asset servicing times

The primary source of global asset servicing news and analysis

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The latest fund administration trends from Northern Trust's Clive Bellows

An update on the Nordics asset servicing industry

A move to data

Alvin Kwan of BNY Mellon discusses Malaysia's move to a more data-centric platform approach

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The Euromoney Awards for Excellence honoured Commerzbank as Germany's Best Bank for its strategic approach that is creating a 'stable, efficient and more profitable lender' amidst challenging times for the German banking sector. Euromoney, 07/2017 issue

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Deutsche Bank to exit equities business amidst radical transformations

Deutsche Bank will exit its equities sales and trading business, while retaining a focused equity capital markets operation, as part of a radical transformation.

In this context, Deutsche Bank has entered into a preliminary agreement with BNP Paribas to provide continuity of service to its prime finance and electronic equities clients.

According to Deutsche Bank, this is with a view to transfer technology and staff to BNP Paribas in due course.

Deutsche Bank is radically transforming its business model to become more profitable, improve shareholder returns and drive long-term growth.

The bank will significantly downsize its investment bank and aims to cut total costs by a quarter by 2022.

Additionally, the bank plans to resize its fixed income operations in particular its rates business and will accelerate the wind-down of its existing non-strategic portfolio.

In aggregate, Deutsche Bank will reduce risk-weighted assets currently allocated to these businesses by approximately 40 percent.

Further highlights from the strategy include a workforce reduction of approximately 18,000 full-time equivalent employees to around 74,000 employees by 2022.

With this transformation plan, the bank said they aim to reduce its cost-income ratio to 70 percent in 2022.

Christian Sewing, CEO, Deutsche Bank, commented: “In refocusing the bank around our clients, we are returning to our roots and to what once made us one of the leading banks in the world.”

“We remain committed to our global network and will help companies to grow and provide private and institutional clients with the best solutions and advice for their respective needs – in Germany, Europe and around the globe. We are determined to generate long-term, sustainable returns for shareholders and restore the reputation of Deutsche Bank.”

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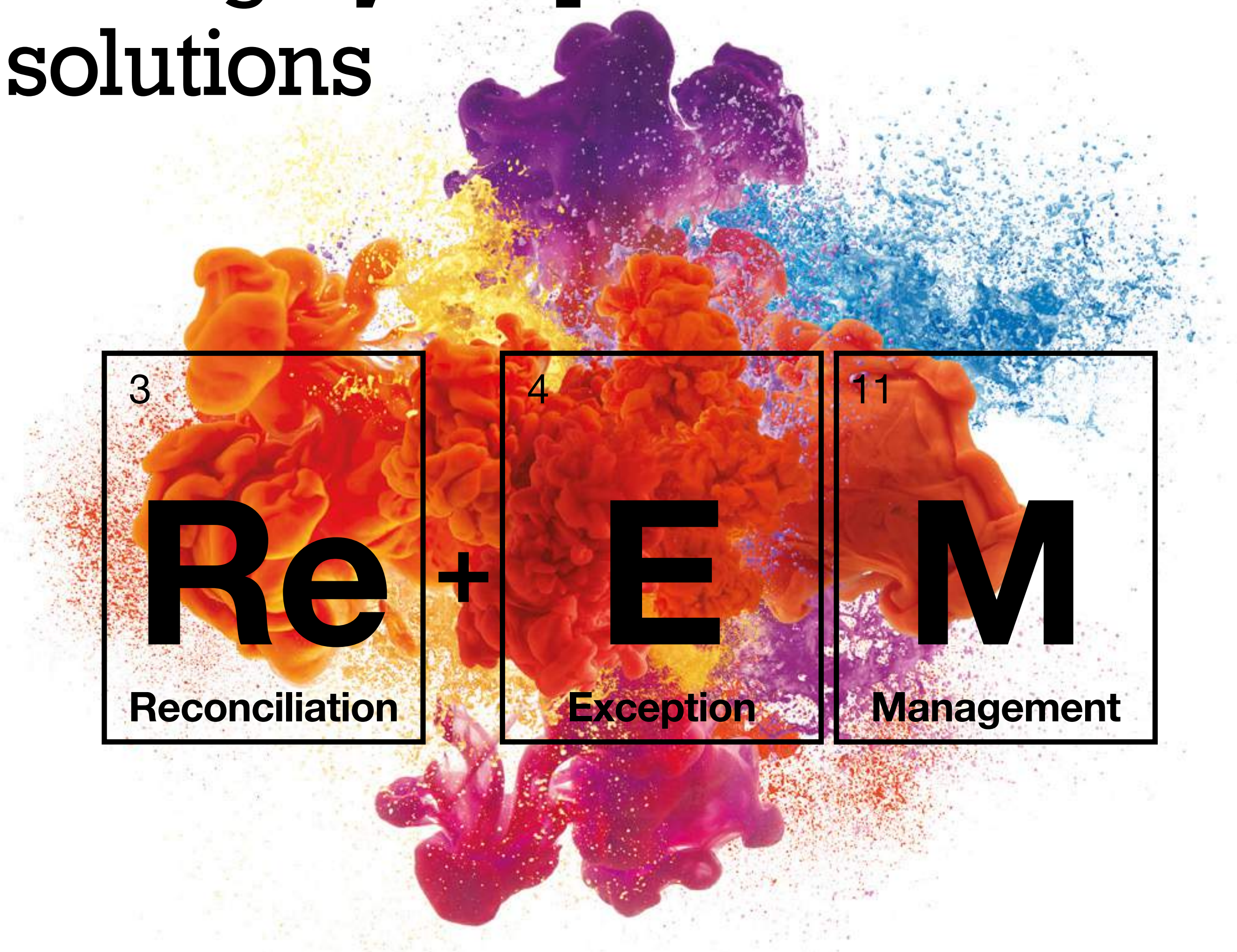


At SmartStream we believe that starting with a solid foundation of elements is vital when creating new operating models. As a result, it's never been easier for firms to access highly responsive, tailored solutions which can be deployed at speed and with immediate impact.

Our innovative technology delivers an unparalleled range of reconciliation and exception management options to monitor and manage all transaction types; lowering cost, reducing risk and creating more agile operations.

So, whether you are looking to replace legacy systems, build an internal processing utility, utilise the cloud or outsource your entire operation, partnering with SmartStream is the perfect chemistry.

Funds SA appoints Northern Trust for asset servicing

Funds SA has appointed Northern Trust to provide its asset servicing, investment administration and investment data services through a custody solution.

Funds SA invests more than AU$34 billion on behalf of South Australia's public sector pension and superannuation schemes and approved authorities.

Northern Trust is a full-service provider to the Australian and New Zealand markets and delivers a range of solutions for institutional investors, including Australian investment, global custody, investment operations outsourcing and capital market solutions—which includes brokerage, foreign exchange, securities lending and transition management.

Angelo Calvitto, country executive of Australia for Northern Trust, said: "We are delighted to be working with Funds SA to support their growing business and enable them to focus on their core investing activities."

He added: "As institutional investors look to enhance their operating models to meet their investment needs, they require a global asset servicing partner with local insights and expertise. They also want to work with an organisation that delivers a high-level of client service, supported by leading-edge technology."

Kazakhstan's AIX introduces a new custody model

Kazakhstan's Astana International Exchange (AIX) has introduced four initiatives including a new custody model, multi-currency settlement, securities lending and borrowing, and covered short selling.

According to AIX, the introduction of a new custody model provides a major improvement for institutional investors.

AIX explained that the institutional investors' assets, whether cash or securities, will remain under the safekeeping of a custodian who is a participant of the AIX central securities depository.

Trading members will keep providing the trading service and will give up the resulting trades to the custodian who will take up the trade and subsequent cash or securities settlement obligations.

The new service is made available to trading members using the FIX protocol and all the data needed to use the service is displayed on the Market Watch page of the AIX website.

Securities lending and borrowing is available to appointed market makers after being authorised by AIX regulation and compliance.

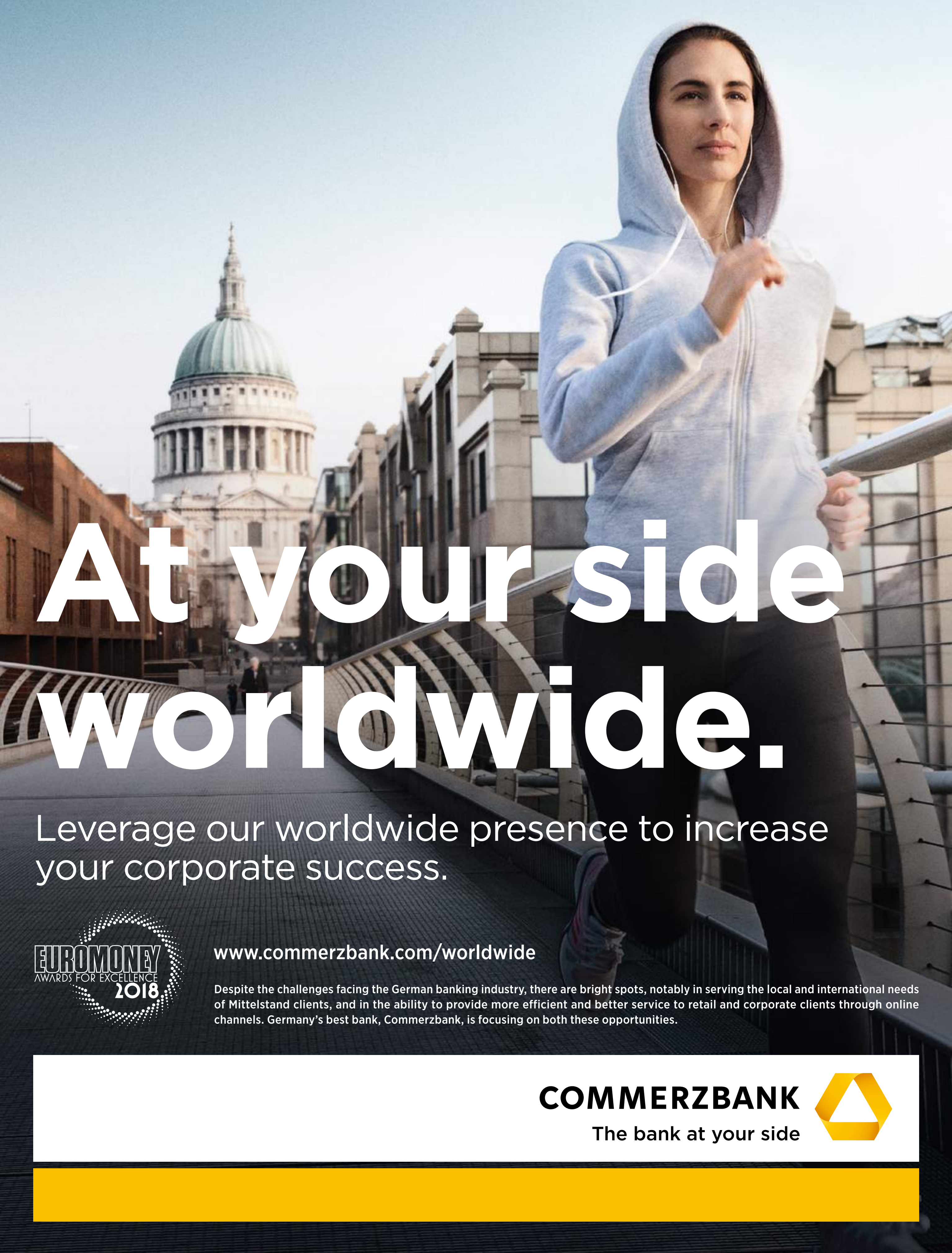
AIX noted that they aim to improve the overall efficiency of its market place while increasing international investors' level of confidence.

Olivier Gueris, COO of AIX, commented: "These go far beyond what is generally offered in frontier markets."

"The introduction of these initiatives will have a major positive impact on the liquidity of our marketplace while also helping to attract new institutional investors to FIX, based on their increased level of confidence that it is a safe and sound market through which to invest."

FactSet launches KYC platform for due diligence

FactSet has launched FactSet KYC, a cloud-based software as a solution application, to



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Despite the challenges facing the German banking industry, there are bright spots, notably in serving the local and international needs of Mittelstand clients, and in the ability to provide more efficient and better service to retail and corporate clients through online channels. Germany's best bank, Commerzbank, is focusing on both these opportunities.
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INTL FCStone acquires Fillmore Advisors

INTL FCStone has acquired Fillmore Advisors, an outsourced trading firm.

The acquisition of Fillmore Advisors comes after INTL launched a prime brokerage division in April, with Fillmore Advisors becoming an extension of that offering.INTL FCStone's prime brokerage division offers multi-asset prime brokerage, execution, outsourced trading, custody and self-clearing. The division has also introduced clearing services for hedge funds, mutual funds, and family offices.

Fillmore Advisors, headquartered in Park City, Utah, is composed of traders encompassing both buy-side and sell-side experience. The transaction is subject to regulatory approval.

Michael DeJarnette, managing director and co-head, prime brokerage at INTL FCStone, said: "We're thrilled to add the Fillmore Advisors team to our prime brokerage division."

"Outsourced trading is a rapidly growing segment of prime brokerage services, and the acquisition represents a tremendous opportunity to add a fast-growing leader in outsourced trading solutions as we continue to grow our division."

Andrew Caplan, partner and CEO of Fillmore Advisors, commented: "The Fillmore team is excited to join INTL FCStone and extend their global reach and best-in-class prime services platform to our client base."

He added: "We will continue to partner with our existing clients and look forward to working with INTL's management team to assist in the division's continued growth and success in outsourced trading."

allow clients to streamline their know-your-customer (KYC) due diligence.

The new app combines KYC robotic process automation with FactSet content and public registries in an effort to improve the efficiency and consistency of the customer due diligence process.

Users will be able to automate repetitive activities; execute repeat policies and access necessary data from sanctions information as well as from beneficial owners.

The app also allows users to analyse and record customer and geographical risk factors at a faster rate.

Additional benefits include the ability to apply risk indicators; schedule automated customer reviews, and generate a complete, exportable audit trail.

Ali van Nes, senior director of regulatory solutions at FactSet, said: "The regulatory and business environments are becoming increasingly complex, yet compliance cost pressures remain high. Clients are therefore looking for KYC-specific tools that will help them streamline this activity."

She added: "Reducing time to revenue is also key, and we are excited to offer a technological solution that improves an often slow and manual process."

4Alts selects Sudrania Fund Services

4Alts has selected Sudrania Fund Services to provide fund administration and related services to its multi-manager hedge fund platform.

Sudrania's solution, Seamless, is SOC2 (Type II) audited software, which offers daily net asset value and has the ability to handle large volumes of transactions and investors as well as managers.

Sudrania has recently launched its new investor platform Common Sub Doc which offers an automated investor option with built-in anti-money laundering/know your customer processing capabilities.

Our asset services are first rate and second to none. Perfect for third party funds.

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Building Responsible Partnerships

KRM22 partnership with Quant Foundry for analytics

KRM22 has partnered with Quant Foundry to provide firms with accurate analytics.

Quant Foundry's seven quantitative risk models will be integrated with KRM22's Enterprise Risk Cockpit.

Firms licensing the Enterprise Risk Cockpit feature will be able to see quantitative and qualitative risk assessments alongside each other through a suite of standardised views or custom dashboards depending on their requirements.

Keith Todd, chairman and CEO at KRM22, commented: "We are committed to delivering best practice risk management solutions for our customers. This partnership with Quant Foundry will provide a superior way for firms to objectively assess risks across their organisation, reducing the complexity of managing their enterprise risk profile."

The 4Alts platform was recently established to provide a low-cost solution for emerging managers and investors to access small and niche alternative funds.

Paul Sylvia, principal of 4Alts, said: "Sudrania's technology gives us a more flexible cost structure."

"These savings get passed on to platform investors. Our investors have access to their capital accounts updated on a daily basis and accessible via Sudrania's cloud-based platform."

Nilesh Sudrania, founder and CEO of Sudrania, commented: "4Alts has a very experienced management team and they are taking the right steps to implement new technology into the business. Together we can offer an improved service experience for alternative fund managers as well as improved risk management controls."

SEB invests in Combient mix to help build AI hub for Nordics

The Swedish bank, SEB, and the airline, SAS, are to co-invest in Combient mix to build an artificial intelligence (AI) hub for Nordic industries.

Combient mix, a subsidiary of Combient is to build the AI hub to provide services that are fuelled by specialised products, services and research to increase capability and speed in AI and automation across Nordic industries.

Mats Agervi, CEO of combient and chairman of Combient mix, said: "With Combient mix, we are equipped to attract and secure the absolute top talent for our network of companies while accelerating progress in the field by collaborating across industries and countries."

Nicholas Moch, CIO at SEB, commented: "Data is a key asset for SEB and its customers. Using AI ethically and efficiently to serve our customers is therefore a priority for us. By leveraging a unique competency pool like Combient mixed together with other Combient companies, we take the natural next step into this area."

Northern Trust selected by Anchorage Capital for administration services

Northern Trust has been selected by Anchorage Capital Group to provide its hedge fund administration.

Anchorage Capital Group is a New York-based investment adviser.

Natalie Birrell, partner and COO of Anchorage Capital Group, said: "Northern Trust's strong commitment to client service, collaboration and efficiency, combined with their leading-edge technology, make them the ideal partner for our administration needs."

Jeff Boyd, CEO of hedge fund services, North America at Northern Trust, commented: "In challenging markets, fund managers need flexible and scalable operational solutions from a strategic partner that will provide an exceptional level of service to their investors."

He added: "Our global capabilities and understanding of the market align well with Anchorage's needs. They have our full commitment to provide them with holistic solutions to meet today's demands and adapt to support their investment strategies in the future."

State Street expands trustee capabilities in Singapore

State Street has been granted a trust business licence from the Monetary Authority of Singapore to expand its trustee capabilities in Singapore.

With the new licence, State Street is now able to act as a trustee for collective investment schemes offered to institutional investors and restricted schemes offered to accredited investors.

Syed Asim Hasan, head of global services for South East Asia at State Street, said: "We are delighted to now expand our suite of capabilities to meet the evolving needs of asset managers in the country.

He added: "With a full trustee servicing capabilities and our comprehensive front, middle- and back-office services, we are excited to support asset managers' growth in the retail, high-net-worth and institutional segments in Singapore."

Citi updates ProxymitySM platform

Citi has expanded the product capabilities and geographical coverage of ProxymitySM, its digital proxy voting platform which connects issuers to investors.

The platform, which will first be rolled out in Spain, has already been piloted with two IBEX 35 companies who have utilised the platform for their 2019 general shareholder meetings.

The updated version of ProxymitySM includes a central repository for "golden source" materials, such as meeting agendas and resolutions.

The repository enables all parties in the custodial chain to access the same files in a centralised and secured environment for all meetings supported on the Proxymity platform.

Other ProxymitySM features include a second call date that extends the voting deadline if issuers do not reach the required quorum of 25 percent of eligible voters for their shareholder meetings.

Commenting on the launch of the new pilot, Jon Smalley, co-founder of the ProxymitySM platform at Citi, said: "The effective and timely addition of new features to enter the Spanish market is testament to the Proxymity team's ability to adapt to local needs and requirements."

He added: "As we continue to expand the platform, this agile development strategy will be key to help our users meet the Shareholders Rights Directive II requirements on a market by market basis."

Juan José Zúñiga Benavides, head of equity markets at Iberdrola, commented: "We are very pleased to have been a part of the pilot phase in Spain and look forward to using the Proxymity platform again for future meetings."

He added: "It was good to test Proxymity during this season and we know that there is a lot more potential in the platform. There is an opportunity here to solve more of our problems and improve the ease with which our institutional shareholders cast their votes to us."

Archax and Unbound Tech partner to launch digital custody service

Archax and Unbound Tech have partnered to launch a digital asset custody service.

Unbound's distributed trust platform splits cryptographic keys into parts, eliminating the single point of compromise for the most sensitive of assets.

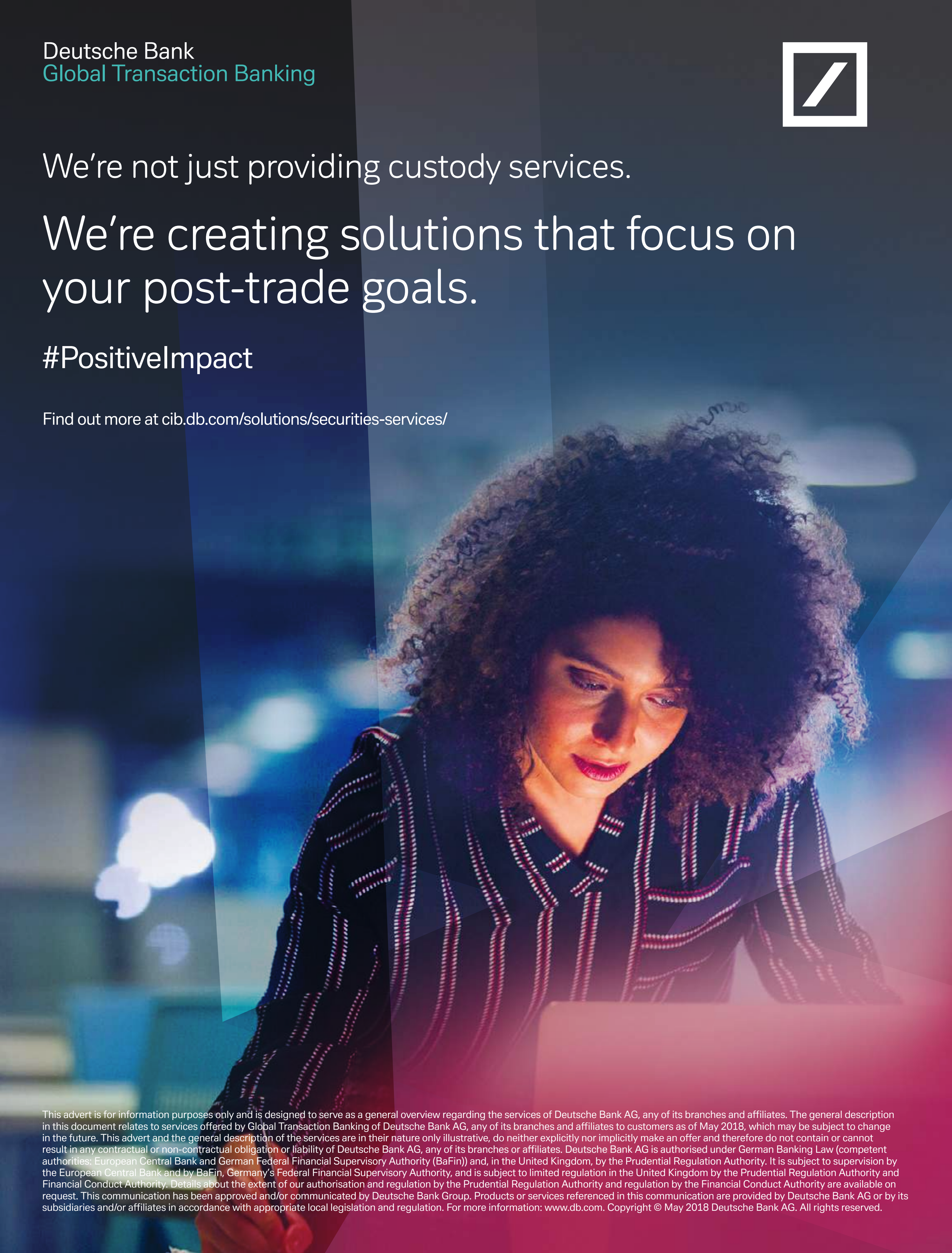
According to Archax, the software solution negates the need for hardware wallets, while providing better security and flexibility.

Graham Rodford, CEO of Archax, commented: "Unlike most crypto venues, our custody service is totally segregated from the Archax exchange, and this, coupled with the unrivalled capabilities of Unbound's technology, means we can offer exactly what institutions need."

He added: "We did an extensive evaluation of the custody partners that were suitable for us and Unbound met all our requirements and more."

Yehuda Lindell, CEO of Unbound Tech, said: "Our digital asset protection platform provides an innovative approach to protecting digital assets by creating and using fragmented private keys without ever unifying them, delivering both security and speed for a seamless customer experience."

He added: "Archax, with its institutional focus and plans to bridge the traditional and digital asset worlds, is an ideal partner to expand our market reach. We look forward to working with Archax while their product evolves."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A move to data

Alvin Kwan of BNY Mellon discusses Malaysia's continued GDP growth and the region's move to a more data-centric platform approach

Jenna Lomax Reports

Why is Malaysia so centric to asset servicing? What does it offer in both a continental and global sense?

Malaysia has seen continued GDP growth averaging over 4 percent per annum over the past 20 years. On the back of this, institutional investors/asset owners are seeing steady assets under management growth. As investment activities increase globally, the need for global solutions, technology and markets access correspondingly increase.

Essentially, there exists a common theme with institutions in the region and their global counterparts, and that is to continuously pursue efficiencies and scale in their investment's operations.

Institutions will seek to partner and leverage global providers that have and continue to invest significantly in technology, global network and platforms to settle, safekeep and manage their investments. Institutions will expect continual improvements in the delivery of core custody capabilities. In addition, artificial intelligence and machine learning will be used to streamline and accelerate processes, and improve investment decisions.

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

We are seeing a move to a more data-centric 'open' platform approach in which the custodian will provide access to a range of optional services via application program interfaces (APIs), allowing clients to select and subscribe to data and services.

As an industry leader, BNY Mellon is in a favourable position to deliver a broad range of solutions across asset classes, investment strategy and geography

This aligns with institutions' pursuit of higher efficiency and scale in operations including the ability to dynamically view overall risk exposures at the enterprise level via dashboard and such. This also provides the institution the ability to transfer information more quickly from back-office to front-office providing greater access to real time information while investment decisions are being made.

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

These represent opportunities rather than challenges particularly for global providers such as BNY Mellon. We have invested significantly in technology and are positioned to help institutional investors navigate challenges they currently face.

As an industry leader, BNY Mellon is in a favourable position to deliver a broad range of solutions across asset classes, investment strategy and geography—ultimately helping them make choices that fit their business strategy.

Our approach entails integrating modular components using APIs and cloud technologies to deliver a seamless client experience, regardless of where the functionality is derived from. This approach to open-architecture delivers the benefits of choice and convenience that drives unique value to our clients.

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

In line with shorter settlement cycles seen in other markets, Bursa Malaysia had recently implemented TARGET2 Securities settlement. As processing times shorten and asset mobility increases, institutional investors will require bespoke tools and services that provide greater visibility and transparency across the entire post-trade value chain on a timely and responsive basis.

On a macro level, focusing on cyber security and regulating electronic trading platforms lead to a more robust fintech infrastructure in the long run which will benefit clearing and settlement.

How do you think technological innovation in asset servicing will help or hinder the industry in the next few years?

The automation and standardisation of core services and processes will deliver greater visibility, operational efficiencies and cost savings to the industry, boosting service quality and enabling the global custodian to respond quickly to future needs. We also see a move to a more data-centric 'open' platform approach which will change how services are subscribed and therefore, priced.

What are you seeing from a Malaysian perspective? What challenges do you see going forward to 2020 and beyond?

Global developments on the regulatory front continue to evolve rapidly and remain the focus of institutional investors. For instance, there is a recent ruling that institutions involved in over-the-counter trading of derivatives are now having to adhere to non-cleared margin rules.

Anti-money laundering/know your customer are very much an integral process in any banking relationship and expectations are that this will continue to tighten over time. The positives are that institutions are becoming increasingly aware of the requirements and remain ` highly collaborative.

Institutions will continue to demand more value from their asset servicing provider, yet this should not be viewed from the perspective of pricing solely, but a holistic view of the provider's credit standing, asset safety, technology innovation, business focus, market leadership, size and scalability—which points to whether they have entrusted their assets to a future proof provider in this rapidly changing environment.

Alvin Kwan
Malaysia country executive
BNY Mellon

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A positive outlook

Clive Bellows of Northern Trust caught up with Jenna Lomax at this year's FundForum to discuss the latest trends in fund administration and how regulation has impacted the industry

Jenna Lomax Reports

What trends are you seeing that fund managers should be aware of?

The main trends are cost and increased interest in outsourcing services that were historically not on the agenda, as well as the substance and growth of the offshore market.

Everybody is focused on cost, mainly the expense ratio discussions with investors, regardless of whether it's a UK or European-domiciled fund, as well as administration, custody, and depository fees.

Equally, the managers understand that it is not as simple as just saying: "Northern Trust, you need to reduce your fees". They must help us become more efficient and reduce our operating costs, then we can pass on some of those cost savings.

That's all of our automation of data exchange with how they share data with us, and vice versa.

Outsourcing has been a feature of our industry for 20 years now. Managers have delegated fund accounting and middle-office services for many years too. We are seeing a real interest in outsourcing trade execution, which is a growing sector that we think is logical for asset servicing firms such as Northern Trust to consider.

Another consequence of Brexit is the group of offshore funds and the substance requirements that the European Securities and Markets Authority are driving, whether it be in Ireland or Luxembourg, that is a really major feature for all of the big managers with product on the side in Europe that they are then selling into Europe.

How is ESG driving change in the industry?

Environmental, social and corporate governance (ESG) is the buzzword at the moment. For asset managers that are wanting to brand products as ESG, us helping them demonstrate that the product is truly ESG-compliant, whether through compliance monitoring tools or simply sharing information, enables them to show investors that what they have bought as an ESG product, really is. That is how we are part of that picture.

It's clearly an area of focus that is not going to go away. Looking more broadly at society, there is a clear focus on all things green. Investors have every right to ensure that what they thought was an ESG strategy does relate to that, rather than something that has been rebranded to help from a marketing perspective.

What impact are the increased compliance and regulatory hurdles having on asset managers?

That's the challenge: if we were in an industry that was standing still, you could focus on being more efficient and reducing costs.

Every time we pause, the regulators are asking for something else. Unfortunately, that comes at a price.

The asset management community does understand that if people are going to help them with compliance with regulation, that must be funded in some way. Clearly, we are all trying to do that in the most cost efficient manner. The major waves of regulation, whether it be UCITS V or the Alternative Investment Fund Managers Directive, are behind us. However, regulators continue to tweak around the edges, for example, the second Markets in Financial Instruments Directive is still having an impact. That is where some of the outsourcing conversations are happening because asset managers will be subject to Senior Managers Regime (SMR). We can help in that area, because if they outsource more to us, some of that SMR responsibility can be delegated to us as well.

Do you think the level of regulation in recent years has enabled the industry to have a revolution or evolution?

Despite all of the regulation, the industry continues to have challenges from public perception.

We have not had a "Bernie Madoff" scenario for many years, so you could argue that all of the regulation has had a positive impact.

The proof will really be seen in time, as to whether we have any further issues in terms of investors losing money. I would view it as more of an evolution.

How is Northern Trust taking advantage of developments in technological innovations around artificial intelligence (AI), automation and data analytics? How has it aided the fund industry?

It comes back to the discussions around efficiency. Like everyone, we are investing a lot of time and energy in AI and machine learning to make processes more efficient. A lot of that can only be done in conjunction with our clients, we can't fix everything on our own.

We have our fund innovation lab in our Limerick office which has been very successful, both in terms of helping us become more efficient, but also forming solutions for clients much quicker than in the past.

For me, that's the other area that some forget; the new technology developments do not only reduce cost, but should make speed to market new products much more efficient than has been experienced historically.

You are covering tax-transparent funds (TTFs) at the moment. Could you tell me how you are involved in that?

July marks the 15-year anniversary of the first ever tax-transparent funds (TTF) to be launched, which was a Luxembourg Fonds Commun de Placement (FCP) provided by Northern Trust. This was swiftly followed by the first Irish TTF.

We are now supporting TTFs in Ireland, Luxembourg, the UK and the Netherlands. In our recently released whitepaper, you will see the growth in TTFs has continued year on year.

As a concept, it remains relevant now, probably even more so than when they were first thought up.

Interestingly, the first TTFs were very much focused around pension funds, pooling their assets into one scheme and gaining efficiencies, whereas it's now become an asset management tool, which asset managers can launch to enable underlying investors to take advantage of the tax-efficient structure.

We remain absolutely convinced that TTFs will be a valid method of structuring pooled investments for tax-exempt investors, such as pensions and sovereign worth.

What is your outlook on the asset servicing industry, what do you expect in the next five to 10 years?

We have already launched, on behalf of our clients, more new funds this year than we had by this point last year. We typically work on a 12/20 month business development cycle, so we already have a good line of sight for what we think will happen next year.

I see no sign of any slowdown in asset managers launching new unitised funds and products. Certainly, the short to medium term outlook is very positive.

I don't think this will be a surprise, we are investing tens of millions of dollars in capital every year, to remain valid and competitive.

It will become increasingly difficult for anyone without scale to compete in this space, so I personally think we will see a continuation of the bigger players flourishing and making it more difficult for niche providers.

Clive Bellows
Head of global fund services, EMEA
Northern Trust

Asset Servicing Times Technology Annual

Don’t miss out on the upcoming Asset Servicing Times Technology Annual

The annual, which is set to be released at Sibos, will focus on the latest technology trends, ongoing challenges and opportunities to be had.

If this sounds like something your company would be interested in, contact joefarrell@assetservicingtimes.com to see how you can be involved.

asset servicing times

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The Northern Trailblazer

The Nordics stands as a trailblazer for ESG initiatives and a stalwart when it comes to pension funds. As the back-office is changing globally, what's happening in the Nordics asset servicing world?

Jenna Lomax Reports

As part of the 'operations' stream at this year's FundForum in Copenhagen, one panellist explained that in the last 10 years, asset servicing has changed at an "unprecedented pace".

Though this discussion reflected asset servicing across the board, is this the case for the Nordics too? What challenges does the region face and what opportunities can the region gain through technology, utilisation of data, regulatory compliance and environmental, social and corporate governance (ESG) initiatives?

Culturally, the Nordics is seen by the rest of the world as one of the most forward-thinking regions in terms of sustainable living and general well-being–essentially covering many aspects of the ESG spectrum.

Maybe this is why the Happiness Index indicated Finland as the happiest country in the world in 2018, with Norway, Denmark and Iceland following close behind in the rankings.

To mirror this, the Nordics has always been one of the frontrunners of pushing forward with the 'E' aspect of ESG and Nordic financial institutions have made it clear that their investment initiatives are not part of a fad or marketing ploy.

What opportunities can the region gain through its current ESG initiatives and, on another level, what can it gain through the advancement of technology and regulation? What does it still need to consolidate?

Jonas Modigh, head of sales for Securities Services at Handelsbanken, says: "We see it as challenging that we [the Nordics] still have four different central securities depository (CSDs) in the region and we lack consolidation, harmonisation and co-ordination among these CSDs."

Though he adds: "At the same time, as we experience higher prices which are not coming with any benefits, we still have the same price pressure from clients. The margins in the Nordics are low and the competition is fierce, as it has been for quite some time now."

Ann Magnusson, head of investor services at SEB, says: "We have been very focused on Denmark. There has been a lot of hard work and issues to deal with."

Johan Lindberg, managing director of global client coverage for RBC Investor & Treasury Services (I&TS), commented: "In the Nordics, there is the ongoing challenge of consolidation among asset managers and how those changes are managed organisationally."

"From an asset servicing perspective, we [RBC] will continue to work closely with our clients with solutions such as outsourcing."

Modigh further indicates that the complexities of the region should be taken into account.

He cites: "We have both TARGET2-Securities (T2S) markets and the non-T2S market, EUR markets and non-EUR markets as well as EU markets and non-EU markets."

Pensions and fund administration

Magnusson indicates the Nordic pension system is traditionally quite different to other European countries.

She says: "Investment has been concentrated in equities, securities and global assets. The skill set around securities has been quite high in the Nordic region compared to some other countries. An important factor for the strong development of fund business in the Nordics, particularly in Sweden, is due to changes of the pension system in 2000."

"The state pension has two components; an income pension and a premium pension. The premium pension assets are invested in mutual funds and it's possible to select which funds to invest in."

She adds: "When it comes to fund administration, most of the big fund companies have been doing that themselves in-house. If you look at the major bank owned fund companies, they have managed their own fund administration over the years."

"There are however, some independent providers who offer services similar to some of the global banks, but you still see the majority of fund companies in the Nordic region having those functions in-house."

The 'E' of ESG

ESG seems to be the buzzword across the world at the moment. Arguably, a matter of most prominence right now is the 'E' aspect of the initiatives–the environmental—and what the financial industry can actually do about it.

In the last few years, the tide has turned and the growing concern for the planet is beginning to infiltrate into the asset management world, changing attitudes and outlooks, quite radically.

The growing awareness of plastic pollution in our oceans, the rise in global forest fires and water shortages, environmental matters are starting to climb up the ladder of many financial firm's priorities.

Jonas Modigh, head of sales at Handelsbanken Securities Services, cites: "Our asset management continues to divest from unsustainable sectors and assets under management in fossil free securities is now 44 percent. Handelsbanken Global Equity Research has performed sustainability analysis on over 200 listed companies across the Nordic region and they are assisting small to medium enterprise clients in the sustainability analysis of their own companies."

Magnusson cites: "There is a lot of interest in sustainability and ESG. At SEB, from a securities services perspective, our current focus has been on helping clients with different types of reporting. I'm convinced there will be further focus and more solutions within this specific field based on clients' needs and our capabilities."

Lindberg also affirms that creating a positive social impact to help clients thrive and communities prosper is absolutely integral to everything that RBC I&TS does. He highlights: "As a service provider to the industry, we help our fund managers to monitor what they are communicating to their investors."

Regulation

The Nordics, like the rest of its European neighbours, lie in a mist of regulatory cloud. There have been regulatory sensitive periods concerning UCITS V, the Alternative Investment Fund Managers Directive (AIFMD) and the second Markets in Financial Instruments Directive (MiFID II), in particular.

Lindberg confirms: "It has been a couple of years since UCITS V came into force. Slowly but surely, we have seen the effect of this; asset management companies and products are being merged and during this process, the option of outsourcing is being considered."

Modigh says: "I would say that the most up to date challenge is the implementation of The Central Securities Depositories Regulation (CSDR) across the Nordics, where the Nordic CSDs are interpreting the regulation their own way and implementing functionalities in order to be compliant with totally different road maps."

He adds: "This is causing us to adapt to different functionalities for different markets at different time lines. We do not see much harmonisation from CSDR either but rather leading to more of a protective approach."

"We also now face the implementation of the Shareholder Rights Directive II, which we see will have an impact on our bank in various areas."

What's to come?

As we look towards a brand new decade, what does asset servicing in the Nordics face in the future?

Modigh highlights: "Going forward, we see the potential expansion of T2S across the Nordics, with Finland looking at joining sometime in 2022 or 2023, and the Swedish Central Bank is inviting all stakeholders in the Swedish securities market to a dialogue on the future where T2S is one potential way ahead."

Magnusson highlights: "SEB have a very ambitious target within both sub and global custody. We have a solid sub-custody offering that we continuously want to develop and grow and we intend to increase our penetration into Nordic financial institutions. We are focused to continue developing strong solutions and exploring how best to structure and use data together with new technology to improve efficiency and ensure that our people provide the best value for money to our clients. Our main focus is still on people; this is still a people's business that we continue to invest in."

Upcoming Events

11-13 September 2019

TradeTech FX

Barcelona, Spain

tradetechfx.com

17-19 September 2019

Invest Ops Europe

London, UK

finance.knect365.com

23-26 September 2019

SIBOS 2019

London, UK

sibos.com

26-27 September 2019

International Collateral Management Forum

Vienna, Austria

ict-solutions-hu.com

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Comings and goings at ALFI, Wells Fargo, NeoXam and more

The board of directors of the Association of the Luxembourg Fund Industry (ALFI) has appointed its executive committee.

The ALFI executive committee will be formed of Corinne Lamesch, Michael Ferguson, Maria Löwenbrück and Patrick Stampfli.

Lamesch was appointed as the ALFI chairperson on 19 June 2019. She has 20 years of experience in the Luxembourg fund industry.

Lamesch has been a member of the ALFI board of directors since June 2017 and has actively participated in a number of ALFI technical committees and working groups.

Michael Ferguson is the EY Luxembourg wealth and asset management practice leader and the EY Europe, Middle East, India and Africa wealth and asset management audit leader.

He has more than 30 years of experience in the investment fund industry, primarily in Luxembourg, Ireland, the UK and the US.

Maria Löwenbrück has been working in the financial industry in Luxembourg for more than 25 years. Löwenbrück joined Union Investment in June 2000 and is currently managing director and a member of the board of Union Investment Luxembourg S.A.

Patrick Stampfli has more than 30 years of professional experience in the financial industry with a particular focus on investment management, banking and insurance. He was appointed CEO of Schroder Investment Management (Europe) S.A. in 2017.

Wells Fargo & Company has appointed Fiona Gallagher as the new CEO for Wells Fargo Bank International Unlimited Company (WFBI), effective from 1 October.

Based in Dublin, Ireland, Gallagher will report to John Langley, president of Wells Fargo's Europe, the Middle East and Africa region, and the WFBI board of directors.

Gallagher will be responsible for the leadership, management and governance of Wells Fargo's European Bank, including its branches in the UK and Germany.

In addition, she will serve as executive director on the WFBI board and on management committees.

Most recently, Gallagher was managing director, global head of securities services and chief country officer for Ireland at Deutsche Bank.

At Deutsche Bank, Gallagher was responsible for custody, clearing and settlement, as well as fund administration services.

Prior to Deutsche Bank, Gallagher worked in senior roles at Barclays Capital and Merrill Lynch in New York.

Langley said: "As a bank, we are committed to helping our customers reach their financial goals, and with Fiona Gallagher's leadership skills, alongside the support of our regional banking team, we are well positioned to grow our European Bank in line with our regional strategic objectives."

Louise Li, interim chair of Wells Fargo Bank International, commented: "On behalf of the board of Wells Fargo's European Bank, we are extremely pleased that Fiona Gallagher is joining Wells Fargo. With Gallagher's industry experience, our European Bank and stakeholders will benefit from her expertise as we continue to strengthen and develop our platform."

NeoXam has appointed Philipp Sfeir as head of its Germany, Austria, and Switzerland (DACH) business.

Sfeir will be responsible for supporting ongoing projects, servicing customers as well as securing new clients and developing the business.

Sfeir was previously head of data management for Zürcher Kantonalbank and has presided over the Swiss Information Providers User Group since 2016.

Commenting on his new appointment, Sfeir said: "There is definitely a gap in the DACH market for a professional data management service like NeoXam's, and I believe this expansion, along with their current work, will really set them apart as an important global player beyond data management."

Florent Fabre, COO at NeoXam, commented: "The DACH region is becoming an increasingly crucial region in the global financial picture. As we continue to grow globally, we're thrilled to be attracting experienced and determined individuals like Philipp Sfeir to support us in our goals."

Xceptor has appointed Tom Edwards as COO to support the company's growth strategy.

Prior to Xceptor, Edwards was head of delivery at wealth management and capital markets technology provider, GBST.

Edwards has more than 30 years experience in project implementation and professional services delivery from a software vendor, consultancy and client perspective across the global financial services industry.

Edwards has also held posts at Aquila Heywood, Watson Wyatt (now Willis Towers Watson) and PA Consulting Group.

Andrew Kouloumbrides, CEO of Xceptor, said: "Tom Edwards brings significant experience of scaling an organisation globally, which will be critical as we establish our position as the dominant platform in the ingestion and transformation of data for the financial sector. I am delighted to welcome Edwards to Xceptor at this exciting time."

State Street has appointed Jörg Ambrosius as head of its UK, Europe, Middle East and Africa (EMEA) business.

Based in London, Ambrosius will report to Francisco Aristeguieta, the newly appointed head of State Street's international business.

Ambrosius will be responsible for all business activities in the region including driving strategy, stewarding client engagement, developing talent, overseeing risk management, pursuing growth opportunities as well as managing relationships with stakeholders including local officials and regulators.

Ambrosius will also serve on State Street's management committee, its senior-most strategy and policy making group.

He succeeds Liz Nolan who was appointed head of State Street's global delivery team earlier this year.

Ambrosius has more than 25 years experience in the financial services industry.

He was most recently co-head of State Street's global services business in EMEA and head of its global sovereign wealth servicing business, where he was responsible for driving and executing business strategies and risk management processes.

Aristeguieta said: "Throughout his career Jörg Ambrosius has demonstrated successful leadership of key businesses and teams and will now drive our EMEA strategy forward."

"Ambrosius' track-record as a strategic partner to institutional clients, his knowledge of complex and diverse regional regulations as well as his experience working across broad stakeholder groups position him perfectly for this role."

Ambrosius added: "I am excited to take on this new role at such an important time for State Street, our clients and the industry. We have a very strong platform in EMEA from which to build, and I look forward to working with the teams across the region to drive growth and deliver returns."