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All about strategy

Penelope Biggs of Northern Trust discusses the blockchain phenomenon


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Intertrust launches new fund administration business

Intertrust has strengthened its fund servicing platform in Ireland with the launch of a new fund administration business.

Intertrust will provide administration services to both Irish and non-Irish domiciled collective investment schemes providing support to its global portfolio of private equity, real estate and private debt clients in relation to their back-office accounting and investor relations operations.

As part of the launch, Kevin Doyle has been appointed the head of fund administration for Intertrust Fund Services Ireland.

Doyle has 15 years' experience in fund administration and joins Intertrust from HedgeServ, where he was responsible for several clients across various strategies, asset types and structures.

Imelda Shine, managing director of Intertrust Ireland, commented: "The decision to extend our Irish fund services business to include fund administration speaks to our strategy of aligning our range of solutions to the needs of our global client base. With an increasing need for a broader range of fund services from us, our Irish offering ensures they receive a best-in-class service in navigating an increasingly complex and challenging regulatory environment."

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FundRock opens new office in Ireland

FundRock has opened a new office in Limerick, marking the firm's second office in Ireland.

The new office will support FundRock's existing network of offices in Dublin, London and Luxembourg.

The majority of the work undertaken in Limerick will be aimed at supporting the core activities performed by FundRock: risk, oversight and investment compliance.

In addition, an operational support team and a number of IT developers will be based in the region. This office is headed by Conor O'Brien, managing director for the Irish branch.

This injection of numbers and talent reaffirms the firm's commitment to grow and offer solutions, not only to asset managers but also to management companies, to solidify its position as the pre-eminent risk provider in this space.

O'Brien commented: "I am absolutely delighted to announce our expansion via the opening of this new office in Limerick. We have had a longstanding connection to the city by offering internships to students studying at the University of Limerick and I truly believe we have made an excellent choice to build our new centre of excellence here."

Xavier Parain, group CEO of FundRock, cited: "As a truly pan-European player, we hope the addition of this office will demonstrate not only our commitment to Ireland and the Irish market but to all our clients and partners as we are constantly seeking ways to strengthen our offering."

Heather Humphreys, minister for business, enterprise and innovation, said: "I am delighted to see FundRock expanding their presence in Ireland with the opening of this Limerick office and 45 new jobs over the next 18 months."

Martin Shanahan, CEO of IDA Ireland, added: "FundRock's choice of Limerick as its regional second site in Ireland is testament to the company's positive experience of the business environment here."

"With IDA Ireland's support, Fundrock is now building a team to support its international business from the midwest and from Dublin by accessing the strong talent pool available in the financial services sector."

Finoa launches new custody solution for digital assets

Finoa, a German-based fintech company, is launching a fully digital custody solution for digital assets.

The solution offers a custom-built core banking system, an eBanking interface, and proprietary blockchain/private-key-technology.

The custody solution guarantees maximum security, increases the accessibility of digital assets and supports in-custody trading, staking, voting, and other blockchain capabilities.

According to Finoa, the custody solution has been tailored to institutional investors' needs, operating a secure and cost-effective infrastructure to service professional investors directly or as sub-custodian on behalf of financial institutions.

The solution is compliant with the EU's Payments Services Directive and is built on the Electronic Banking Internet Communication Standard.

Corry Capital chooses Northern Trust for fund services

Corry Capital Advisors (CCA) has chosen Northern Trust to provide fund administration and support the distribution of its life settlement strategies to its new investors.

Northern Trust will provide depositary solutions for CCA's new Irish life settlements Irish collective asset-management vehicle as it opens a new office in Dublin and increases its European presence.

CCA, headquartered in Pennsylvania and founded in 2006 by William Corry, is an alternative investment manager with a focus on life insurance and life settlement markets.

Corry said: "We are delighted to partner with Northern Trust to support our European distribution goals and this extension of our investment fund strategies."

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MFEX acquires RBC I&TS's global funds platform

MFEX has acquired RBC Investor & Treasury Services' (I&TS) Luxembourg-based global fund platform (GFP) to provide service on the distribution of funds under a long-term partnership.

MFEX has also opened two new offices in Luxembourg and London to strengthen its European offering, as well as a new operating centre in Malaysia.

The combination of MFEX and GFP enables distributors and asset management companies to benefit from a broader service, including further support for hedge funds and exchange-traded funds while adding new transaction features, retrocession calculation and data solutions.

Olivier Huby, co-CEO of MFEX, said: "This partnership opens up remarkable opportunities for reducing operational constraints, technical and legal in the global distribution of funds and improvement of service to customers, distributors and management companies."

He added: "The opening of offices in London and Luxembourg, combined with a strengthened Asian presence through our new centre of excellence in Malaysia, reinforces our status as a leading international platform."

Paul Stillabower, global product manager at RBC I&TS, commented: "Our partnership with MFEX supports I&TS's strategic goal of providing enhanced functionality to its customers. MFEX's expertise in fund distribution complements the RBC I&TS offering. We look forward to providing our customers with the benefits of this collaboration."

"Having confirmed our asset servicing partnerships for our latest fund, we now have the infrastructure and networks in place to underpin this next phase of our growth."

Clive Bellows, head of global fund services, Europe, the Middle East and Africa at Northern Trust, commented: "Northern Trust is perfectly placed to support managers with the flexibility and capability they need to service any asset class across multiple investment strategies."

He added: "We are excited to be working with the CCA team in this way as they further extend their fund distribution across Europe."

UBS: Larger banks set to spend more on technology

Some 87 percent of participants from banks with assets of $250 billion and above suggest that technology spending will increase annually over the next three years, according to a UBS survey.

The survey also indicated that 70 percent of participants from banks with assets under $100 billion thought budget and a lack of resources could prevent technology spending and therefore hinder successful implementation of a bank's intended technology strategy.

UBS stated that larger banks are better positioned to leverage technology to gain share and improve efficiency as they have bigger technology budgets, yet they are more likely to increase technology spending in the coming years when compared to smaller bank counterparts.

Commenting on the survey results, UBS said: "The competitive environment in the banking industry is increasingly being shaped by technological capabilities. Banks that are better able to leverage technological capabilities to grow and retain clients, manage risk, and reduce costs will be long-term winners. The absolute size of technology budgets appears to be a constraint for smaller banks."

Around half of survey respondents from banks with $51 to 100 billion of assets and 66

percent of those at banks with $1 to 50 billion of assets specified that their firms spend less than $100 million annually on technology.

UBS suggested that in addition to having the capital, larger banks are more capable and therefore able to focus on innovation and revenue enhancement.

The investment bank found 35 percent of respondents from banks with more than $100 billion in assets flagged innovation as a leading area of technology spend in their bank or department. This was compared to 26 percent for sub $100 billion asset bank respondents.

UBS stated larger banks appear to be well ahead on artificial intelligence (AI), blockchain, legacy system modernisation, and cloud computing, as the survey highlighted 75 percent of respondents from banks with assets above $100 billion said they were already implementing AI strategies.

In comparison, less than half of respondents from sub $100 billion asset banks explained that AI strategies are being implemented.

A further 67 percent of respondents from banks of all sizes were more likely to describe fintech as both a potential partner and competitor than as solely a competitor.

The most cited areas of partnership included AI, payments, online and mobile banking, blockchain, big data, wealth management services and lending.

UBS conducted survey interviews with 203 IT professionals across 175 US banks from December 2018 and January this year.

The respondents worked for banks ranging in size from having less than $1 billion in assets to those with more than $500 billion of assets.

BNY Mellon and BlackRock partner on integrated data

BNY Mellon and BlackRock have partnered to deliver integrated data, technology, and asset management servicing capabilities to common clients. The partnership will integrate BNY Mellon's data insights, accounting and servicing tools into Aladdin, BlackRock's investment and operating platform for investment managers.

According to BlackRock, it builds on an effort by BlackRock Solutions and BNY Mellon to transform the investment manager operating model.

The partnership will enhance real-time insights and transparency, exception-based monitoring, and drill-down capabilities into core accounting and custody oversight functions. The collaboration will also provide closer data integration and shared workflows in Aladdin, improving operational efficiency and processing rates.

Hani Kablawi, CEO of global asset servicing at BNY Mellon, said: "We are excited to expand our partnership with BlackRock and help our clients drive significantly greater performance by integrating workflows, providing data and insights, and enhancing the client experience."

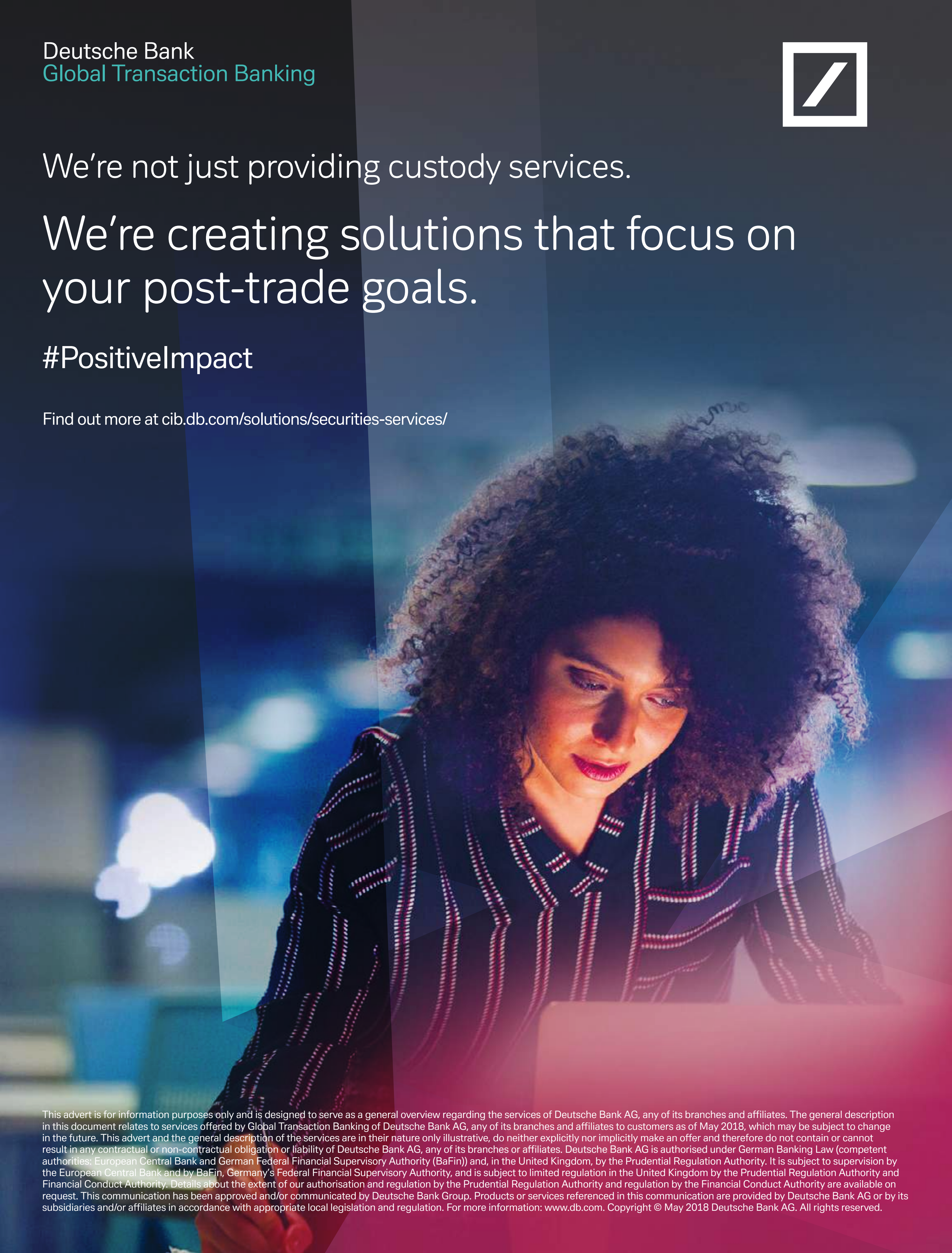
He added: "For clients who choose both firms, we can provide immediate value across their investment lifecycle and this is a meaningful example of our commitment to work with third parties to more closely integrate the front-to-back operating model."

Rob Goldstein, BlackRock's COO and head of BlackRock Solutions, commented: "The combination of Aladdin's capabilities with BNY Mellon's data and tools will further enable our common clients to access their investment management and servicing capabilities on one platform."

He added: "Both firms have already demonstrated the value of enhanced technology and servicing integration over the years."

Northern Trust chosen by Apse Capital Bridge for fund services

Northern Trust is to provide fund administration and banking services to the recently launched Apse Capital Bridge Fund.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The closed-ended private equity fund has been established under Guernsey's Private Investment Fund (PIF) regime, which offers a route to market for eligible funds.

Apse Capital is a new independent European private equity group focusing on buyout and development capital opportunities in European tech-enabled information and services businesses.

Ashley Long, partner at Apse Capital, said: "Northern Trust has been appointed based on long-standing existing relationships which have been characterised by a commitment to proactively supporting the strategic goals of the private equity funds that the investment team at Apse Capital and its predecessors have advised on."

Dave Sauvarin, country head of the Channel Islands at Northern Trust, commented: "This successful launch illustrates Guernsey's flexible and proportionate regulation allowing fund managers to access markets quickly, enabling them to respond to competitive global opportunities."

He added: "The PIF is a part of the toolbox of solutions for alternative fund managers looking to domicile funds in Guernsey. Northern Trust is pleased to have worked closely with Apse Capital and its legal advisers to achieve this result."

Sanlam chooses BNY Mellon's Pershing for custody services

Sanlam UK's wealth management division has chosen BNY Mellon's Pershing for custody, books and records services as well as outsourced trading services.

By selecting Pershing, Sanlam will be able to focus on working with its clients to achieve their financial goals.

Geoff Towers, CEO of Pershing, commented: "We are excited to have been appointed by Sanlam and to be part of supporting its growth aspirations. The wealth management industry is undergoing a transformation as firms seek to focus their time and attention

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Fusang Vault launches digital custody platform

Fusang Vault has launched a digital custody platform to enable Asian institutional investors to have access to the digital asset industry.

The Fusang Vault platform has been designed to minimise human error, relying on customised processes and automation.

Private keys are generated offline, split up using advanced cryptography, and then placed in various geographical locations.

Clients will undergo know-your-customer/anti-money laundering checks before any account is created and approved individuals are included in the system based on user roles, with access to wallets and transaction flows customised to each account.

It also allows clients to set policies in accordance with their internal signatory and authorisation processes.

Once the policies have been established on the platform, clients are able to make transactions within set parameters at any time of day.

Henry Chong, CEO of Fusang, said: "We approach digital asset custody from a financial and operational point of view, not just a technological one."

He added: "We approached our solution by considering three main roles—the technology of our platform and its security, the need for our platform to be customised to our clients' processes, and the role that Fusang will play to ensure we do our job as custodian as efficiently as possible."

on delivering best-in-class advice and service to their clients."

He added: "This is driving greater collaboration across the industry, with wealth managers seeking trusted partners to help them grow their businesses. Our partnership with Sanlam Wealth UK is testament to this, and we expect this trend will gain further momentum."

Jonathan Polin, CEO of Sanlam UK, said: "Pershing is a highly respected global leader in the provision of custody solutions and our decision to select them reflects our ambition to provide the very best service to our clients."

Forge Global expands custody capabilities

Forge Global has acquired IRA Services to expand its private market service offerings, pending regulatory approval.

Forge will change its name to Forge Trust to reflect the addition of IRA Services into the broader Forge offering—an expanded set of custodial capabilities to serve institutional clients.

IRA Services' current CEO, Edwin Blue, is due to retire from the company. Patrick Hughes, president of IRA Services, will report to Kelly Rodriques, CEO of Forge.

IRA Services employees will continue to operate from the firm's offices in San Carlos, California and Sioux Falls, South Dakota.

Rodriques said: "Recognising that the private markets seed innovation, our mission is to serve the ongoing liquidity needs of the private market economy. In joining with IRA Services, Forge will expand its ability to meet the needs of private market investors by providing an integrated custodial solution that allows them to seamlessly and securely invest in a wide range of innovation companies."

Hughes added: "Investors across asset classes want the ease, transparency, and security provided by a seamless investing experience from trading through to settlement to custody."

DTCC expands Sponsored Service offering

DTCC's proposal to expand the Sponsored Service of its subsidiary Fixed Income Clearing Corporation (FICC) has been approved by the Securities and Exchange Commission.

The expansion broadens the category of market participants who can participate as sponsors.

Additionally, it also changes how the service can be used, with sponsors now able to let their clients trade with counterparties other than themselves.

Murray Pozmanter, managing director and head of clearing agency services at DTCC, said: "The greatest benefit of allowing different types of firms to be sponsors is that FICC has now made it possible to bring a much larger percentage of the market into clearing while maintaining our robust risk management standards."

Pozmanter continued: "This should create needed capacity for the market, while at the same time reducing systemic risk."

Jim Hraska, managing director and general manager at DTCC, FICC Services, added: "We anticipate this expansion will have a positive impact on the Treasury market. In order to create a robust cleared market, you need to be able to provide access to as many participants as possible on both the long and short sides of the equation."

"Buy-side participation, therefore, is crucial because they are the true cash lenders and cash borrowers the market needs, and many have struggled over the years to get capacity due to constraints on dealers' balance sheets.

TCS powers first cross-border settlement between two CSDs

The Tata Consultancy Services' (TCS) BaNCS Network has powered the world's first successful cross-border securities settlement between two central securities depository (CSDs), Maroclear, the central securities depository (CSD) of Morocco, and the Kuwait Clearing Company (KCC).

The transaction was completed using cash coins, powered by Quartz Blockchain on a delivery versus payment settlement model.

In tests run by the two CSDs, a set of equities and fixed income securities from both the Kuwaiti and Moroccan markets were created on the BaNCS Network, implemented on Quartz Blockchain, along with segregated accounts to hold these securities.

The cross-border settlement instructions for these securities were matched and settled on the blockchain ledger using Quartz's Smart Solution for cross-border settlements.

Fathia Bennis, CEO of Maroclear, said: "We have expanded our decade-long relationship with TCS alongside the capabilities of TCS BaNCS, the BaNCS Network and Quartz Blockchain solutions in exploring new operational opportunities to enable the cross-border settlements landscape in the Moroccan and African markets."

Khaldoun Altabtabaie, CEO of KCC, said: "At KCC, we want to be at the forefront of innovation in Kuwait and the region, which is a key factor in fulfilling our ambitious strategy to develop the market."

"The seamless integration of the market infrastructure solution from TCS BaNCS with Quartz Blockchain now opens up new opportunities for us to explore the usage of blockchain in the Kuwaiti market."

R Vivekanand, vice president and co-head of TCS Financial Solutions, added: "The BaNCS Network has been created by TCS to leverage the power of Blockchain to deliver exponential value from ecosystems, a part of TCS' Business 4.0 vision."

"Real-time cross-border settlement with cash coins reduces risks, costs and has the potential to create enhanced liquidity in markets in the Middle East and Africa."

Strategy is key

Penelope Biggs of Northern Trust provides insight into the company's recent acquisitions and partnerships and discusses how the blockchain phenomenon creates opportunities but needs more strategy

Jenna Lomax reports

Why did Northern Trust's look to set up the integrated trading solutions?

For quite some years, we've had a brokerage team in the US, but we could see our clients outside the US really wanted to be able to combine the execution side with their custody operations. So we had been looking to acquire a firm that was really strong in brokerage and execution activities, that operated in the UK, Europe, Middle East and the Asia Pacific and that was also a cultural fit.

Eventually, we found Aviate, they ticked all the boxes, but by that stage, the second Markets in Financial Instruments Directive (MiFID II) was looming on the horizon, so we realised that because of MiFID II, the brokerage side was going to look fundamentally different. So we had to have a different model to go to market with.

Aviate and Northern Trust combined provide trade execution, downstream processing, settlement and interaction with the market, as well as regulatory reporting. A front, middle and back office integrated trading solution. That was initiated about eighteen months ago. We have won a lot of clients, some European clients, as well as some big names in the US. Now we're bringing the solution to Asia and Australia, where organisations such as the superannuation funds are starting to think of insourcing asset management, but without wishing to set up full trading and execution capabilities in house.

Asset managers want to trade and want to drive bottom-line performance; they don't want to have to do all the operational 'plumbing'. They need somebody who can execute and someone who has that mindset of liquidity and transparency and can deal with all downstream activities and that's what integrated trading solutions (ITS) essentially is. Sometimes things tick a lot of the boxes, you can sense that the time is right and it really worked well.

How has the solution developed since its initial launch in October?

Each time we look at a new opportunity in the market, that tends to mean we have to tweak it, or shape it, or add a different flavour. Sometimes, it's a different flavour for the regulatory landscape. With ITS, it has been more about tweaks—adding more assets classes to our execution capability, enhancing reporting, integrating with external order management systems.

I don't think there's been a whole set change, but there's definitely been an evolution of the product since October and I would say, more and more integration with all of the middle-office activities. It's a step-by-step process.

How will ITS help asset owners and asset managers achieve better overall trading and performance outcomes?

ITS helps with managing costs as the asset owners and asset managers can outsource trade execution and related downstream activities to us. They don't have to hire staff, they don't have to keep all the systems that they would traditionally have to keep. Those systems are pretty expensive, so saving in that way helps drive their bottom line performance.

They also don't have to do the risk or compliance activity, which can be quite a burden. It streamlines their regulatory requirements and it saves them money to deliver operational performance.

How does ITS meet MiFID II directive guidelines?

The regulatory reporting disclosures and analysis we provide helps demonstrate the manager that you're in compliance. It will keep evolving as the need for transparency around costs and execution activity increases. ITS gets straight to the heart of MiFID II. On a global scale, the local markets and regulators are still trying to achieve transparency around best execution.

What else did Northern Trust achieve last year?

Until recently there were around 2,000 people at Northern Trust within 'operations'—people that were doing activities which were so close to the client we decided to move all the 'client close' operations, like derivatives, in to our asset servicing part of the business in order to provide 'operations with context'.

As all the people moved in and we set up the new structure, we also wanted a different way to develop products and go to market. We set up 12 primary product umbrellas, which most of our capabilities fall under. We've reconfigured several teams to fit within these product umbrellas—regulatory is a key one of these.

Sometimes there's a danger that product development can operate in a vacuum. So for every one of those product umbrellas, we have appointed an executive from our global leadership team as the product executive—responsible for the product ownership, strategy and direction.

What will your main projects be for this year?

The first is around the strategic technology and operating model Matrix. Matrix is our platform for the future, in terms of how we deliver data to our clients, how we process and how we operate. From the back of Matrix comes a very sophisticated transfer agency portal for our end investors. Matrix also supports our blockchain digital solutions.

We've launched a series of solutions using blockchain which, to me, is really exciting because everybody talks about it, but you need something practical and you need a strategy to deliver it. Matrix is the plumbing, or the infrastructure, that sits behind our blockchain digital strategy. With blockchain, the most important thing is questioning how it evolves now.

We have clients live on the private equity blockchain, but there's more we can do in terms of additional capabilities. We have to assess how we can further automate private equity, but can we then take it to other asset classes? It's got to evolve over the coming years, but it's live and it is real, which is exciting. But where does that take us within the cryptocurrency space? We have to be aware of what the rules are and what the regulators say, but cryptocurrencies cannot be ignored. You have to be thinking about them, you can't stick your head in the sand with the world moving on. We're questioning where we can operate safely in this kind of space to differentiate ourselves and support our clients and their future needs.

What technology trends are you seeing in other areas right now?

We made a couple of investments in new foreign exchange technology. We invested in a company called BEx, a Chicago-based FX technology company. It has high-end software and algorithmic trading capabilities—this doesn't take the thinking out of the process but automates the thinking that goes into the algorithms they produce.

As of a couple of months ago, we decided to fully acquire BEx and take the company and its capabilities in-house, which is exciting because it enables us to further drive transparency and automation in foreign exchange.

We wanted to see if there was a highly automated, sophisticated way to go about currency hedging, so we made an investment in another foreign exchange company called Lumint.

Lumint had a fantastic culture and technology that provided "look-through hedging". This investment gives us greater capabilities and increased transparency and analytics in our FX service offering. None of the aforementioned are just technology, all of them have a service element too.

Are there any other regulations that will be a challenge for 2019/2020?

There are a number of regulations out there whether it's fundamental MiFID III or RG97 in Australia.

We have to wait and see what will happen with the Central Securities Depository Regulation and we have to see how the Securities Financing Transactions Regulation will play out. It's just starting and that's big for people involved in securities financing.

We've got the General Data Protection Regulation here in the EU. In the US it's being looked at differently, but they're trying to achieve the same goal. We will see more regulation in 2019/20, but it will be heightened in different markets based on different needs and drivers.

The pace of need won't slow down but how we innovate around it and derive insights for our clients is the key.

We have to be aware of what the rules are and what the regulators say, but cryptocurrencies cannot be ignored

Penelope Biggs
Chief strategy officer
Northern Trust

A question of transparency

Ten years on from the recovery of the financial crisis, what has changed in post-trade, both in terms of reporting for new, specific regulations and the day to day responsibilities of the industry?

Jenna Lomax reports

Ever since the financial crisis of 2008, the asset servicing industry has become more aware of the need for clarity and transparency in the post-trade space—with regulators hot on the heels, it's simply a case of needing to. Whether it means 'post-trade transparency' as a reporting obligation after a trade is executed, or the post-trade obligations and considerations day-to-day, after the financial crisis, post-trade fundamentally changed.

Now the world economy has somewhat recovered, it may even be fair to say a firm could not survive today without a clear and see-through system in place to ensure regulatory best practice.

And as Brian Collings, CEO of Torstone Technology, indicates: "A firm cannot survive for long without a successful, transparent post-trade programme. All stakeholders, from the internal compliance team to senior management, need to know the three lines of defence—risk management, review, and audit—are supported by a rigorous back office."

David Veal, senior executive for client solutions at Corfinancial, highlights: "Many people witnessed immediate chaos after the financial crisis, with firms scrabbling to understand immediate counterparty exposures and settlement risk, along with a critical requirement to know the exact state of asset and cash positions."

But what regional differences and stresses has this increased need for transparency brought with it and how does this differ between asset classes? How big a part do new technologies, such as blockchain, really play? Is blockchain just an industry buzzword, or can it really change the post-trade process in the years to come?

Ten years after the financial crisis, regulations aimed to make the world of post-trade more transparent.

Dave Zurkowski, product manager, market risk at KRM22, points out: "Regulations introduced post-global financial crisis with a view to improving market transparency have certainly helped. Stipulations for minimum frequencies of post-trade evaluation provided by some regulators have been particularly useful. The challenge is that these regulations vary across jurisdictions and markets would benefit from further regulatory harmonisation."

With these challenges, how could regulators improve harmonisation in an effort for standardisation across different regions?

The Association for Financial Markets (AFME) in Europe's post-trade division recently published a white paper setting out a vision for a future post-trade system in Europe. The paper outlined AFME's vision for integrated, safe, and efficient post-trade in Europe.

To achieve the vision of low-risk and low-cost post-trading in Europe, the paper called for a number of strategies, including continuing a close and institutionalised cooperation between the public and the private sector. It also suggested intensified dialogue with European and national public authorities in a bespoke and targeted manner, and leveraging opportunities created by new technology.

As Paul Clark, head of international post-trade pre-sales at Broadridge, indicates, this is largely the case and regulators are willing to play ball with market participants.

He indicates: "Most regulators are now very collaborative with market participants and have shown a willingness to refine their processes where necessary, based on experience gained from the volume of change since the global financial crisis."

However, he adds: "The major issues we see are often late announced changes close to deadlines from regulators that may require operational or technology changes—open and responsive dialogue throughout the rollout to agree scope and approach is the key."

Post-trade gets technical

So as regulators themselves attempt to create a consensus for a post-crisis world, what part can technology play?

Collings articulates: "The industry has innovated in post-trade but, to quote writer William Gibson, 'the future is here, it's just not evenly distributed.' While there are many innovations, they have not all been widely adopted."

He indicates there are two main reasons behind this: "Replacing technology carries risk and that fear represses change. The second is that where technology spend does occur, it can be easier to get buy-in for 'goal scoring' over 'ball passing' technology."

"No team scores goals without passing the ball, and the more efficiently that happens the better."

Of course, whenever technology is considered, it isn't long before the consideration of blockchain is muttered in the conversation. Although it's the industry's favourite buzzword right now, how can the technology really assist across different asset classes?

Nick Goodrich, director of business development at trueDigital, states: "Post-trade processing and settlement is an ideal use case for blockchain technology because of transaction immutability and shared access to the ledger."

He adds: "All updates are recorded on chain and accessible by the correct counter-parties. In settlement, the blockchain provides an immutable single source of truth for transfer and recording of asset ownership and transfers. The industry is beginning to see these use cases and the shift from legacy technology to blockchain technology is beginning."

Elsewhere, Roger Storm, head of regulation, risk and communities at SIX, also suggests blockchain is an opportunity but is still in its infancy.

He states: "Distributed ledger technology (DLT) and blockchain technologies still have to prove themselves financially. The technology shows tremendous promise, but it is not yet clear when it can replace existing structures."

Collings suggests: "There are many proofs-of-concept that have shown the potential for different blockchain technologies to be used. At present, the major success stories are in bank-to-client services where the bank uses technology as an efficiency gain."

But he adds what has proven harder is "the agreement of which technology to use between a peer group to exchange value. As such, the technology has value and is not an inhibitor, but the consensus around how to adopt it is".

Achieving both low-risk and low-cost

With innovations in technology and data in mind, how can firms working in post-trade achieve low-risk while also achieving low-costs? Stephen Casner, CEO of the Americas at KRM22, comments: "In terms of lowering costs, firms need to reduce duplicity and redundancy of data acquisition and data management by using an integrated risk solution. Ideally, a firm would generate all of its post-trade risk management analysis from a single set of data."

Similarly, Collings highlights: "Banks need a single platform that can manage their operations across assets. Moving fixed costs and repeated costs towards a flexible cost that is on demand, creates a much better economy for the bank. The use of cloud-based systems and a microservice architecture, employing modules that easily scale functionality up and down, really help."

Storm remarks: "The cost of the post-trade servicing, including taxes and such, must be factored in when making such choices as it is deducted the cost of the gain/margin on the trade. The real cost of developing a good risk management system is related to sourcing accurate market data and knowledgeable resources who understand how these assets move."

And as Clark mirrors: "The move away from multiple legacy single-asset class driven operations and technology platforms to a single real-time, multi-asset solution can deliver the low-risk and low-cost environment that financial institutions are looking for."

Future predictions

With the market facing inevitable change from everything from regulation to Brexit, what else will these institutions be looking for in the future?

Goodrich predicts: "The industry will begin to shift to more efficient solutions than relying on legacy technology."

Collings forecasts centralisation through single platform operations will become the norm, "with the use of data masking and anonymising to allow cross-border operations that are not in breach of regulatory guidelines".

Casner indicates: "We are barely scratching the surface of what DLT can eventually do in post-trade. Almost all major activity is currently centred on trying to eliminate costly and inefficient data reconciliation processes."

He adds: "While there is no doubt we are many years away from experiencing the benefits this technology can bring to portfolio risk systems, the benefits and adoption eventually will be very compelling. The post-trade risk space is ready for tremendous growth and innovation."


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Comings and goings at Citi, Northern Trust, BNY Mellon and more

Citi has appointed three to its securities services and issuer services operations team.

Anders Akerberg joins as director and global head of asset servicing for custody operations, where he will assume responsibility for corporate actions, income and client delivery.

Rhys Thomas will join the firm as both director and global head of tax services from a senior leadership position at Northern Trust, where he gained experience in managing custody tax operations.

Both will report to Sam Riley, global head of custody operations for Citi.

Jay Martin has been promoted to both managing director and global head of fund administration operations, where he will assume responsibility for strategy and leadership of global funds operations.

Based in Columbus, Ohio, Martin will report to global head of securities services and issuer services operations, Brian Ovaert, who wished the three appointments "every success in their new roles".

Northern Trust has appointed Ryan Burns as head of global fund services Americas.

In his new role, Burns will be responsible for overseeing client service and setting the strategic business direction for investment manager clients in the Americas region. Burns has more than 20 years of experience in financial services technology and relationship management.

Most recently, he was head of global fund services client service in North America where he was responsible for building out Northern Trust's support for investment managers.

Commenting on his new role, Burns said: "I am excited to continue contributing to an organisation that values client service, expertise and integrity and look forward to supporting the strategic needs of our asset servicing clients while deepening the strong service culture within Northern Trust."

Dan Houlihan, head of asset servicing, Americas at Northern Trust, said: "Ryan Burns has played a key role in guiding the success of global fund services through his keen understanding of client needs and ability to create tailored solutions to help support their business strategy."

He said: "Global fund services has grown significantly during his tenure. Burns' experience and leadership skills will be instrumental in steering our business and our clients through future years of growth, complexity and opportunity."

In addition, Northern Trust has appointed Melíosa O'Caoimh as country head of Ireland.

O'Caoimh replaces Clive Bellows who has been appointed as head of global fund services for Europe, the Middle East and Africa.

Reporting to Bellows, O'Caoimh will be responsible for all asset servicing business activities conducted from Northern Trust's Dublin and Limerick offices.

O'Caoimh joined Northern Trust in 2003 and has held senior roles including head of relationship management and COO.

Bellows said: "Ireland has long been central to our growth in Europe and we are delighted to appoint Melíosa O'Caoimh to lead this business as we take the next step in our journey."

HSBC has appointed Steven Caluwaerts as director within global distribution support and transfer agency for HSBC Securities Services (HSS).

Based in Luxembourg, Caluwaerts will report to Nick Maton, head of securities services and to Sooraj Sreenivasan, global head of distribution support and transfer agency product.

Caluwaerts joins HSBC from Citi where he was European transfer agency product head.

Prior to that, he served as European fund accounting product head, funds chief administrative officer and project director, also at Citi.

Maton said: "Steven Caluwaerts' appointment demonstrates our continued commitment to the Luxembourg market and his extensive experience will help further define global solutions that support both our existing clients and our ambitious growth agenda."

Sreenivasan commented: "We are very excited to welcome Steven Caluwaerts into the global distribution support and transfer agency product team. We have ambitious growth objectives in Europe and Luxembourg, Caluwaerts will help us further develop and enhance our global transfer agency product offering to international asset managers."

DTCC has appointed three new members to its board of directors.

Kieran Hanrahan joins the board as managing director of JPMorgan Chase's corporate and investment bank, where he oversees the management of global markets operations, including bonds, equities and commodities. Joseph Noto joins from Barclays, where he serves as managing director and treasurer for the Americas.

From these positions, he has gained senior experience in developing capital and liquidity plans for the intermediate holding company and consolidated US operations.

Graeme McEvoy joins the DTCC board as managing director of Morgan Stanley's global operations division, where he also serves as the global head of institutional securities group operations.

Commenting on the appointments, the non-executive chairman of DTCC's board, Robert Druskin, said: "We are pleased to welcome Kieran Hanrahan, Joseph Noto and Graeme McEvoy to the board of directors."

"Each brings a wealth of knowledge and experience to the board and will no doubt play an important role as we continue to oversee the direction of the firm and identify opportunities to address the industry's top pain points."

SmartStream Technologies has appointed Nadeem Shamim as head of cash and liquidity management as part of a strategy to comply with new Prudential Regulation Authority rules that govern liquidity management for the UK and foreign branches.

Shamim will report into Vincent Kilcoyne, head of product management at SmartStream.

Shamim has more than 30 years of experience in treasury, cash and liquidity management within transaction banking and treasury consulting, across Europe and Asia.

Previously, Shamim was managing director at Standard Chartered Bank where he was responsible for corporate treasury solutions.

He has also served as head of financial institutions group for Europe, the Middle East and Africa, treasury services at J.P. Morgan, focusing on regulations and cash management.

In addition, two members of the internal teams, Paul Randell and Richard Morris, will be taking on the roles of products managers reporting to Shamim.

Kilcoyne commented: "Shamim brings with him solid experience of strategic advisory and innovative thinking in bank transformation, treasury risk management, fintech and supply chain financing."

He added: "I am delighted to have such a strong and committed team with Paul Randell, Richard Morris and Nadeem Shamim—we will see great success in the coming future."

Commenting on his new role, Shamim said: "Our aim is to ensure clients are compliant, as well as, heading in the right direction in terms of technological advances, including artificial intelligence and machine learning. We have a highly skilled team who can deliver value to our customers."

The Alternative Investment Management Association (AIMA) has opened a new office in Washington DC to support the association's growing membership and government affairs work in the US.

The opening of the DC office will allow AIMA to deepen relationships with local regulators and policy makers and work collaboratively with other industry bodies on behalf of the alternative investment industry.

Jiri Krol, deputy CEO of AIMA and global head of government affairs, will relocate from London to lead the Washington DC office.

Krol will continue to maintain his responsibilities, including overseeing policy and regulatory engagement in Europe and the Asia Pacific.

In addition, Krol will be appointed global head of the Alternative Credit Council, AIMA's private credit affiliate and representative of the private credit industry. Krol will work closely with Michelle Noyes, head of AIMA, Americas.

Jack Inglis, AIMA CEO, said: "We believe this opening will deliver excellent support to members and build on the success that our Americas offices, led by Michelle Noyes, have already achieved."

He added: "Krol has led our government and regulatory affairs work during a period of intense change in the global landscape. He will continue to lead this global effort and provide important support to our many members in the Americas, where we continue to grow."

Krol commented: "I look forward to working with members and colleagues to expand our offering in the Americas and to strengthen the voice of the alternatives industry in government and among key stakeholders, especially the investor community."

BNY Mellon has appointed Christoph Stähler as head of trust and depositary Germany.

In his new role, Stähler will be responsible for managing BNY Mellon's depositary activities in Germany including operational oversight, service delivery and client satisfaction.

He will also set the strategic direction for the business and ensuring the business adheres to all relevant risk, compliance and regulatory guidelines.

Based in Frankfurt, Stähler will report to Keith Whitelock, Europe, the Middle East and Africa (EMEA), head of trust and depositary.

Stähler brings over 20 years of experience in the financial services sector, most of that in depositary and custody services.

Most recently, he was head of Helaba's Depotbank business, based in Frankfurt and Düsseldorf.

Prior to this, Stähler held senior management roles at Commerzbank and DZ Bank. He started his career as a consultant at KPMG at BearingPoint.

Daron Pearce, CEO of BNY Mellon EMEA asset servicing, said: "The German market is a key strategic priority for BNY Mellon and we are strongly committed to adding strength and long-term stability to our team in Germany. Stähler will play a key role in providing world class services to our clients and enhancing our services. He joins us at an exciting time as we continue to develop our One EMEA trust and depositary model".

Fidelity Digital Assets has appointed Christine Sandler as head of sales and marketing.

Based in New York, Sandler will be responsible for the expansion of Fidelity Digital Assets into new markets, serving a broader set of institutional clients.

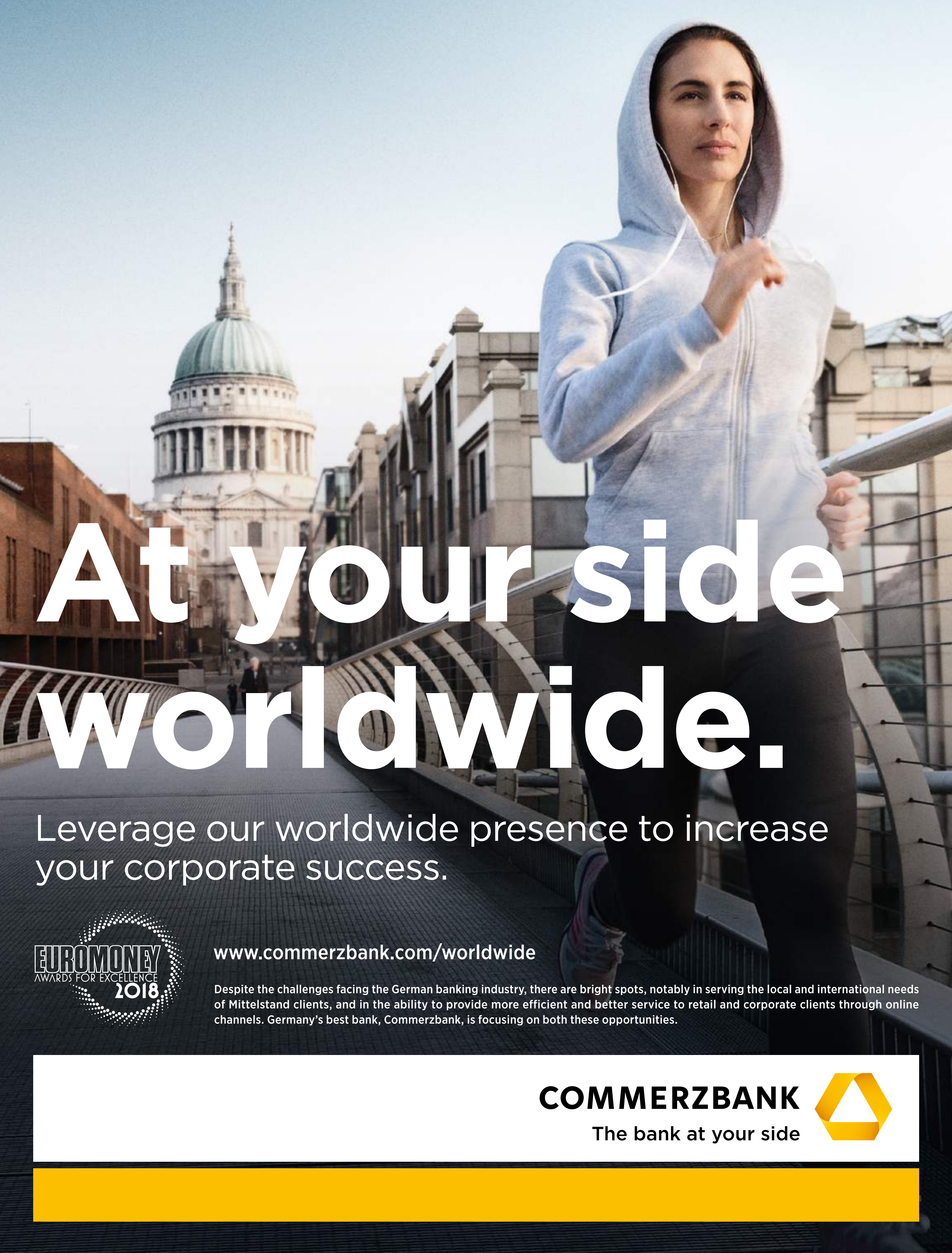
Sandler joins from Coinbase, a digital assets exchange and custodian, where she served as US head of sales. She also served as head of equity electronic sales for the Americas at Barclays Investment Bank. Prior to her time at Barclays, Sandler also worked at Euronext and Merrill Lynch.

Tom Jessop, president of Fidelity Digital Asset, said: "We're excited for Christine Sandler to join our growing team. We look forward to her leadership in support of the strong interest we're seeing from investors who are looking for a trusted provider to take an increasing role in this market."

Cobalt has appointed Stephen Wolff as a strategic advisor to support its global growth strategy.

Previously, Wolff served on the board of financial market technology and infrastructure companies including R3, Tradeweb and ClearCourse Partnership.

Commenting on his new role, Wolff said: "I am delighted to be joining the Cobalt team during an exciting time for the company and the foreign exchange industry as a whole." **AST**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