asset servicing times

The primary source of global asset servicing news and analysis

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Russia Focus

An insight into the country's asset servicing market and its technology revolution

Acquisition Insight

Find out what opportunities are ahead after Apex Group acquired LRI Group

The long and winding road of regulation

With countless EU regulations coming to the fore over the last few years, what challenges has the industry faced?

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Widespread errors present in UK MiFIR transaction reporting

More than 1,300 Markets in Financial Instruments Regulation (MiFIR) transaction reporting errors and omission notifications were received by the Financial Conduct Authority (FCA) in 2018, according to analysis by Duff & Phelps.

Figures released by the FCA indicated 383 entities notified it of problems with their MiFIR reporting in 2018, accounting for 10 percent of the 3,784 UK investment firms that are required to be MiFIR compliant.

Duff & Phelps' data provides clarity on compliance reporting shortfalls among UK investment firms, and follows previous reports that more than 1,300 Markets in Financial Instruments Directive (MiFID) breaches were reported to the FCA in 2018. The FCA processed more than 6.9 billion UK MiFIR transaction reports in 2018.

Nick Bayley, managing director of compliance and regulatory consulting at Duff & Phelps, said: "There are likely many more firms, particularly on the buy-side, that are unaware that they are reporting incorrectly."

"I suspect the true number of firms with reporting errors is much higher. The data also shows that many firms notified the FCA on more than one occasion, suggesting that there could be systemic issues with some firms' reporting processes."

He added: "After the rush to implement MiFID II at the start of 2018, the FCA was in 'education mode' concerning transaction reporting, with the focus being on teaching firms how to interpret the rules."

"What we see now is that the FCA is in 'encouragement mode', telling firms how they can avoid common errors. It surely cannot be too much longer before the FCA starts to transition into 'enforcement mode', particularly for those firms failing to make a genuine effort to meet their regulatory requirements."

Contents

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Citco partners with S3 for trade cost analytics

Asset servicing solutions provider Citco Group (Citco) has partnered with S3 Partners to allow its clients to access S3's BLACKLIGHT's financing trade cost analytics tool for trade, margin and collateral exposures and efficiencies.

BLACKLIGHT leverages data analytics along with technology for better outcomes in the investment process, risk management, and counterparty relationships.

The platform will be rolled out via Citco's Æxeo treasury platform.

Bob Sloan, founder of S3 Partners, said: "We are thrilled that Citco has chosen to partner with us and recognises the value of our broker-neutral solutions. The Citco-S3 alliance, along with our distribution via Bloomberg, Nasdaq and Reuters, expands the reach of our technology and data to every player type and client segment."

Albert Bauer, managing director at Citco Fund Services (US), commented: "Our focus at Citco has always been to provide our clients with the best technologies and services to make their lives easier."

He added: "Our clients have asked for nuanced analytics, which we can now offer via BLACKLIGHT with single-sign-on access and virtually no operational friction."

State Street enhances its ESG platform

State Street has made a series of enhancements to ESGX, the firm's web-based platform that provides its clients with tools to assess environmental, social and corporate governance (ESG)-factor exposure in their portfolios.

Clients will be able to access an interactive web-based tool that calculates ESG scores through a combination of both human and machine-generated data, allowing for greater transparency into potential sources of portfolio risks and opportunities.

The enhancements include newly integrated carbon metrics such as carbon footprint and intensity, and offers clients monthly, quarterly and annual ESG reporting.ESGX's capabilities include additional asset classes, corporate bonds, four new data providers and improved functionality, resulting in a quick and concise reading of portfolio data.

The four new data providers, IdealRatings, MSCI ESG Research, Trucost ESG Analysis and Sustainalytics US, enable a global analysis of ESG data including performance, volatility and returns.

Mark McDivitt, head of ESG at State Street, said: "ESG data and reporting is more important than ever to institutional investors. The new suite of ESG data providers recently added to ESGX will offer enhanced granularity particularly around the 'E' of ESG or sustainability risk embedded in our clients' portfolios."

Richard Mattison, CEO of Trucost, part of S&P Global, commented: "We are excited to partner with State Street on offering an alternative stream of Trucost environmental data to enhance business decision making."

Diederik Timmer, executive vice president of client relations at Sustainalytics, said: "With more feature-rich functionality and in-depth ESG information now on ESGX, institutional investors have an even wider array of analytics and tools to support their investment decision-making processes."


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Silverfleet Capital acquires fund admin provider

Silverfleet Capital has acquired Microgen Financial Systems Limited (MFS), a provider of fund administration.

Through the acquisition, MFS will be able to increase its technology adoption within the trust and corporate services market, expanding its product range, client base and geographic reach.

Additionally, Silverfleet will apply its knowledge of the trust and fiduciary services sector.

Headquartered in Fleet, UK, with offices in London, Guernsey, Cambridge and Cyprus, MFS provides front and back office technology solutions to the financial services industry.

The transaction is subject to the approval of the shareholders of the seller, Aptitude Software Group.

David MacKenzie, partner at Silverfleet Capital, said: "We are delighted to acquire MFS and execute our second deal in the lower mid-market segment. We are excited by the prospect of working closely with the high-quality management team to accelerate growth within the business."

He added: "Our experience in building scale and enhancing value in this sector means we are an ideal strategic partner to drive this company forward."

Robert Browning, CEO of MFS, commented: "Silverfleet is the ideal partner to take our business forward and enable MFS to become the clear market leader. Their impressive investment experience in this sector is unrivalled, and will be invaluable as we look to execute on our growth objectives."

Compliance Solutions Strategies partners with cleversoft for PRIIPS

Compliance Solutions Strategies (CSS) has partnered with cleversoft to enable clients to access an end-to-end service for meeting requirements under Packaged Retail and Insurance-based Investment Products (PRIIPs).

CSS's global RegTech platform will connect with cleversoft's docCreator platform, allowing CSS to include a fully automated end-to-end service including calculation, document generation and dissemination of UCITS Key Investor Information Documents and PRIIP Key Information Documents (KIDs).

Florian Clever, founder and CEO of cleversoft, said: "We are looking forward to extending the integrated data management platforms of Accudelta and silverfinch to directly connect to cleversoft's state of the art document generation solution.We are excited to allow the broad international customer base of CSS to easily tap into creating regulatory compliant PRIIP KIDs with integrated user experience."

John Lee, president of CSS, commented: "The cleversoft team has developed a unique automation of business processes for regulatory documents that will allow CSS to offer additional value to our clients and prospects as we continue our European expansion."

big xyt to provide wider services to Liquidnet

Liquidnet Europe has broadened its implementation of big xyt's Liquidity Cockpit analytics platform.

As an independent provider of data analytics solutions, big xyt administers a variety of products and services to Liquidnet, including the cross-check of market volumes and monitoring of market information.

Furthermore, Liquidnet will be able to "capture, normalise, collate, and store" trade data of regulated markets, multilateral trading facilities and systematic internalisers. The

BOV Fund Services Limited, Malta's top fund administrator, provides highly competitive, cost-efficient turnkey fund set-up solutions. Other services provided to fund managers and fund promoters cover a comprehensive range of fund administration services including fund accounting, shareholder registry services, regulatory reporting and corporate services amongst others.

Other ancillary services include a full package of back office services that enable our clients to comply with international regulations as well as best market practices.

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collaboration will also allow Liquidnet to compare quality, liquidity, spreads and costs to ensure maximum efficiency.

Mark Montgomery, head of strategy and business development at big xyt, commented: “We are delighted to be able to provide Liquidnet with the ability to interrogate and assess a consolidated view of their market position.

Recognising the benefit of outsourced independent, complex data analytics has freed up additional internal resources to concentrate on client focused initiatives.”

USC launches new cross border payments solution

The Utility Settlement Coin (USC) has launched Fnality International, a new solution that aims to increase the efficiency of international cross border payments.

The solution incorporates legal, regulatory, operational and technical capabilities, to create a regulated network of distributed financial market infrastructures. It supports the global exchange of value transactions to ultimately reduce settlement risk, counterparty risk and system risk in the post-trade settlement process.

Fnality International will enable delivery versus payment in tokenised securities markets, and will allow instant settlement on a payment versus payment basis. The founding shareholders of Fnality include Banco Santander, BNY Mellon, Barclays, CIBC, Commerzbank, Credit Suisse, ING, KBC Group, Lloyds Banking Group, MUFG Bank, Nasdaq, Sumitomo Mitsui Banking Corporation, State Street Corporation, and UBS. Clearmatics will continue in its role as the technology partner to Fnality.

Rhomaios Ram, CEO of Fnality, said: “We are delighted to launch Fnality, the commercial realisation of the USC Project. Working with our founding shareholders, we will start the regulatory approval process right away and look forward to connecting to the first business applications as soon as possible.”

Marcel van den Bos/shutterstock

KRM22 acquires post-trade services company

KRM22 has acquired Object+, a risk management and post-trade services technology company for capital markets firms.

The acquisition of Object+ will enable KRM22 to expand its market risk solutions to include pre-trade and at-trade functions that connect directly to major global exchanges.

It will also allow KRM22 to share data between systems, eliminating the need for multiple market data sources and reconciliations for its customers, reducing the cost and complexity of their risk management processes.

Object+‘s market risk management technology includes real-time profit and loss and margin management, as well as pre-trade order limit management capabilities.

Based in the Netherlands, with offices in Amsterdam and Chicago, Object+ services global banking and trading firms across Europe, North America and Asia.

Martin van Aalderen, CEO of Object+, said: “Our employees, shareholders and clients are excited to be part of that initiative as we bring our pre-trade and post-trade risk products and services to KRM22’s global risk platform.”

Keith Todd, chairman and CEO at KRM22, commented: “This acquisition is a further strategic step towards the development of our global risk platform, bringing strong post-trade execution and market gateway expertise which is complementary to our existing market risk offering.”

He added: “Our focus is to provide applications which help our customers reduce the cost and complexity of risk management at their firms, and believe that this acquisition will help us to build even greater momentum in the market.”

The long and winding road of regulation

With countless EU regulations coming to the fore over the last few years, asset managers and administrators have incurred many processes, system and monetary challenges

Jenna Lomax reports

A year on from the General Data Protection Regulation (GDPR) implementation, and eighteen months after the second Markets in Financial Instruments Directive (MiFID II) was put into place, how has the industry fared with such an intense level of change?

What still needs to be done and how can the changes that still need to be made be carried out efficiently without hindrance or at a significant cost? What lessons have been learned from such consequential regulations?

As Alex Foster, head of insurance and strategy at BT Global Banking and Financial Markets, explains: “Last year we saw a tsunami of new regulations coming into force, and the biggest challenge for industry participants has been maintaining their ability to oversee and manage all of the moving pieces.”

The year 2017 was a time fraught with urgency to meet the 3 January deadline of MiFID II implementation. MiFID II regulates firms that provide any services to clients linked to financial instruments and venues where these instruments are traded.

Firms prepared for its implementation through 2017 and adapted their business models throughout 2018—but what has been achieved so far in 2019?

Yann Bloch, senior pre-sales and product expert at NeoXam, emphasises that MiFID II is still causing “some serious headaches”.

He says: “While the majority have gotten the correct reporting processes in place, too few have done enough to address the quality of the underlying data. As a result, the reports produced simply won’t be of the quality that the regulators require.”

However, Sean Tuffy, head of market and regulatory intelligence at Citi custody and fund services, says: “The increased transparency [of MiFID II] has aided price discovery and revealed that the EU exchange-traded funds (ETFs) market is more liquid than previously thought. This has led to increased investor appetite for EU ETFs.”

Though Daniel Carpenter, head of regulation at Meritsoft, says it’s not all plain sailing when it comes to billing, in particular.

“In a post-MiFID II world, where transparency into pricing is paramount, there is a fundamental problem when it comes to billing. While the costs to execute transactions have been declining, they can only be fully reconciled versus the broker rate once the bill comes in upon completion of a trade.”

He adds: “This is hard enough when every bill comes in monthly without having being validated on a daily basis. But the issue is that some houses could be invoicing only quarterly, creating a remediation nightmare.”

GDPR

Hot on the heels of MiFID II was GDPR, which replaced the EU Data Protection Directive, originally established in 1995. The new rules, which kicked in on 25 May 2018, cover how organisations process personal data and extend to the activities of non-EU organisations that offer goods or services to people located in the EU.

Carsten Kunkel, head of regulatory centre of excellence at SimCorp, indicates: “European firms who have prepared themselves for GDPR in Europe are, in our view, well prepared for any other data privacy regulation that they might face in other markets.”

Alex Scheinman, director of privacy, cybersecurity and risk at ACA Compli, says: “As we reach the one year anniversary since GDPR went into effect, there are still firms in Europe that are only now beginning to implement the procedures and functionality to their systems. When in fact, at this stage, they should be maintaining and revisiting these processes.”

But Foster cites the opportunities regulation has given market participants. She indicates: "Both MiFID and GDPR have acted as a positive push for firms to take a critical view at their underlying processes and systems and to assess where inefficiencies exist."

Taking a gap year? Not quite...

As 2017 and 2018 were spent concentrating on MiFID II and GDPR, there was also the referendum result of Brexit to consider.

After May 2018, when the GDPR deadline hit, it would seem the two major deadlines had passed. But that certainly didn't mean 2019 would be a year of respite or pause.

As Tuffy indicates: "The slowdown in regulatory implementation gives the buy-side industry a chance to take a holistic look at all the recent regulatory changes and see if there is scope to redesign some processes to do things more efficiently."

Scott Chace, CEO, co-founder and managing partner of CF Global Trading, highlights that overnight, MiFID II changed how asset managers pay for and consume research.

"More recently, funds are looking more closely at what it costs to maintain an internal trading desk and demonstrate compliance around best execution and trade monitoring to both end investors and regulators."

AIFMD

The Alternative Investment Fund Managers Directive (AIFMD) was broadly transposed into national law across the EU in July 2013, and since then asset managers have steadily adjusted to life under the new regulatory regime.

As Tuffy stipulates: "AIFMD has established a harmonised regulatory regime for alternative funds in Europe and has brought greater supervision to the hedge fund sector, both of which were key goals of the directive. That said, there are certainly areas where it could be improved–such as the cross-border passport, which has not been as successful as hoped."

He adds: "The EU Commission review of AIFMD is already underway and will likely lead to a formal AIFMD II consolation later this Autumn."

Paul Ellis, global head of regulatory product development at HSBC Securities Services, highlights: "I think it's fair to say the industry view of AIFMD is still mixed".

"Some firms still believe the regulation is excessive for sophisticated institutional investors and some are not supportive of their funds being classified as alternative investments because they are not UCITS."

CSDR

The Central Securities Depository Regulation (CSDR) is a European Parliament regulation entered into force in September 2014 to regulate central security depositories activities of EU member countries.

The new regulations imposed by CSDR carry implications for the wider securities industry in Europe and will mandate changes in a number of the steps in the process lifecycle.

Carpenter surmises: "When it comes to challenging regulations facing clients, look no further than CSDR. This most convoluted of regulations will require European security depositories to impose financial fines on all institutions failing to complete transactions on the contractual settlement date on all European securities or through the European infrastructure."

Carpenter recommends: "All participants need to try and figure out a way to manage these new processes and share information around penalties and buy-ins sooner rather than later."

Ellis cites: "MiFID II reaffirmed the need for our rigorous process to run regulatory driven product development in a manner that recognises the iterative release of regulatory requirements. The implementation next year of CSDR's mandatory buy-in rules will similarly require such an approach as the industry similarly grapples with uncertainty."

Looking forward

Kunkel advises: "Keeping firms in continuous compliance requires the right mindset and the right partner that enables the firm to focus on their core business. With a raft of regulatory changes taking effect in 2018 and 2019, operational transparency forms the antidote needed to counteract this continually complex investment management landscape."

Ellis indicates: "The forward pipeline of regulation is likely to be more evenly weighted to updates of post-financial crisis regulation, with a dual objective to respond to changes in the industry, for example, digital technology, and to remove unnecessary obligations that do not in practice further the policy objective."

"Securities services firms are seizing the opportunity to bring such cutting edge technology into their product suite, in turn easing the regulatory reporting challenge for clients."

Foster voices: "Artificial intelligence and programmable automation are two of the most exciting areas and will likely lead firms to evolve their risk assessment models and compliance processes."

She adds: "Having an agile technology foundation enables firms to easily comply with regulatory requirements as they evolve without having to actively respond to every change." **AST**

Better together

Frank Alexander de Boer of LRI Group, and David Rhydderch of Apex Group, discuss Apex's acquisition of the LRI Group and the exciting opportunities that lay ahead

Jenna Lomax reports

After Apex acquired LRI Group last year, what opportunities and additional service capabilities has this given the LRI Group?

Frank Alexander de Boer: LRI Group has developed a highly German-focused service over the past two decades. Becoming part of the Apex Group adds real value to our offering through broadening our capabilities and geographic expertise to deliver services across a wider geographic base in an increasingly globalised asset management world. Apex has the broadest service offering in the industry and therefore, in addition to the LRI solution, our clients can now access everything from fund administration and middle-office services to custody, depositary and banking solutions, in addition to comprehensive corporate services offering.

Apex has over 40 offices worldwide and 16 regulatory licenses– with LRI Group becoming part of the global group, we are able to service those clients looking to enter the Luxembourg continental European markets, and vice versa. LRI Group has a strong history in the private equity fund business which further adds to the group's global expertise in this area, in addition to the value we add through LRI Group's real estate, direct investments and alternative investment products.

LRI Group also recognised the need to build up a depository offering in the alternative space as managers increasingly look for a one-stop-shop solution. We had created our own version of this solution within LRI Group, but we were only able to cater to the needs of large German institutions. With the addition of European Depositary Bank, another Apex Group company, we are opening up these additional capacities for clients.

In terms of financial assets, it is more of a competition between existing assets, whereas on the real asset side, there are a lot of new projects coming in, especially from abroad. As the largest private equity administrator worldwide, Apex has helped us enormously in servicing these clients and gaining access to them.

David Rhydderch: From a group perspective, there are three pillars to the business: fund administration, banking and corporate services. The acquisition of LRI Group adds ManCo services to the Group's capabilities, effectively providing a one-stop solution to clients looking to service and outsource their requirements.

The reason we were keen to maintain the LRI Group brand was because we wanted to take an open-architecture approach to the market, by providing complementary services.

Given that there is so much activity in Luxembourg right now, it is immensely powerful to be able to offer a solution that covers the full value chain of a fund, with all of our teams working together to deliver the right solutions to our clients. We are seeing an increase in the private equity side whereby they are looking to outsource management in Luxembourg, and are coming through the LRI Group brand and using the wider services we are able to offer.

de Boer: We have seen, through regulatory development on the investor side, a lot of product providers now recognise the need for regulation. Luxembourg has the second largest fund market worldwide which means we have the product and technical capabilities, as well as the experienced resource, to deliver a valuable service to clients.

Being part of the Apex Group is a huge opportunity for LRI Group as we can now access global expertise and expand our reach with the backing of a large institutional player.

Regarding the future of fund administration, do you think there is a potential for further consolidation in the marketplace?

Rhydderch: The market has seen a lot of consolidation over the past year–it is important to ensure that as a partner you can provide a holistic service comprised of specialists. What was missing in the market was a firm with all of the capabilities of the big institutional banks coupled with the mindset of an entrepreneurial, client-focused business. This is exactly what we set out to create through the acquisition strategy at Apex and that is what is driving our consolidation process. It is now harder for the smaller niche players to remain competitive. The need to continually bring new products and solutions to the market and leverage strategic relationships with others to fill product gaps becomes a necessity. From a client perspective, they want simplicity. Increased regulation and cost demands mean that there are only a handful of strategic partners who will work with them. A key driver in the consolidation trend comes from a product density perspective and clients wanting simplicity. Looking at it from a cost perspective, there's a need for an excellent service provider that is able to provide a one-stop solution to meet the market's requirements.

de Boer: We have seen pressure on the product landscape; there is a huge need for services delivered by white label platforms like ours to provide wider diversity in the market.

Regulatory demands are impacting distribution as well as fund production, so what we are now doing is allowing the market to access products through a very intelligent asset management approach. We have a shared infrastructure to enable finance and distribution capacity through contacts with investors and distribution channels.

What opportunities are there for the fund administration landscape?

Rhydderch: As Frank mentioned, there are now many pressures on asset managers, banks and investment firms and these pressures come from various angles. This environment is driving a broad consolidation of outsourcing, as people are looking for specialist service providers who focus on the operational layer to provide complementary services to those institutions. Investment banks have regulatory pressures and balance sheet constraints, so they are looking to offload a significant amount of that. We are taking a lot of that work on through our ability to manage our special purpose vehicle and collateralised loan obligations fund administration and provide that corporate services cradle-to-grave solution.

On the fund administration side, it is very much the same. These elements are combining to create a perfect storm for outsourcing providers who really understand the current opportunity set. It is a massive opportunity, and I think we have been seeing the growth of that for a very long time, yet it is now accelerating on an exponential curve given the complexity of the market demands these clients are facing. Administrators and outsource providers now have the scale, systems, people and regulatory reach that clients require.

de Boer: I conducted a survey a few years ago among US investors to investigate why they were not going to try to sell products in Europe, and the results found that they were afraid of the management capacity that was involved in doing so.

What we are offering is essentially a complete package to take the burden away from them: the client comes to us with a creative idea or products already available in their own country, but they don't know how to deal with all of the technicalities. In the past, they would have had to do this on their own due to cost pressures, but now there are shifts where, if it is not part of their core activity, they can outsource it.

Rhydderch: Clients are looking for a partner rather than simply outsourcing; they want a limited division between them and a partner, so they can exist in adjacent operational and asset management spaces. The best example comes from one of our global infrastructure clients who gave us a fund-structuring document. From our position as a fund administrator, we were able to suggest some improvements to the document that would both make it more efficient for us and less costly for them. So it's not just about blindly delivering a standard service, it's about really forging a partnership that delivers value – that is the basis for a successful and long-term client relationship.

Has LRI Group been affected by Brexit at all? Do you think there are obstacles to Brexit or opportunities?

de Boer: As part of the Apex Group, we are very well placed to deal with any eventual Brexit scenario. Previously, we have experienced a lukewarm approach as a lot of asset managers consider the possibility of regulation helping to improve an existing situation. We are receiving lots of requests for service, but not as much implementation. Global asset managers that have a base in both London and Luxembourg have enlarged their Luxembourg corporation to gain further clout and substance. For them, it is very important to be on the safe side, so there have been some contingency measurements taken.

Rhydderch: Brexit is forcing the market to look outside of how they have traditionally structured things. There is now a focus on Ireland and Luxembourg as centres that were not particularly well known before, in terms of how quickly you can launch a Reserved Alternative Investment Fund and the funds industry in those jurisdictions. The sense is that this will provide the basis for a surge in growth of those fund centres as managers are now seeing the capabilities, depth of talent and breadth of service providers present in those locations.

de Boer: That ties into what I mentioned earlier about how we have not seen a lot of asset managers moving away from London to Luxembourg. However, what we have seen is that, in the case of new product initiatives, they are often being launched in Luxembourg. There is great potential in continental Europe, so LRI Group will use that starting point to continue our existing structures and see how we deal with Brexit.

What other regulatory challenges are you facing?

de Boer: Although we are facing new regulatory burdens, it is, in part, a reason for our existence because we can deal with it much more efficiently than an individual asset manager could.

Following the introduction of MiFID II, the beneficial owner register has not yet been completely crystallised; it may even threaten the global certificate, but we are not completely clear on the impact of that yet. If there is going to be a strict interpretation of the regulation then it may affect the way we work, but if it is going to be diluted, we might get away with a more simple solution. This is something we need an answer to.

Rhydderch: On a positive note, I think we have now moved through the massive swathe of introductions of new regulations and are moving into the implementation phase. One of the biggest areas regulators are likely to focus on is data and cyber risk, particularly in light of the increase in outsourcing. I think regulators will focus quite heavily on the infrastructure and connectivity between asset management providers and outsource providers.

What will LRI Group be working on for the next 12 months and does it have anything in the pipeline for the next 12 months?

de Boer: Firstly, both LRI Group and Warburg Invest (now part of LRI Group) outgrew the pace of the Luxembourg market over the last year, so they were not necessary acquisitions from that perspective, but what we have been able to create by joining together under the Apex Group, is a high growth company that is working on a lot of new client opportunities. Through combining the two entities under one brand, we now have a total of €70 billion in assets under service and have subsequently moved into a new client segment through working with large clients with strong reputations, who perhaps would not have considered us previously. We now have access to better systems, especially in the real assets space, to deal with the kind of requirements that our clients are requesting.

LRI Group and Warburg Invest already had similar cultures, and we see the advantages of working together in the international environment. That is what we will be doing over the next 12 months: onboarding new clients, getting out into the market, and spreading the word as to our new market position. Although we have 30 years of experience in the marketplace, this new set up under the Apex Group delivers additional services that we could not previously offer.

Rhydderch: At a group level there has been a significant period of acquisition activity over the last 18 months. From an integration perspective, we have kept that fairly simple and very efficient because we have not migrated clients off their existing technologies.

Our main focus over the next 12 months will be delivering the message to the market around the extent to which LRI Group and the wider Apex Group have evolved and changed over the past five years. As a Group, we are now able to provide a full set of financial service solutions to the asset management industry. We have a strong focus on cultural integration as well as brand awareness to ensure that both internally and externally, people understand exactly what the Apex Group is now, removing any legacy connections with acquired firms that no longer exist. **AST**

Frank Alexander de Boer
Managing director
LRI Group

David Rhydderch
Global head of regulated product
Apex Group

Technology uprising

Evgenia Klimova of Raiffeisenbank Russia highlights the trends in Russian asset servicing and the country's current technology revolution

How well-placed are asset services in Russia, compared to its neighbours (and competitors) in Central and Eastern Europe?

It is difficult to compare the maturity Russian market with Central Eastern Europe (CEE) countries, as the CEE region represents various markets of different size and development level.

However, it is fair to say that the Russian asset services market is quite substantial and developed from a legislative and operational point of view.

Market participants offer almost all services related to securities as it is done on mature European markets, maybe with some exceptions when considering securities lending (only repo transactions are currently available for the investors).

What trends are you currently seeing in the Russian asset servicing market?

The major trends in the Russian assets servicing market are disintermediation, outsourcing development, electronic communications development, an increase of straight-through processing (STP) and fintech investigations.

Russian regulators are actively discussing with the market participants the introduction of the digital assets with market participants.

The market is working on the creation of market places, where, for example, retail investors can interact with the assets service providers or issuer companies.

Is automation, machine learning and/or AI causing challenges or providing opportunities within the industry in Russia? How are you utilising the technologies?

Currently, all new technologies are mostly creating new opportunities for the market participants. The automation is widely used by the whole market to implement new services for the clients and reduce operational costs.

Machine learning and neural network, as a part of an artificial intelligence (AI) sphere, are also very popular tools, which are used in various industries of assets service market.

Currently, most successful market players spend most of their investments in the IT area. However, it is important to mention that in the near future, new technologies could be destructive for some market participants, who may not be able to adapt and create new services.

What trends are you currently seeing in clearing and settlement within Russia?

Currently, clearing and settlement on the Russian markets are considered as really well-developed market segments, which are treated by the investor as plain 'vanilla' services–transparent and convenient.

The trends are the same for the market as a whole, especially STP increases and the removal of the agent layers (disintermediation).

Market participants are working on the development of technologies with fast reallocation of the liquidity between different market segments, for example, over-the-counter and on-exchange, local and foreign market.

What are your predictions for asset servicing in Russia over the next five years?

The Russian market will continue the exploration of new technologies.

Non-classical digital assets should appear—some of assets services may be fully replaced by IT solutions and IT vendors should become part of the asset servicing industry.

Evgenia Klimova
Head of custody
Raiffeisenbank Russia

Upcoming Events

18-20 June 2019

Fixed income leaders summit

Philadelphia, PA, USA

fixedincomeus.com

24-27 June 2019

FundForum International

Copenhagen, Denmark

finance.knect365.com

26 June 2019

Elite Summit

Amsterdam, the Netherlands

finance.knect365.com

2-3 July 2019

GAIM

London, UK

finance.knect365.com

Comings and goings at RBC I&TS, Euroclear and more

David Travers has left RBC Investor and Treasury Services (RBC I&TS), a spokesperson has confirmed.

The change relates to RBC I&TS aligning the Australian business with the global organisation to create strong connections across the region and to ensure consistent delivery of client service. Andy Allen will assume a new role as general manager, Australia, relocating to Sydney from Malaysia.

Allen will provide senior oversight to ensure governance across RBC I&TS business and functions, while also ensuring Australia's alignment to global strategy.

Euroclear has appointed Sophie Malarme-Lecloux to its board of directors for each of its Euronext-zone securities central securities depositories (ESES CSDs), Euroclear Belgium, Euroclear France and Euroclear Nederland.

Malarme-Lecloux is manager and founder of FreeBe Sprl and has previously held roles at Sofina SA and ING.

Malarme-Lecloux's appointment comes after Euroclear appointed Willem Meijer to the same board of directors in January.

Commenting on her new role at Euroclear, Malarme-Lecloux said: "Euroclear has a unique position in the market. I look forward to bringing my experience and strategic approach to the team."

Francis Remacle, chair of the ESES CSDs, commented: "The experience, expertise and previous achievements of Sophie Malarme-Lecloux and Willem Meijer will enrich the value, the potential and the performance of our board of directors in ESES.

As chairman of the board, I am delighted to see them joining our excellent team, especially now that Euroclear France, Belgium and the Netherlands have received Central Securities Depositories Regulation licenses from their respective regulators."

Moiz Kohari has left State Street as senior vice president and global chief technology officer.

At State Street, Kohari was responsible for the creation of a corporate-wide digital transformation programme that focuses on the creation of the authoritative book of record that leverages distributed ledger technologies. Prior to State Street, Kohari served as head of group technology innovation from 2011 to 2016.

Walter Verbeke has joined BNY Mellon.

In his new role at BNY Mellon, he will serve as a senior principal for corporate strategy.

Previously, Verbeke served as global head of business model and innovation at Euroclear from July 2004 to May 2019.

At Euroclear, he was responsible for assessing the market and regulatory trends in the capital markets, the dynamics in technology and ecosystem innovation, identifying Euroclear's business positioning, and driving innovation use-cases as well as business development opportunities, in support of the Euroclear overall strategic and innovation direction.

CLS has appointed Marc Bayle de Jessé as its new CEO, effective 2 December.

Bayle de Jessé joins CLS from the European Central Bank (ECB), where he is currently director general of market infrastructure and payments as well as chairperson of the market infrastructure board. In his current role, Bayle de Jessé is responsible for defining and steering the implementation of policies in market infrastructure and payments, overseeing the development of the next generation of services to address the challenges which digitalisation, cyber threat and globalisation pose to the market infrastructure and payments sector.

Bayle de Jessé joined the ECB in 1997 and has held a number of senior positions.

As chairman of the European system of central banks market infrastructure and payments committee, and as a member of the BIS Committee for payments and market infrastructure, he has contributed to the development of regulations and international standards for financial market infrastructures.

Prior to the ECB, Bayle de Jessé was senior advisor in the general secretariat at Sicovam SA, the French central securities depository, now part of the Euroclear Group.

Commenting on Bayle de Jessé's appointment, Kenneth Harvey, interim CEO and chairman at CLS, said: "Having spent 22 years at the ECB, Bayle de Jessé has played a central role in revolutionising Europe's settlement infrastructure. His extensive experience with central banks and market participants will help ensure we continue to respond to the needs of the industry, enhancing and developing our risk mitigation solutions."

Commenting on his new role, Bayle de Jessé said: "As a leading global market infrastructure provider, CLS plays a crucial systemic risk-mitigation role in the foreign exchange industry. I am looking forward to ensuring the organisation continues to deliver the highest level of service to its clients and shareholders, as well as further expanding its capabilities as a trusted market solutions provider."

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