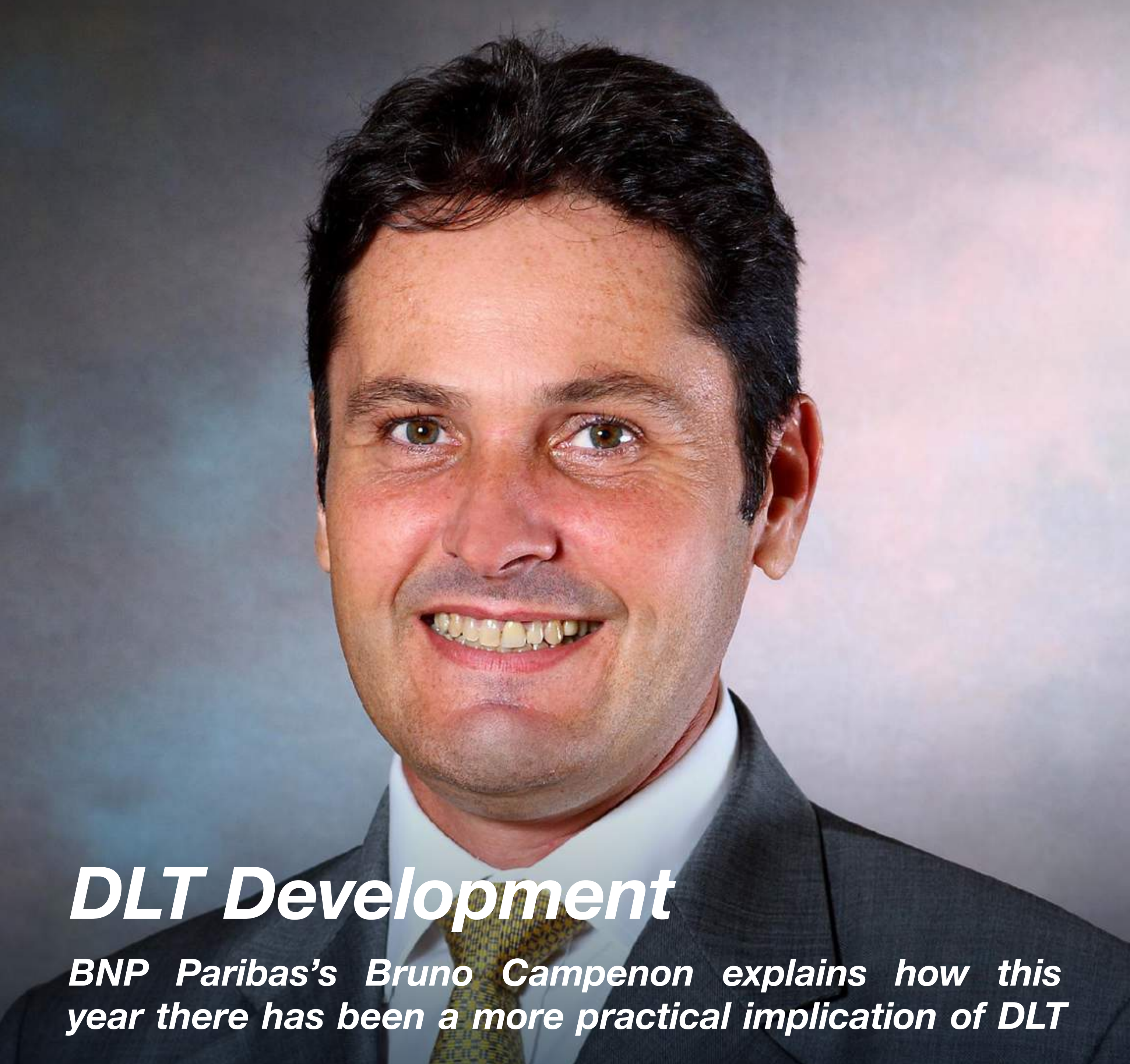
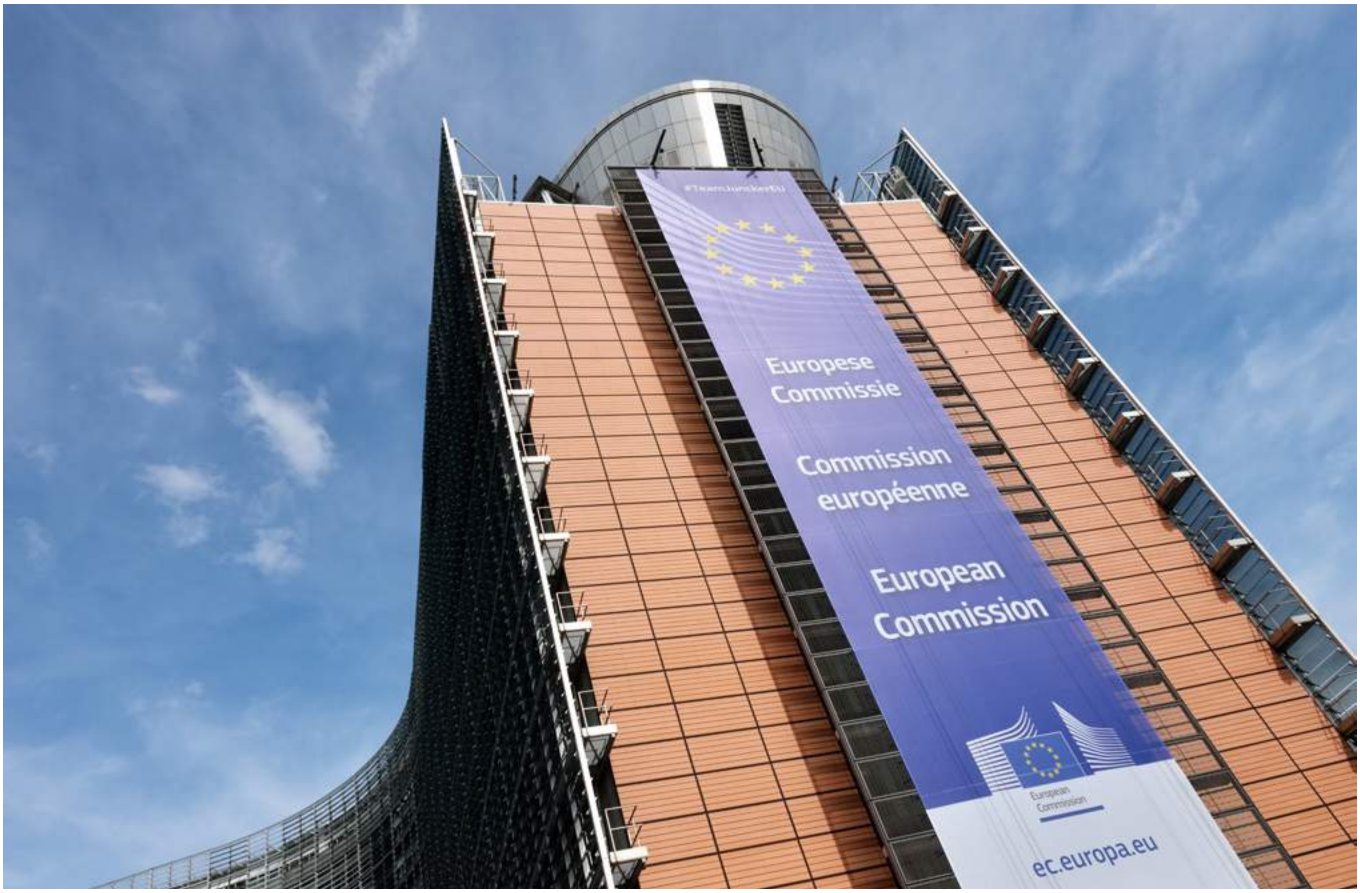


DLT Development

BNP Paribas's Bruno Campenon explains how this year there has been a more practical implication of DLT



European Commission extends PRIIPS KID requirement by two years

The European Commission is set to delay extension to the Packaged Retail and Insurance-based Investment Products (PRIIPs) Key Investor Document (KID) requirement to UCITS funds by two years.

The decision follows opinion from the European Fund and Asset Management Association (EFAMA), which said PRIIPs regulations were “not fit for purpose”, as the proposed changes in the performance scenarios section of the KID was “misinterpreted”.

Responding to a consultation paper from the European Supervisory Authorities on proposed amendments to the PRIIPs regulation, EFAMA said the paper would not address the full extent of the PRIIPs KID flaws. Industry observers have said the commission’s decision has come “as no surprise”.

Andre Nogueira, director of trading analytics at ITG, said: “With proposed changes being discussed on the calculations and methodologies, it wouldn’t make sense to enforce the regulations on UCITS until the changes are finalised. As a result, putting it aside for now and bringing UCITS in line when the PRIIPs approach has been revised is a sensible move. What’s interesting about this is the length of the delay—two years seems an awfully long time to simply iron out some creases. This could suggest that the changes to PRIIPs are more complicated than expected.”

Alexander Dorfmann, senior product manager at SIX, commented: “The consultation on proposed changes to the PRIIP KID requirements to UCITS funds is yet another example of the need for firms to adopt a flexible approach to compliance in the face of regular modifications.”

He added: “In order to guarantee compliance, funds need to ensure that they are ahead of the game and have access to all the data and information necessary to comply. 2019 will be another year of multiple regulatory changes, challenges and enhancements both on European and national levels.”

“Working closely with financial markets industry participants we appreciate every effort undertaken by organisations such as the European Supervisory Authorities to harmonise regulatory standards, specify a common framework and streamline the implementation efforts for the entire industry.”

Contents

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ESMA welcomes EU no-deal Brexit stance on central clearing

The European Securities and Markets Authority (ESMA) has welcomed the European Commission's communication on a contingency plan on central clearing in the event of a no-deal Brexit.

ESMA has welcomed the European Commission's communication on a contingency plan on central clearing in the event of a no-deal Brexit.

In its communication, the commission said it would act, to the extent necessary, to address financial stability risks in the commission arising from the withdrawal of the UK without any agreement.

If this scenario occurred then the commission would adopt a temporary and conditional equivalence decision in order to ensure that there will be no disruption to central clearing. According to ESMA, its board of supervisors supports the continued access to UK central clearing counterparties (CCPs) to limit the risk of disruption in central clearing and to avoid negatively impacting EU financial market stability.

ESMA is engaging with the commission to plan the preparatory actions for the recognition process of UK CCPS, in the case of a no-deal scenario.

It was revealed that ESMA has already started engaging with UK CCPs to carry out preparatory work.

The aim is to ensure continued access to UK CCPs for EU clearing members and trading venues as of 30 March next year, would all the conditions of European Markets Infrastructure Regulation, including any conditions set out in the equivalence decision be fulfilled.

GTCR combines Ultimus and Gemini Companies

GTCR has entered into an agreement to separately acquire Ultimus Fund Solutions and Gemini Companies.

The combined company, which will operate as Ultimus Fund Solutions, will offer full-service fund administration, accounting and registration solutions to traditional and alternative fund managers.

Separately, Ultimus and Gemini both offer customised middle and back-office solutions that help fund managers and investors.

As part of this transaction, Gary Tenkman, president of Ultimus will be appointed as CEO of the combined business.

Kevin Hesselbirg, Gemini Companies CEO, will join the board of the company and serve as an advisor to senior management.

Kevin Wolf, president of Gemini Companies, will continue in a senior role reporting to Tenkman.

Ultimus founders Bob Dorsey and Mark Seger will remain active as vice chairmen and continue to support the business and its customers.

The closing of the acquisition is expected to be in Q1 2019 after regulatory approval. Commenting on the acquisition, Tenkman, said: "As a united, larger independent institutional strength firm, we will be able to deliver enhanced scale and deeper capabilities with boutique service levels to our combined client base. I look forward to working with the Gemini team to jointly advance our innovative solutions."

Hesselbirg commented: "I am a strong believer in the merits of this combination, bringing these two great companies together will result in improved investment, opportunity and innovation benefiting our mutual clients and employees."

He added: "This combination represents the next phase in our mission to enable


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entrepreneurial managers and advisors deliver new strategies and products to market supported by technology-driven solutions and world-class service."

Dorsey and Seger, issued a joint statement, stating: "We believe the transaction is an evolution for Ultimus."

"We have great regard for the Gemini organisation and look forward to working with them as the increased scale and broadened product capabilities of the combined company will enable us to even further enhance the industry-leading customer service that has been a cornerstone of Ultimus since its founding."

Collin Roche, managing director at GTCR, explained: "We are excited to support the combination of Ultimus and Gemini under Tenkman's leadership. We believe each company brings expertise and competencies that are distinctive in the market and are highly complementary to one another."

He added: "Together, they represent a leading fund administrator, with significant technological capabilities and a strong client service offering. Our plans going forward are to continue to invest heavily in technology and further expand product offerings and solutions for current and future clients."

Abaxx chooses Cinnober

Abaxx Exchange has chosen Cinnober's TRADExpress Trading System and TRADExpress RealTime Clearing for its new commodity exchange and clearinghouse.

Abaxx's commodity exchange and clearinghouse, currently in development in Singapore, will initially focus on Liquefied Natural Gas (LNG) derivatives.

The new exchange will leverage Cinnober's established trading and clearing systems, providing "a resilient and reliable technological" framework for Abaxx Exchange.

Cinnober provides trading and clearing technology to marketplaces and clearinghouses globally. Cinnober's customers include exchanges such as the Asia Pacific Exchange, Australian Securities Exchange, B3 and Euronext.

John Knorring, CEO of Abaxx Exchange, said: "We were impressed with the functionality of the Cinnober solutions, in addition to the competencies of their technical teams."

"This partnership establishes the foundation to extend the portfolio of capabilities of the Abaxx Exchange."

Peter Lenardos, CEO of Cinnober, commented: "Cinnober's systems are playing a crucial part in setting up this venue for price formation and trading of LNG contracts, to make global energy trading more efficient."

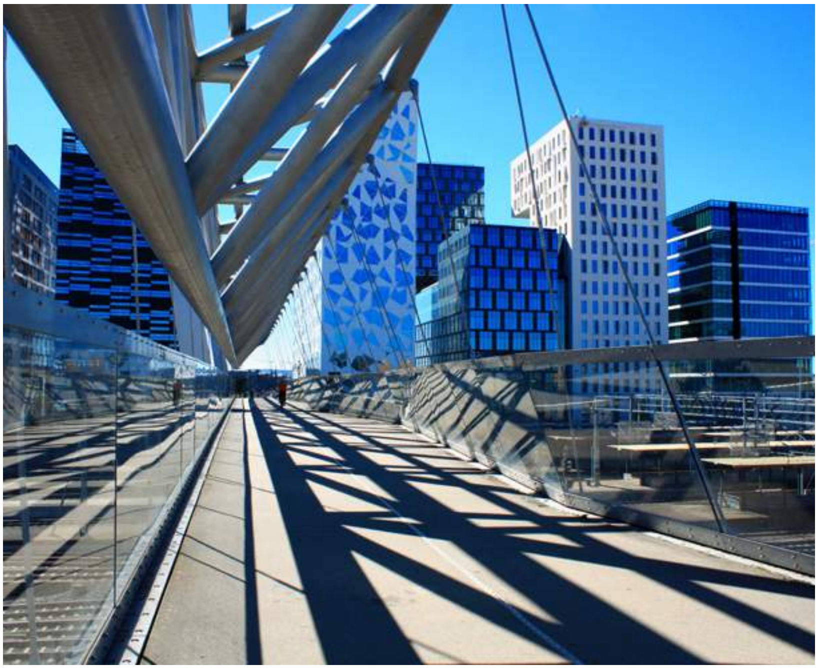
"Our proven trading and post-trade solutions will enable Abaxx to rapidly deploy the infrastructure, functions and services needed to operate a safe, fair and orderly marketplace."

MFEX to acquire RBC I&TS's global fund platform

MFEX has signed an agreement with RBC Investor & Treasury Services (RBC I&TS) to acquire its global fund platform (GFP) technology.

MFEX will also provide fund distribution services to RBC I&TS under the long-term partnership. RBC I&TS's GFP technology provides order routing, deal execution, settlement, asset servicing, fund data, fund documents and trailer commission processing for investments into mutual funds, alternative investment funds and exchange-traded funds.

Following MFEX's recent acquisitions of Ahorro Best Funds in Spain and Axeltis



Citi launches direct custody and clearing services in Norway

Citi has started offering its new direct custody and clearing services in Norway from mid-November.

Direct custody and clearing play an "integral role" in the capital markets, according to Citi. The new offering provides clearing and settlement services for the trading and investing activities of broker-dealers as well as offering local market sub-custody services to banks and global custodians.

Citi has partnered with the Norway central securities depository Verdipapirsentralen ASA (VPS) and accessed VPS directly through its Dublin head office, facilitating the use of Citi`s single legal vehicle (SLV) platform in Europe.

SLV offers clients direct access to key European locations, including the TARGET2-securities markets, via one single access point.

Sveinung Dyrdal, executive vice president at VPS, said: "We welcome Citi as a market participant and look forward to having a global bank as a direct member of VPS."

"Norway is an interesting market for foreign investors and Citi's membership confirms the continued attractiveness of VPS and the Norwegian capital markets."

Pal Rokke, Citi country officer for Norway, added: "As we celebrate the 45th anniversary of Citi's presence in Norway, we are pleased to add direct custody and clearing services to the existing wide range of services we deliver on the ground across the full spectrum of investment banking, capital markets and markets solutions."

"We look forward to leveraging our extensive network to facilitate investor access to Norway and generate new growth opportunities for our local and international clients."

The new services expand the bank's direct custody and clearing services network to over 60 markets globally.

in France, the agreement with RBC will, according to MFEX, further strengthen MFEX's position as a leading expert for international fund distribution.

As a result of this acquisition, MFEX will expand its geographic footprint through new local offices in London, Luxembourg and Kuala Lumpur.

It will also reinforce its market share in both Europe and Asia and allow it to expand its offering for both distributors and investment managers.

The closure of the transaction is subject to approval by local authorities.

Oliver Lagerström, co-CEO of MFEX, said: "We are extremely pleased to partner with RBC. Both parties share common values in the delivery of the best possible client experience and a willingness to invest into the digitisation of the fund distribution value chain."

Olivier Huby, co-CEO of MFEX, commented: "This, along with our other recent acquisitions, reinforces MFEX's leading role as the preferred independent expert in global fund distribution."

BCS Global Markets obtains transaction banking license

The London-based business of BCS Global Markets has obtained a transaction banking license to provide clients with an integrated investment banking and payment services solution.

The integrated solution will be developed alongside BCS's existing prime brokerage and custody products.

Transaction banking services will be rolled out gradually as new technology partnerships are formed. The payment interface and enhanced fraud protection programmes will be led by Evgeny Kunts, head of transaction banking.

Kunts joined BCS last year to develop the new payments service. He is experienced

MUFG hires new independent non-executive director

NWT, a Mauritius-based full-service fund administration firm, has selected Pacific Fund Systems (PFS)'s fund administration system for its third-party fund administration.

PFS-PAXUS offers a complete back-office fund accounting, portfolio valuation, fund pricing and transfer agency administrative solution that includes regulatory reporting, on a single, fully integrated system that satisfies the needs of the most sophisticated fund administrators.

NWT focuses on creating personalised solutions for setting up and administering companies, trusts, foundations and funds and provides fund administration services for both open and closed-ended collective investment schemes including hedge funds, private equity investment vehicles and venture capital funds.

PFS-PAXUS will be NWT's core fund administration technology.

Paul Kneen, CEO of PFS, commented: "We are delighted to welcome NWT as a client, and we look forward to working with their team to enable them to effectively meet the ever-increasing regulatory and market demands of a continually evolving funds industry."

He added: "Pacific Fund Systems is a leading provider of fund administration software via its award-winning PFS-PAXUS application; a specialist accounting and administration system that is the product of choice for administrators of both traditional and alternative funds, including hedge funds, private equity and real estate, and many other collective investment vehicle structures spanning all asset classes across the globe."

"Pacific Fund Systems services a continually expanding international client base with more than $600 billion of assets managed globally on PFS-PAXUS."

in the leadership of financial services organisations including managing the setup of new business offerings.

The announcement comes after BCS opened its US office—BCS Americas. It also became a registered member of the New York stock exchange this year.

Commenting on the obtainment of the licence, Kunts said: "This is a major milestone in the development of BCS global payments and we are very proud of being a trusted and fully authorised payment institution in Europe."

He added: "As an authorised payment institution, we will offer a new cash management and payment service solutions to our clients."

"Our payment services will enable our clients to make secure online transactions directly from their accounts with BCS Prime Brokerage."

"Being digital with straight-through processing, this solution is based on new technologies which successfully combine an innovative payment interface with a global payment network and advanced fraud protection."

Poste Italiane reappoints BNP Paribas as custodian

BNP Paribas Securities Services has been reappointed as global and local custodian by Poste Italiane Group.

BNP Paribas Securities Services has been active in the Italian market for more than 25 years, offering a range of services and post-trade solutions to asset managers, asset owners, banks and brokers.

FundRock acquires SEB Fund Services

FundRock Management Company has acquired SEB Fund Services from Skandinaviska Enskilda Banken (SEB).

The deal, which was first revealed on 22 May this year, is now complete following

SGX launches new securities settlement system

The Singapore Exchange (SGX) will be launching a new securities settlement and depositary framework and system, effective 10 December.

The new framework and system will enable a shorter securities settlement cycle of two days (T+2) and settlement of money and securities.

Moving to T+2, Singapore's stock market will harmonise with others including Australia, the EU, Hong Kong and the US.

As part of the launch, investors will be able to benefit from the simultaneous settlement of securities and money, and the streamlining of central depository notifications.

It will also allow a broker-linked balance functionality to be made available to investors, which allows investors to give their chosen brokers visibility over specific securities. According to SGX, this will provide brokers with the ability to offer more personalised products and services to their clients.

Chew Sutat, executive vice president and head of equities and fixed income, SGX, commented: "Come 10 December, we will align our securities clearing and settlement processes with global standards, strengthening Singapore's position as an international financial centre. With the new settlement and depository framework, securities and funds will be made available to investors earlier, while reducing risks across systems and markets."

He added: "Our new system will also enable us and our securities members to enhance services for the market."

regulatory approval of the Commission de Surveillance du Secteur Financier (CSSF).

SEB Fund Services offers third-party management company services to Nordic asset managers with Luxembourg-based investment funds. As part of the transaction, SEB Fund Services's 20 employees will transfer to FundRock.

FundRock is an independent third-party UCITS management company and alternative investment fund manager, which provides services to Luxembourg, Ireland and UK-based funds.

Revel Wood, group CEO of FundRock, commented: "Clients and their end investors are core and central to our business, and expect more and more from us as their long-term partner in Europe."

"This further enhances our ability to offer our clients a substantial, well-capitalised solution with deep and broad expertise in all the major European fund jurisdictions, packaged into a robust offering with strong connectivity, now also reaching into the Nordic markets."

"It further demonstrates our long-term commitment to investing in fund management as our core business offering clients solutions across their full fund range."

Göran Fors, deputy head of SEB Investor Services, added: "We will continue to offer management company services via an exclusive cooperation agreement with FundRock thereby strengthening SEB's customer offering."

"It will also be a good solution for our employees, who are now joining an operation of large scale with offices in the major fund centres that are fully specialised and focused in this service area."

Understanding the US fund market

Ryan Dargis of Northern Trust discusses the growing trend for European funds looking to accept US investors

Jenna Lomax reports

What does your role at Northern Trust involve?

I am a product manager supporting our global fund services (GFS) business in North America. Although GFS supports a range of services for various aspects of an asset manager's operation, my focus is mainly back-office—custody, fund administration and investor services—for US asset managers and non-US managers who are running unregistered US fund products.

Part of my role as a product manager is to help on- and offshore asset managers understand the US funds market, the landscape of different fund vehicle options and how they can coordinate their distribution strategies.

Supporting our clients' collective investment (CIT) funds is also a big part of my role. I educate clients on how CITs work and I also have a relationship management role with trustees that we work with to offer CIT structures.

What current trends are you seeing in fund distribution channels. How and why are they becoming global?

Cost pressure is a universal trend, which is happening for various reasons but mainly because of evolution of the market, including the institutionalisation of defined contribution (DC) plans. Asset managers facing increased fee pressure are in turn looking at their service providers for cost saving solutions.

Another major trend we see that impacts the CIT space and the fund vehicle decision-making process is growth of the US retirement market, the fastest growing component of which is the DC side. Employers are just not offering defined benefit plans like they used to. So the growth and the importance of the DC-world within the US retirement market is a huge trend. Many asset managers outside of the US, who aren't as familiar with the US market, want to understand how they can penetrate that market.

The CIT structure is one that I spend a lot of time talking to managers about. I help UK managers understand how the CIT operates, how it's different to a mutual fund, and how it could

Indeed, the growth and change in regulation in the decade since the global financial crisis has forced asset managers to focus on issues outside of their core investment and business strategy

Ryan Dargis, senior vice president, Northern Trust

conceivably play a role in their distribution strategy in the US by taking advantage of that growth in the DC space. It can be daunting to those who don't understand it.

Can you explain the growing trend for European funds looking to accept US investors?

The size of the US retirement market—$28 trillion—is an obvious attraction for European funds. The first question for those funds should be: "are they leveraging a platform already in the US?"

Those in the retirement space may look to platform providers in the mutual fund world to access these markets, whether that is purely in a sub advisory role, or by leveraging available fund structures more robustly.

If not, a basic question is: "how can I conceivably get US investors into my European funds?"

We continue to have discussions with managers around how best to do that. It's probably not impossible, it can work, but it's not the most streamlined process, and requires a lot of consideration for the manager.

For managers grappling with this cost environment, from a fund structure perspective, there is no one vehicle that can do everything everywhere. We have had conversations with managers about allowing US investors into one or more European fund structures. Again, the mechanics are tricky and create new obligations, including notably tax law compliance. The introduction of a US investor into a CCF or UCITS vehicle for example likely forces that fund to operate within the US Internal Revenue Service or Securities and Exchange Commission (SEC) rules when that probably wasn't part of the asset manager's original blueprint when they were building that European-based fund.

Managers are trying to crack it, but it is complicated as it creates challenges around disclosure and reporting, which may have a knock-on effect for non-US investors. It's not causing serious concern, but it is an additional consideration and one that we always encourage managers to seek formal legal and tax guidance on.

Does this growing trend have anything to do with regulation and/or the current state of economic and political volatility?

Indeed, the growth and change in regulation in the decade since the global financial crisis has forced asset managers to focus on issues outside of their core investment and business strategy. For service providers like us, it is an opportunity to contemplate what additional services we can provide to help lighten that regulatory burden.

I wouldn't say we have seen any trends that correlate explicitly with the current political situation, aside from new rules and regulations such as the Alternative Investment Fund Managers Directive and the second Markets in Financial Instruments Directive.

The guiding trend within developed markets should be to expect more regulation and everyone's trying to keep up with those changes.

How are asset managers gaining access to the largest retirement market in the world?

Having a singular focus to execute a strategy is important to success in a new market. Getting that clear strategy in front of institutional investors and their gatekeepers is not an easy feat: you have to spend time evangelising your strategy in front of senior managers and (just as importantly) the consultants who assist them. Having access to local expertise on issues like governance, marketing, sales and distribution can be crucial.

The CIT route should be part of any review of the US retirement market. A CIT can look and act like a mutual fund but it can often operate at a relatively lower cost. But an advisor can't just go out and create a CIT and launch it—a bank has to sponsor the vehicle which requires the manager to fall under that bank's due diligence and oversight regime. AST

Leveraging technology

Oded Weiss of Temenos Multifonds reflects on the company's recent survey, discusses technological trends, and predicts how the asset servicing landscape will evolve over the coming years

Jenna Lomax reports

Why is the growth of ETFs proving to be challenging for the asset servicing industry? And are there any opportunities to be had?

Over recent years, there's been a major shift as asset managers have recognised they need to develop exchange-traded funds (ETF) capability in order to remain competitive.

But while the ETF market has continued to boom, the increasing complexity of ETF products has really atcheted up the technical and operational pressures on fund administrators.

ETFs have unique operational processing requirements that are very different from the traditional funds many administrators are geared up to support. For an ETF, you need to create a basket that replicates the movement of each share in the index, and as money comes in or goes out, you have to continually keep buying or selling shares in order to match up to the index.

So it's a lot more complex and faster moving, and fund administrators have had to create highly manual spreadsheets to support their daily ETF operations. And remember, the margins on ETFs are wafer thin, so the more manual a process is, the higher the risks and cost of servicing the business.

But there are opportunities. We've looked at the ETF problem and come up with customisable servicing platform, where the ETF basket management is fully integrated into the fund accounting platform. This gets rid of all the manual workarounds, increases the automation and reduces the costs, but also creates a real opportunity for fund administrators to scale up their ETF operations and take on more and more business. ETFs are a massively cost competitive product, and providers who can operate the most efficiently will be the biggest winners.

What challenges are fund administrators facing at the moment?

Today, the majority of asset managers have now outsourced their fund administration to third party providers. As the market has matured and core services have become more commoditised, pricing has become more competitive.

And it's been tough for fund administrators—regulation has increased and this has also increased their costs, and the investment products are becoming ever more complex.

To preserve and grow margins, fund administrators need to be able to contain costs, while at the same time broadening their servicing offering, for example into areas such as ETFs. And the key to this is using technology to create greater automation.

The latest Temenos Multifonds survey revealed that increasing operational efficiency is the key priority for asset management, were you surprised about this result?

To some extent, yes. Third party administrators are often worried about efficiency because they are selling back-office operations and they want to have the best efficiency that they can to have enough margin and make money. But for the asset managers, the typical concern is about performance and attracting more flow, and the back-office is typically not at the top of the asset manager's mind.

This signals that the industry is under more and more pressure, and when you have pressure, you start to look in places that may not have been as important in the past.

However, many fund administrators are now viewing their technology platform not just through the traditional lens of efficiency and cost, but the future opportunities it can create by helping them enter new markets, launch new and innovative services, and win new business.

What current technological trends are you seeing in the industry?

Asset management and fund administration are the digital laggards in financial services, but this is changing. There's a lot of focus on distribution, partly spurred on by regulation like the second Markets in Financial Instruments Directive (MiFID II) and RDR, and the need to better engage with investors and help advisors and sales channels become more effective.

We are also seeing a much greater application of technology across the front, middle and back office, with people exploring the use of AI and robots to help unlock much greater operational efficiencies.

The Temenos Multifonds survey also found that technological innovation in operational support is not keeping pace, with 94 percent of respondents saying that it needs to accelerate. What is delaying this acceleration?

Primarily, the reason for this is the fear of change. If you manage a third party administrator that is servicing 20 major asset managers, making changes will require some migration of data that will potentially interrupt client services, and this is something that third party administrators are very concerned about.

We have been involved in many transformations with third-party administrators. Clients want service providers to renovate, innovate, and improve the platform. However, when you start a discussion with the third-party administrators about innovation and replacing their ecosystem, immediately the fear of its impact on the client kicks in.

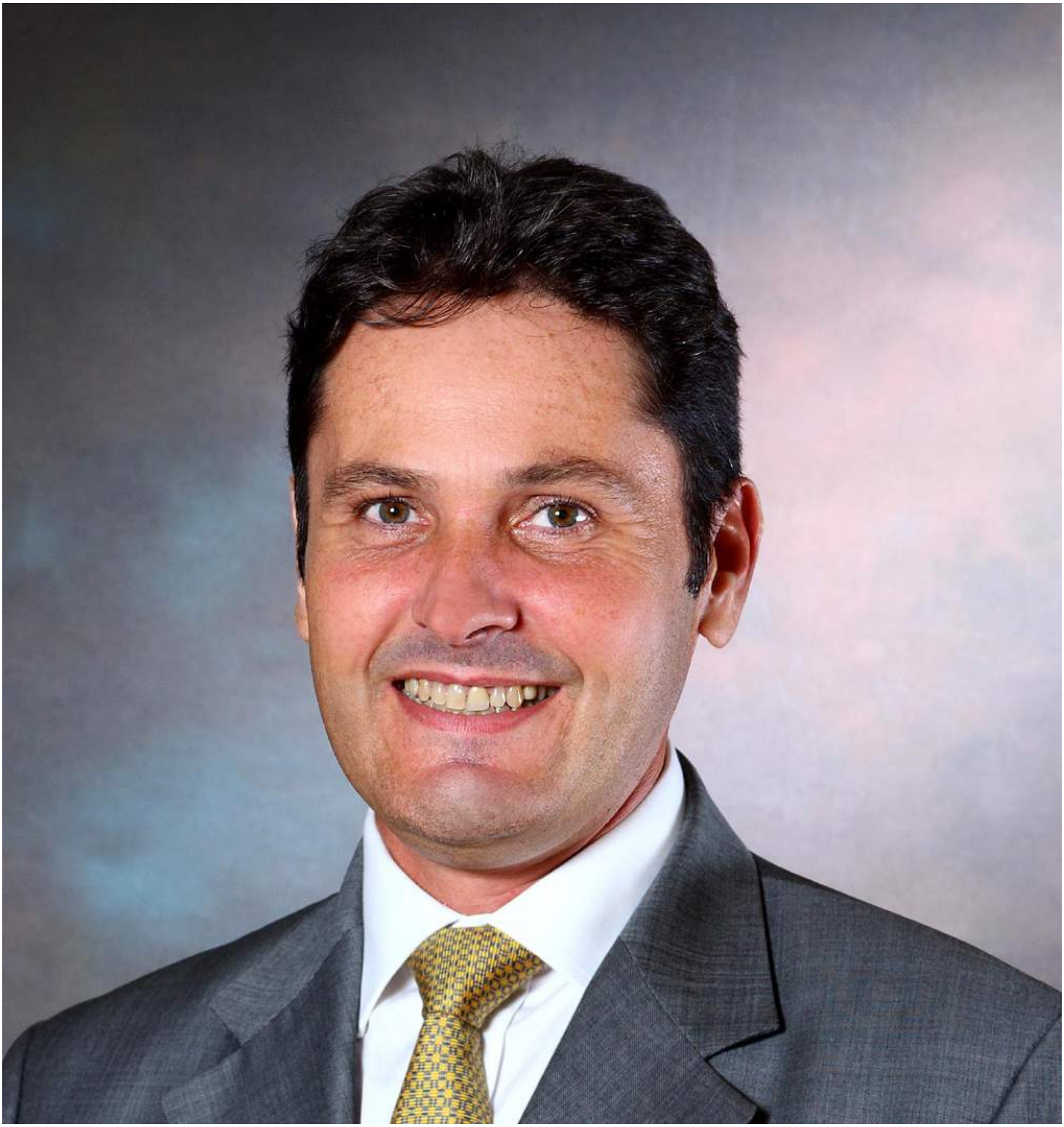
This is why third-party administrators need to be more brave and transparent with their communication with clients. With the pace of change, volumes of data, complexity of financial instruments, and ever increasing demands from asset managers and investors, you cannot keep up with all of this with a 30 year old legacy system, which will never be able to compete with a modern platform.

Improving operational efficiency is now a key priority in asset management, and an important driver of profitability. 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. They need to open up new asset classes, unlock insights from data, improve the user experience, and increase oversight and control.

How do you see the landscape of asset servicing evolving over the next 12 months?

12 months in our industry is not a long time, it is a very slow moving industry. However, in three to five years, we will see clear winners and losers. There is a group of players that are brave and are pushing for change, and are recognising both the need and urgency to digitally transform their businesses, to become more efficient, more competitive and increase scale. I think that this group will be very successful.

Those who don't change may wake up five years from now, and say "let's make changes, let's transform", but by then it will be too late.



Understanding opportunities through DLT

Bruno Campenon, head of financial intermediaries and corporates of BNP Paribas, discusses the trends he is seeing in asset servicing as well as his thoughts on the development of distributed ledger technology

Becky Butcher reports

What trends have you seen in the asset servicing space this year?

This year we have seen a more practical implication of distributed ledger technology (DLT), with companies testing real-world applications. At Sibos this year, there was a session which looked at how exchanges are considering, and, in the case of ASX, replacing existing systems with DLT models.

One element that is really interesting is bringing data to a level that's much more understandable. In the past, it was very much about the language used, if you weren't a rocket engineer you might not understand it.

Progressively, it's getting to a level where we, as an industry, can understand it better.

We're going back to basics regarding data structure and the data process, technology is now helping us structure that data.

A good example of this is a company called Fortia in which we took a stake last year. Fortia uses artificial intelligence to read documents and establish 'actions' based on rules included in these documents, for example, a standard key investor information document.

The new hedge hardware brought by quantum technologies and quantum concepts will bring even more capacity—by factors of millions—to artificial intelligence, accelerating the interest of such new processes, but this still needs to be stabilised.

Would you agree that blockchain has become more utilised in 2018?

In the past, blockchain was offered as a solution to many questions. Now people are a little more pragmatic and realistic, rather than just saying "any technology is an enabler". We need not look at technology in isolation.

If you combine DLT with data management and analytics, natural language generation and artificial intelligence, and you start to have a smarter model—which addresses market efficiency on one side, and cybersecurity in terms of the safety of the asset on the other—you'll see blockchain is just one solution, not the ultimate solution. It's powerful, we as an industry just need to find the right way of executing it.

What will change when the Australian Stock Exchange switches on its first industrial-scale blockchain in financial services in 2021?

We'll be able to increase the level of transparency for the end client. The Australian Stock Exchange (ASX) changing its infrastructure will make it so. ASX will also offer additional services that will be based on the 'node'. The information related to the client's portfolio will be available real-time and fully reconciled through the access to the blockchain via this node. That will enable us to retrieve information, work on it, run it past our clients and combine it with our data. So the added value will come from our capacity to enrich that set of data and we'll add further value to that data with additional elements from our side. That way you can get much closer to your client in exchanging and improving information flows.

In a way, nothing could change, but everything could change. If nothing changes it means that the connectivity with our clients, or their clients, will remain the same. What will change are the possibilities available. What we can provide to the client is timeliness and a better quality of the data. The faster you give data to the client, the better they can make their investment decisions. The exercise we are going through today is to determine how much we can leverage the node to provide those added value services mentioned above to our clients.

> *In the past, blockchain was offered as a solution to many questions. Now people are a little more pragmatic and realistic, rather than just saying "any technology is an enabler". We need not look at technology in isolation*

What opportunities will it provide to the industry and what challenges will it address?

The biggest challenge that this technology is aiming to solve is moving towards real-time. Most of our clients, particularly brokers, have two main challenges.

> *More collaboration will take place between the various market actors, to generate more value for the entire industry. We should always have in mind that when market infrastructure is investing in a new technology, it'll likely be utilised for the next 20 to 25 years*

One challenge is the level of capital required to run their activity, the second challenge is their need for intraday and overnight liquidity. Both of these challenges represents significant costs. Timely and reconciled information contributes to limiting the capital impact and liquidity requirements. There is a true opportunity here. The Central Securities Depository (CSD) can help optimise liquidity and capital through shortened settlement cycles (such as the switch from T+2 to T+1 or even T+0 settlement). The DLT is an enabler thanks to its real-time and decentralised capacity. However, technology is only one aspect to be considered.

Another source of improvement is interoperability. The aim is to, across multiple CSDs, transfer positions for a given client that is active in those markets. The blockchain nodes may help structure those transfers in real time and in a standardised and secure manner. This would have direct value on the collateral management side. So the availability of data from one market to the other should be made a little simpler thanks to the leverage of the same DLT technology across multiple markets. The standardisation would help reduce costs, as SWIFT has done for the past 30 years with messaging.

How could DLT change the custody industry by adding value and efficiency?

Interoperability is again a great way forward. The move to T+0 settlement brings cost efficiency and investments additional opportunities. Real-time data availability, data enrichment and data quality will also be key. The reconciliation is also a major plus, as data available in the nodes are reconciled by construction. Lastly, the DLT brings a strong level of security in data validity and data access.

ASX has created its DLT platform. Do you think other firms will follow in the footsteps of ASX in terms of adopting blockchain?

It would be very brave for a stock exchange not to consider a blockchain platform. Most exchanges and CSDs around the world are currently looking at it. Some are already in advanced discussions with distributed ledger companies and specialists. Some are looking at their infrastructure for tomorrow, while others are testing capacity and robustness. BNP Paribas, for one, is working with them to maximise the impact of such changes to end investors.

And how do you see it developing in five years time? Do you think the trend will move on to something else, perhaps a different kind of technology, or will it build on the foundations of blockchain?

Clearly, the ASX will be there with an expected implementation date of April 2021 for CHESS replacement. I suspect the shift of the custody industry will be very progressive and will take more than five years, given the risks and the investments involved.

More collaboration will take place between the various market actors, to generate more value for the entire industry. We should always have in mind that when market infrastructure is investing in a new technology, it'll likely be utilised for the next 20 to 25 years. So it is a complicated decision that should not be taken lightly.

What is BNP Paribas offering in terms of corporate social responsibility?

BNP Paribas has a deep-rooted corporate social responsibility programme and is an active participant in sustainable finance. As a bank, we are fully aligned with the UN's Sustainable Development Goals and have made significant commitments in areas such as renewable energy, where we are investing €15 billion by 2020, and to cease financing of high-polluting activities such as coal-based power plants and Arctic drilling.

BNP Paribas Securities Services very recently launched its ClimateSeed platform which connects businesses looking to offset their carbon emissions and contribute to the United Nations's Sustainable Development Goals with project developers offering voluntary carbon credits and looking for funding. AST

Comings and goings at SANNE, MUFG and HSBC Securities Services

SANNE has promoted Karlien De Bruin to director and head of SANNE's management company in South Africa.

De Bruin has more than 17 years of industry experience. Prior to becoming director, she served as head of market risk of the management company.

In her new role, De Bruin will lead a team of business and operational professionals while promoting and growing the management company business.

Before joining SANNE, De Bruin was an investment analyst at GraySwan Investment Managers where she chaired the responsible investing committee.

Commenting on her new role, De Bruin, said: 'I am passionate about delivering new tailored solutions that make a positive difference while giving our clients the flexibility and agility to thrive."

Graeme Rate, head of hedge at SANNE, commented: "This promotion reflects my confidence and that of SANNE's that Karlien De Bruin is the right person to continue driving and strengthening our Manco business."

He added: "Karlien De Bruin is an experienced leader with a broad and deep knowledge base that will enable her to support our clients and their future needs."

MUFG's has hired Eileen Garvey as independent non-executive director in its Securities Americas Board.

She will also act as a member of the MUFG Securities Americas Board's risk, audit, compensation, and nomination committees. She brings over 35 years of experience to her new role.

According to MUFG, over the course of her 35-year career, Garvey has helped global banking and capital markets solve complex issues.

Additionally, she has provided counsel to boards, audit committees, and client management institutions to solve complex issues. Most recently, Garvey served as managing partner and talent leader within Ernst & Young's financial services organisation. Prior to her retirement in 2017, Garvey served on Ernst & Young's partner advisory council, which functions as an internal board of directors for Ernst & Young's Americas senior leadership.

Bill Mansfield, CEO of MUFG securities Americas, commented: "Adding Eileen Garvey to our board demonstrates a commitment to developing our talent, serving our clients, and generating returns for our shareholders."

"With a unique business insight developed over the course of her distinguished 35-year career, Garvey's valuable counsel will help ensure we continue to manage change effectively."

Yasutaka Suehiro, deputy COO International for Mitsubishi UFJ securities holdings and chairman of the board for MUFG Securities Americas, added: "Garvey's experience in working with financial institutions through periods of change will make her viewpoint and opinions particularly worthwhile as we look to add value for all of our constituencies."

HSBC Securities Services has hired Sébastien Danloy as global head of its asset owners and managers sector, effective 1 February next year.

Based in London, Danloy will sit on the HSBC Securities Services global executive committee.

Danloy joins HSBC having previously held various senior roles within the industry.

Most recently, he served as managing director of Continental Europe and offshore investor and treasury services, CEO RBC IS Bank at RBC Investor & Treasury Services.

According to HSBC, the client sector that Danloy will be working on, which covers insurers, asset managers, pension funds, central banks and sovereign wealth funds is a "key strategic focus".

During the recruitment process, Ian Stephenson took on the role of global head of its asset owners and managers sector, but will now return to his role as global head of product for the asset owners and managers sector. AST

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