

asset servicing times

The primary source of global asset servicing news and analysis

ISSUE 221 07 August 2019



Two alike, but not the same

An insight into Hong Kong and Singapore's securities services industry

At your side worldwide.

www.commerzbank.com/worldwide

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



COMMERZBANK

The bank at your side





The leading supplier of global fund administration software for alternative *and* traditional funds

Our software solution automates and simplifies the work processes of fund administrators by replacing multiple legacy systems with **PFS-PAXUS** an innovative, intuitive, fully-integrated functionally rich solution that sets a new industry standard, with customer web access built into its core **PFS-CONNECT**.

PFS-PAXUS is a specialist accounting and fund administration system that is the product of choice for administrators of both alternative and traditional funds across the globe. With an extensive range of functionality, combined with advanced reporting abilities and comprehensive regulatory coverage, **PFS-PAXUS** is a proven global technology solution for the fund administration industry that enables clients to automate all Fund Accounting, Investment Accounting and Share Registry administration components on a single, fully integrated platform.

PFS-PAXUS provides leading fund administrators with the technical and servicing competencies to **keep customers satisfied today and into the future**

- Market Leader • Complete Fund Administration Solution • Comprehensive, Scalable and Flexible solutions • \$600+bn AuA
- 80+ clients operating in 30+ countries • Quick and simple implementation and data onboarding • Exemplary support

To learn more about the next generation of fund administration software
call +44 (0) 1624 632777 or email information@pacificfundsystems.com

www.pacificfundsystems.com



Marek Masik/shutterstock



Negotiations ‘on track’ for Deutsche Bank’s equities sale to BNP Paribas

Negotiations are on track for the sale of Deutsche Bank’s prime finance and electronic equities platform to BNP Paribas, Christian Sewing, Deutsche Bank CEO, revealed.

The announcement of this negotiation with BNP Paribas comes after Deutsche Bank said it is to exit its equities sales and trading business, while retaining a focused equity capital markets operation, as part of a radical transformation.

As part of its Q2 results, Deutsche Bank reported over 900 employees have either been given notice or been informed that their role will be eliminated since the announcement of the transformation strategy.

Deutsche Bank reported that its net loss—as of end Q2—was €3.1 billion after strategic transformation charges cost €3.4 billion euros.

Excluding these charges, Deutsche Bank said net income would have been €231 million versus €401 million in the prior-year period.

Overall, revenues were essentially flat or growing in more stable businesses, including global transaction banking, private and

commercial bank and asset management, which made up 65 percent of revenues in the quarter.

Assets under management were up €88 billion, this included net inflows of €9 billion.

In the first six months of 2019, assets under management increased by €88 billion with cumulative net inflows of €20 billion.

Christian Sewing, CEO of Deutsche Bank, said: “We have already taken significant steps to implement our strategy to transform Deutsche Bank. These are reflected in our results. A substantial part of our restructuring costs is already digested in the second quarter. Excluding transformation charges, the bank would be profitable and in our more stable businesses revenues were flat or growing. This, combined with our solid capital and liquidity position, gives us a firm foundation for growth.”

He added: “We’re not just at the beginning of our transformation of Deutsche Bank—after two weeks, we’re already right in the middle of it. And I’m incredibly optimistic when I think about what I’ve seen at our bank in that short time.”

W: www.assetserVICingtimes.com

T: @ASTimes_

Editor: Becky Butcher

beckybutcher@blackknightmedialtd.com

+44 (0)208 075 0927

Reporter: Jenna Lomax

jennalomax@blackknightmedialtd.com

+44 (0)208 075 0924

Reporter: Maddie Saghir

maddiesaghir@blackknightmedialtd.com

+44 (0)208 075 0925

Contributors: Barney Dixon,

Rebecca Delaney

Designer: James Hickman

jameshickman@blackknightmedialtd.com

+44 (0)208 075 0930

Publisher: Justin Lawson

justinlawson@blackknightmedialtd.com

+44 (0)208 075 0929

Associate Publisher: Joe Farrell

joefarrell@assetserVICingtimes.com

+44 (0)208 075 0932

Office Manager: Chelsea Bowles

accounts@blackknightmedialtd.com

Published by Black Knight Media Ltd

Copyright © 2019 All rights reserved



Latest News

CACEIS has made a recommended public offer in cash for all the securities in KAS BANK

p6



Latest News

Ocorian is set to merge business with Estera, a provider of corporate, fiduciary, fund administration and trust services

p12



Asia Focus

Hong Kong and Singapore both hold a reputation in financial services and are keeping pace with the world's automation

p14



Data Insight

Jim Warren of SEI discusses how best to utilise data and where he thinks the biggest opportunities lie within asset servicing

p16



Upcoming Events

Find out which events you will find the latest printed issues of Asset Servicing Times

p18



Industry Appointments

All the latest asset servicing comings and goings at SimCorp, BTIG, Sapiat and more

p19

transform | business

A range of apps that will transform your securities finance business

2016 and 2017
Best Software Provider



tradingapps



www.tradingapps.com

Combining the elements for highly responsive solutions



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.



Arabesque S-Ray partners with Allianz X to provide ESG data

Arabesque S-Ray has partnered with Allianz X, Commerz Real AG, DWS Group, and Land Hessen for environmental, social and corporate governance (ESG) data.

The new partnerships will allow Arabesque S-Ray to enhance its client relationships and expand its business by developing new ESG data products and services, including S-Ray Real Estate, an artificial intelligence-based tool for evaluating the sustainability of real estate objects.

The technology will use traditional data sources on an asset-level, together with new emerging digital sources from the internet of things sensors and devices within buildings.

Andreas Feiner, CEO of Arabesque S-Ray GmbH, said: “The demand for ESG data and services is increasing exponentially. Our partnership with three of the leading financial institutions in Germany, together with the state of Hessen—with its focus on sustainability and technology—will enable us to meet this global demand from Frankfurt.”

Nazim Cetin, CEO of Allianz X, commented: “Allianz’s commitment to ESG issues means we integrate ESG into our core business decisions. Our performance in the Dow Jones Sustainability Index reflects this, with Allianz topping the list as the most sustainable insurer in 2018 for a second consecutive year.”

CACEIS makes offer for all securities in KAS BANK

CACEIS has made a recommended public offer in cash for all the securities in KAS BANK, which is presented at a price of €12.75 per share, valuing KAS BANK at €187 million.

The offer period started on 29 July at 9:00 hours CET and ends on 23 September 2019 at 17:40 hours CET, unless extended.

Meanwhile, the management board and supervisory board of KAS BANK unanimously recommend the offer.

Completion of the offer is expected in H2 2019 and is subject to fulfilment of the conditions laid out in the offer—including approvals from Dutch and European Central Banks—available from KAS BANK and CACEIS.

Jean-François Abadie, CEO of CACEIS, commented: “We are delighted to be taking these steps towards strengthening our market share in the Netherlands, Germany and the UK.”

“This deal is an excellent opportunity to bring significant pension fund servicing expertise into the CACEIS group, together with the professional staff who know the servicing needs of their institutional investor clients. Furthermore, with CACEIS’s extensive geographical footprint and broad scope of services, clients stand to benefit from being part of one of Europe’s largest asset servicing groups.”

Abadie added: “At every step in the process, clients are our number one priority. Leveraging our extensive migration experience, we will ensure uninterrupted client service and a smooth business migration once regulatory approvals are received.”

Copper Street Capital selects Linedata for fund services

Copper Street Capital has selected Linedata’s portfolio management and compliance solution, Linedata Global Hedge to allow access to real-time data, optimised operations and strategic oversight of the investment process.



At your side worldwide.

Leverage our worldwide presence to increase your corporate success.



www.commerzbank.com/worldwide

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

COMMERZBANK

The bank at your side





Kaisun Trust and Trustee Services selects PFS-PAXUS

Kaisun Trust and Trustee Services has selected Pacific Fund Systems (PFS) for its third-party fund administration business operations.

PFS' core product is the PFS-PAXUS system—a product that supports wholesale fund administration and the administration of open and closed-ended traditional and alternative funds, including retail funds, hedge funds, and private equity investment vehicles.

PFS has grown steadily year-on-year since its launch in 1999 in Hong Kong and now offers software that supports fund administrators to offer a service to their fund management clients around the world.

Tom Lam, director of the Kaisun Trust and Trustee Services Company, said: "We are focused on expanding our fund administration services; implementing PFS-PAXUS as our core technology will allow us to drive growth in our business."

According to Linedata, Copper Street Capital will benefit from enhanced oversight, scalability and workflow automation across a range of requirements, including real-time profit and loss exposure, fund administrator reconciliation and robust compliance.

Kevin McCormack, head of middle-office at Copper Street Capital, said: "Linedata's comprehensive portfolio management capabilities position us to deliver, with more agile and efficient data and technology operations. Equally important to us, the Linedata team provides excellent support because they truly understand the demands of our business."

Aldric Dupais, head of Linedata asset management for Europe, commented: "To enable critical decision-making, investment managers need access to real-time data and streamlined investment processes."

He added: "Linedata's portfolio management platform allows leading managers, like Copper Street, to fully utilise our latest technology and data capabilities for an optimised investment environment and timely insights that help ensure high-quality investment results and satisfied clients."

Apex launches ESG data and rating service

Apex has launched a new environmental, social and corporate governance (ESG) data and rating service, Apex GreenLight.

GreenLight will deliver an in-house developed ESG rating evaluating privately held companies globally, giving clients access to market intelligence and consulting services to support the integration of ESG across their due diligence, value creation and reporting processes.

The new product line will be offered alongside Apex's ESG reporting solutions for listed assets launched in October 2018.

Amara Goeree has been appointed as Apex's global head of ESG product and will lead the firm's product development and market strategy.

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

Asset Management
Wealth Management
Asset Services



Geneva Lausanne Zurich Basel Luxembourg London
Amsterdam Brussels Paris Stuttgart Frankfurt Munich
Madrid Barcelona Turin Milan Verona Rome Tel Aviv Dubai
Nassau Montreal Hong Kong Singapore Taipei Osaka Tokyo
assetservices.pictet



Building Responsible Partnerships



Aegis Custody granted Hong Kong license

Aegis Custody has been granted a license for its digital asset custody business by the Hong Kong Companies Registry of Trust and Company Services Providers.

Aegis Custody is a digital asset financial services company headquartered in San Francisco, backed by global asset manager Fosun International.

It focuses on serving family offices, asset managers, exchanges, asset-backed token issuers, third-party trusts and financial institutions.

Serra Wei, founder and CEO of Aegis, said: “This is a major milestone for Aegis Custody which allows us to offer our products and services to institutional investors globally. Through our Hong Kong business, we will be able to service clients interested in the new digital asset economy on a global scale, while we continue our license application as a qualified custodian in the US. I am grateful to my team at Aegis, our investors and the forward-thinking regulators in Hong Kong for this step forward in the development of the fintech industry in this market.”

Goeree is a sustainability specialist with experience in ESG innovation within financial services.

Most recently, Goeree was head of corporate sustainability and responsible investment at Julius Baer.

She was also deputy head of ESG ratings at Dow Jones Sustainability Index at RobecoSAM AG.

Peter Hughes, founder and CEO of Apex Group, commented: “GreenLight will deliver insights into private companies that investors were unable to access previously. For Apex, this product is just the start of the ESG revolution we hope to pioneer across financial services, enabling us to make a positive impact on the world. We are thrilled to welcome Amara Goeree to the team to help drive this change.”

Commenting on her new role, Goeree said: “I am delighted to be joining Apex and driving its new GreenLight product. It is an incredibly exciting role with a clear opportunity to make an impact. This new framework will pave the way for all types of companies, across all industries, to understand and accurately assess their ESG contribution.”

Moors and Cabot selects RBC for clearing services

Moors and Cabot has selected RBC Correspondent Services as its new clearing partner and service provider.

According to RBC, this new relationship will enhance Moors and Cabot’s back-office capabilities and offer improved experiences for advisors and their clients.

Moors and Cabot will have access to features including RBC Black, which combines relationship management from Redtail.

It will also have access to risk due diligence from Riskalyze, account aggregation with Circle Black and financial planning provided by MoneyGuide Pro as well as portfolio management with Vestmark.

Michael Belkin, senior vice president, business development manager at RBC Correspondent and Advisor Services, said: “Beyond providing technology and a broad range of business solutions, Moors and Cabot will benefit from our value-added services to help their advisors and organisation deliver the finest client experience while acting as responsible stewards of their clients’ wealth.”

Brett Thorne, head of RBC Correspondent and Advisor Services, commented: “RBC’s capabilities give our clearing and custody clients a significant competitive advantage—but our greatest strength is our service- and relationship-oriented culture. Supported by our platform, Moors and Cabot will be well-positioned for the future of our industry.”

Stan Czyzyk, vice president of strategic initiatives at Moors and Cabot, said: “Moving to the RBC platform provides our advisors and clients with a platform that aligns to the expectations of an evolving market.”

Northern Trust to provide currency management to Hermes

Hermes Investment Management has appointed Northern Trust to provide Foreign Exchange (FX) currency management services for its Irish fund range.

Northern Trust’s currency management suite comprises portfolio overlay, share class hedging and look-through hedging solutions. This is to help asset managers and asset owners mitigate currency volatility while actively supporting distribution strategies.

Currency management’s scalable integrated operating and technology model delivers active monitoring against target hedge ratios and unrealised profit and loss views.

In addition to investment operations outsourcing services, Northern Trust provides a range of asset servicing solutions to Hermes, including fund administration, global custody, collateral management, performance measurement and regulatory reporting.

Ian Kennedy, COO, Hermes Investment Management, said: “Northern Trust has been

able to automate our sophisticated currency management investment process and deliver comprehensive reporting and analytics for us.”

“This has increased operational efficiency and enhanced oversight across our substantive Irish fund range. All of our currency management requirements have been seamlessly integrated with Northern Trust’s investment operations outsourcing services to provide a comprehensive solution, allowing us to continue to focus on generating value for our investors.”

Clive Bellows, head of global fund services, Europe, Middle East and Africa, Northern Trust, added: “We are delighted to have partnered with Hermes, a long-term client of Northern Trust, to develop this tailored solution.”

“The currency management service we have implemented to meet Hermes’ precise investment objectives is underpinned by the robust process, superior technology, transparency and an interactive reporting and monitoring suite.”

NIBC Bank migrates to Torstone’s Inferno platform

The Netherlands-based NIBC Bank has migrated to Torstone’s processing platform, Inferno, to automate its post-trade operations.

Torstone Inferno is a multi-asset, multi-entity cloud-based platform covering trade capture, settlement, accounting, corporate actions, reconciliation and regulatory reporting.

Additionally, it provides a fully integrated, feature-rich user experience for middle- and back-office staff, increasing straight-through processing and reducing manual effort, Torstone revealed.

Inferno was selected to replace NIBC’s legacy systems as the firm rationalises its operations to drive efficiencies across the wider business.

According to Torstone, consolidating processes on Torstone’s software-as-a-service platform will also enable NIBC to benefit from

Torstone’s enhanced service model, resulting in the reduced total cost of ownership.

Brian Collings, CEO, Torstone, said: “We are thrilled that NIBC chose Torstone to consolidate its multiple businesses on our platform as they continue to expand and diversify in the global marketplace.”

“The successful implementation of Inferno is the result of a close collaboration between Torstone and NIBC’s teams, who worked together to ensure timely delivery.”

“We look forward to working with NIBC further and continuing to drive greater automation through our agile, integrated platform.”

Collings added: “Offering Inferno via the Amazon Web Services (AWS) platform has equipped us to further enhance the scalability of our platform, both in terms of rapid deployment and flexibility to expand our technology footprint.”

MUFG adopts Yardi investment management software

MUFG Investor Services has partnered with Yardi to improve its private equity real estate asset and investment management solutions.

The asset servicing solutions provider and real estate fund administrator will implement services from Yardi Investment Suite, including the automated consolidations, investment accounting and performance reporting.

The collaboration will be particularly beneficial to MUFG clients that manage both open- and closed-end real estate funds.

Shaun Trimblett, director of product development at MUFG, commented: “Yardi Investment Management will enhance our capabilities far beyond the accounting aspects of fund administration.”

He continued: “We will be able to generate reports and analytics within a single system. It will also help us operate more efficiently by eliminating manual processes, which in turn enables us to deliver better data

and service to our clients. The solution's ability to handle currency conversions seamlessly is another huge competitive advantage, given the prominence of our overseas holdings."

Terri Downen, senior vice president, sales, Yardi, added: "We are pleased to provide MUFG with tools that enhance efficiency and insight at the fund and property levels throughout the investment lifecycle. The company is better positioned to perform complex fund administration services that suit each client's needs."

Ocorian to merge with Estera

Ocorian is set to merge business with Estera, a provider of corporate, fiduciary, fund administration and trust services.

Ocorian and Estera will provide a complete range of services to clients from Estera's North American offices in Bermuda, British Virgin Islands and the Cayman Islands, while Estera clients will be able to leverage Ocorian's links to the Middle East and Africa.

Stuart Layzell, chief executive at Ocorian, commented: "This is a landmark transaction for Ocorian. Together both businesses will be able to offer an enhanced service to their clients wherever they are located."

"The whole team look forward to working together with the team at Estera to take the enlarged business forward."

Preqin partners with FactSet over data platform

Preqin has collaborated with FactSet to provide its clients with access to private equity data.

The FactSet workstation, developed by the global provider of integrated financial data and analytics, allows users to integrate and compare private equity data relating to fund managers, investors and overall performance.

As a data and insight provider to the alternative assets industry, Preqin's clients

will benefit from this cooperative and will be able to request Preqin data in their FactSet platform as long as they are subscribed to both.

Ayo Akindele, global head of partnerships at Preqin, commented: "We are very pleased to announce this forthcoming collaboration with FactSet, which makes two leading financial information resources available side-by-side."

He continued: "This evolution further reflects our ongoing commitment to our Preqin Anywhere programme."

Justin Strand, senior vice president and chief content officer at FactSet, added: "Investments in private equity are growing, and clients require corresponding data to manage these investments effectively. We are excited they can now utilise Preqin's content within the FactSet workstation."

Clearstream acquires Ausmaq

Clearstream has acquired Sydney-based managed funds custodian, Ausmaq, and has entered the domestic Australian funds market.

The future set-up of Ausmaq within Clearstream's Investment Funds Services business will be designed to directly serve Australian customers within the same region and time zone.

In 2020, Clearstream will also connect international and Australian market participants via its fully automated processing platform Vestima.

Ausmaq's customers will benefit from access to international and alternative funds via Clearstream's global fund network.

Meanwhile, Clearstream's existing customers will benefit from stronger access to Australian funds, Clearstream revealed.

Bernard Tancre, head of investment funds services, Clearstream, commented: "The acquisition of Ausmaq is the perfect opportunity to broaden our network to include the Australian domestic market."

Ravi Subramaniam, CEO of Ausmaq, said: "We are excited to join an internationally renowned post-trading company like Clearstream."

Securities industry 'ripe' for APIs

Application programming interface (API) interest is rapidly growing in the post-trade area, according to a new report by SWIFT and The Boston Consulting Group (BCG).

SWIFT found that over the course of 2018 alone, awareness of APIs among asset managers grew from 46 percent to 72 percent, with the growing commercial interest driving more pilot schemes and use cases, particularly between asset managers and their custodians.

Adoption of APIs in the security servicing industry has been slower than in other areas of financial services in part because it has lacked a regulatory catalyst, the report said.

The report also found asset managers vary widely in their technical sophistication and openness to engaging with providers via API solutions.

Some 56 percent of respondents in the survey perceived maturity of post-trade APIs to be "experimental" while just 21 percent say it is "high" or "medium".

SWIFT and BCG included calls to action for the industry, which incorporated the mutualisation of common API infrastructure, meaning foundational pieces of API solutions, such as identity management, authentication, security, and network connectivity management should be agreed at an industry level between firms, rather than by individual firms.

It also indicated that the proliferation of multiple standards threatens to diminish the efficiency gains that APIs can deliver and that the industry needs a single API standard that works across providers.

Sumitra Karthikeyan, global head of securities servicing at BCG, said: "Wholesale banking is becoming more digital, and APIs have been one of the key technologies underpinning that transformation."



We're not just providing custody services.

We're creating solutions that focus on
your post-trade goals.

#PositiveImpact

Find out more at cib.db.com/solutions/securities-services/

This advert is for information purposes only and is designed to serve as a general overview regarding the services of Deutsche Bank AG, any of its branches and affiliates. The general description in this document relates to services offered by Global Transaction Banking of Deutsche Bank AG, any of its branches and affiliates to customers as of May 2018, which may be subject to change in the future. This advert and the general description of the services are in their nature only illustrative, do neither explicitly nor implicitly make an offer and therefore do not contain or cannot result in any contractual or non-contractual obligation or liability of Deutsche Bank AG, any of its branches or affiliates. Deutsche Bank AG is authorised under German Banking Law (competent authorities: European Central Bank and German Federal Financial Supervisory Authority (BaFin)) and, in the United Kingdom, by the Prudential Regulation Authority. It is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available on request. This communication has been approved and/or communicated by Deutsche Bank Group. Products or services referenced in this communication are provided by Deutsche Bank AG or by its subsidiaries and/or affiliates in accordance with appropriate local legislation and regulation. For more information: www.db.com. Copyright © May 2018 Deutsche Bank AG. All rights reserved.



Two alike, but not the same

As two of the world's most popular financial centres, Hong Kong and Singapore both hold a reputation in financial services and are keeping pace with the world's automation

Jenna Lomax reports

In 2019, Hong Kong was ranked the most popular onshore and mid-shore jurisdiction in the world, in a report on the corporate services industry, conducted by Vistra. In the same report, Singapore was ranked as the third most popular.

Vistra found the rise in Chinese companies listing on the Hong Kong Stock Exchange and a growing base of Chinese high net worth individuals have largely contributed to the city's leading position.

Margaret Harwood-Jones, global head, securities services, transaction banking at Standard Chartered, said: "From a servicing perspective, asset servicers in both markets are mature with well-established system infrastructure, processes which cover multiple asset classes, operating models for different domicile of funds and regulatory regimes and people with relevant expertise and knowledge locally in the market to service these clients. Both Hong Kong and Singapore have traditionally been a focus point/hub for the region in terms of asset servicing, and while

we do see an increase in activity in other neighbouring markets, the regulatory structure, generally stable political environment, deep talent pools and established practices in Hong Kong and Singapore, means they are likely to continue as operational hubs for asset servicing."

Caroline Higgins, head of global fund services, Asia at Northern Trust, cites: "Hong Kong and Singapore are essential components of an asset manager and service provider's regional and global strategy.

Both markets are home to many of the world's leading banks, wealth and asset managers, supported by the many service providers that provide the eco-system to ensure thriving economies.

In addition, Hong Kong Exchanges and Clearing (HKEX) is set to further expand its closing auction session (CAS) to cover the trading of all equities and funds on its stock exchange.

CAS was developed as a trading platform by HKEX in July 2016 to increase trading turnover by permitting execution at securities' closing prices.

The expansion, effective 8 October 2019, will affect all equities, such as depositary receipts, investment companies and stapled securities, and all funds, including exchange-traded funds and real estate investment trusts.

Custody and the automation of technology

Harwood-Jones cites the trend moving towards direct access to investors' instructions on a real-time basis. She says the roles and responsibility of custodians may shift from receipt of instructions from investors to gain direct access to investors' instructions from the exchanges or trading platforms.

Harwood-Jones adds: "Technology enhancement may be required in this space for custodians to remain competitive in the market. For fund administrators and trustees, we see similar themes with investors showing greater interest in alternative asset classes and a demand to see fund administration covering more asset types such as crypto-currency."

Higgins predicts: "The promotion of fintech by Singapore and Hong Kong financial regulators is likely to continue in the next three years, while asset servicing providers will continue to actively seek their competitive edge to innovate in this area and create more buzz in the industry. Fund administration and custodial services will likely be supported by global asset servicers in the Singapore market with an emphasis on leveraging distributed ledger technology."

But what of machine learning and artificial intelligence in relation to cost?

Jitendra Somani, head of client management for the Asia Pacific, HSBC Securities Services, says: "Automation, adoption of machine learning and AI to drive down costs is no longer a luxury. It's absolutely an essential tool in the toolbox."

He adds: "The challenges in the short term are the ability to adapt and drive the efficiencies and automation in line with pressure on fees and to re-skill the workforce. In the medium to long term, the technology transformation and disruption provides an opportunity for the service providers to move into data and analytics-powered insights-driven business model."

Higgins indicates: "Automation rates in back offices in Hong Kong and Singapore have increased dramatically in the last five years, with on reducing operational risk and cost. Client behaviour and expectations, accelerating technological developments, the rise of disrupters and mounting industry requirements are evolving like never before. Today, technology is no longer transforming the way we do business; technology is the way we do business. Singapore and Hong Kong are active markets for fintech innovation and collaboration opportunities. As such, they are important markets to innovate in fund administration and custody services through collaboration."

ESG

Environmental, social and governance (ESG) seem to be the buzzwords 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. But how are Hong Kong and Singapore approaching it?

Harwood-Jones affirms: "Additionally, as investor priorities shift towards sustainable investments and pressure to adopt ESG criteria increases, there is a greater requirement on asset servicing providers to provide up-to-date services to support these strategies. These services are likely to heavily rely on the ability to procure, analyse, augment and replay real-time data insights."

The future

As we look towards a brand new decade, what does asset servicing in Singapore and Hong Kong face in the future?

Harwood-Jones states: "Our prediction is that for Hong Kong, the development of asset servicing will continue to be linked to the China market. At the same time, a level of automation will continue as well—for Hong Kong to maintain its status as the leading asset servicing centre in Asia, it is essential for the industry to make investments in automation to enhance efficiency and reduce risk."

She adds: "The longer-term we predict that technology will disrupt the traditional value chain resulting in the disappearance of some roles, the merging of others, the entrance of new players and the implementation of automation and digitisation across the securities world."

Higgins predicts: "The promotion of fintech by Singapore and Hong Kong financial regulators is likely to continue in the next three years, while asset servicing providers will continue to actively seek their competitive edge to innovate in this area and create more buzz in the industry."

How can asset servicing providers offer more? Somani highlights: "Outsourcing is becoming more common with asset managers and asset owners increasingly focusing on their core work and looking to move the middle-office and back-office to asset servicing providers. It is therefore required that asset servicing providers are able to offer all products including transfer agency, middle-office, fund administration and custody across Asia."



Diving into data

Jim Warren, vice president, managing director, head of solutions at SEI, discusses how best to utilise data and where he thinks the biggest opportunities lie within asset servicing

Jenna Lomax reports

What does your role involve at SEI?

I have about 28 years of experience in financial services, working for both investment firms as well as providing services to them. Currently responsible for solutions and product development, I run our platform and solutions team for our wealth processing business, specifically for investment managers and banks, providing back- and middle-office outsourcing services.

To do this, we have built technology platforms that leverage internally-built technology as well as third-party applications, to allow us to provide back- and middle-office services. We also build middle- and front-office technology that our clients use.

For investment managers, we grew out of providing a back-office service and we have been very focused on helping our clients manage data and gain data insight to manage their business better. We are also very focused on trying to create efficient environments, both for us and our clients, as well as bringing data together to allow our clients to have greater insight. We are focused on improving the overall experience, specifically for our clients and their investors.

How is SEI helping managers to utilise one of their greatest assets: data?

It has definitely evolved over the past 10 to 12 years, where data was historically just one of the ingredients in your process. Whether it was calculating the value of a fund or generating a statement, all you were really doing was extracting the required information and putting it together to get the desired output, which was either part of the investment process or what you delivered to your investors.

What has evolved, starting in the front-office space around investments, is the ability to dive into that data and make smarter decisions to beat the competition to the punch and gain more insight. We saw this when we started to deliver data aggregation solutions over time, because we had clients with different investment products, as well as clients who, for regulatory purposes and for the understanding of the market direction of their investors, believed they could gain more insight from the data if we grouped it together.

We create data aggregation solutions for our internal use to provide new services to our clients, but we are also delivering data solutions to our clients. By trying to give clients more insight to the front-office investor side, we can provide information about their investors to give them the opportunity to meet all of their regulatory requirements as well as to better know and understand their investors.

We are now working towards an analytics practice that would allow us to create some predictive models; for example, what actions your investors may take going forward, such as the likelihood of them to redeem from your fund or to subscribe more money. We can also examine what is driving the decision process so that if you had like-minded investors, you could try to capture that process before it happens.

How does this improve the onboarding process for managers?

That has been a concentrated focus for us. I referenced that the investor front-office is how we are approaching that sector of the services we provide. One of the first steps we did in that process was the digitisation of client onboarding. Our initial target was solving a problem in the alternatives space: a subscription document that can be a 60-page legal document with all sorts of different data entry points that, historically, has been handwritten.



We think of ourselves as an asset servicing firm because that is part of what our clients are asking us to do



This is a laborious and error-prone document, but the manual process also holds an increased likelihood of you forgetting something. We, as a provider of investor servicing operational work, were really feeling the pain of these practical issues as it is more time-consuming, the process could take up to 90 days.

Therefore, we introduced technology to that space that not only made it more efficient in how you entered the information but created structured data. That data could then be transferred downstream as it gives you transparency into the way the process is happening.

This makes the entire process faster and more streamlined. We have also added value to it, as our clients can understand the information that is on those subscription documents in advance of the end state, so they can learn more about their investors along the way.

What role do asset servicing firms have in improving the end-investor experience?

The breadth of information that is processed. We think of ourselves as an asset servicing firm because that is part of what our clients are asking us to do: successfully processing securities that they are investing in, determining their value, reconciling if the information is correct, calculating performance, and delivering information back to their investors.

For us, it needs to be efficient, so we need to introduce automation into the process and be able to multi-source the information that we are getting to add to it, for example, security reference data. We must be improving the processing and reporting experience, mainly through digitisation, but also providing better transparency and graphical representation of it.

The main thing our clients want us to do is to ensure that we process the information accurately and timely, then provide them with better transparency in the lifecycle as well as transparency into what the information actually means.

Why do you think the end-investor experience is like today?

The basic foundation layer is regulatory requirements and a better understanding of your investor. We have to have certain information to ensure that the person is allowed to be an investor, but then we also want to have more information about investors so that we can better understand the decision process for why they selected me in the first place and when they might leave. Once you go above that, I think it is really all about interaction, as the more you know about them, the better your relationship will be with them.

Where do you see the greatest technology opportunities in the next five to 10 years?

I don't know what the biggest technology will be that could help us five years from now, but I'm confident that what we are building will help us get there. I would say that, on the horizon, digitisation and automation of process are key.

Artificial intelligence plays into it as well, that can be a really great buzzword, but you have to ask how you can introduce technology to help you make decisions and understand things. When you say it that way, it sounds like a much more practical thing because we have all been trying to do that for the last 20 years.

If I can make my process more efficient, I can cut down on the amount of time I am preparing and spend more of my time on analysing. If I can use technology to make my analysing process more efficient as well, then I can get my results faster. I think all of it really centres on processing more efficiently and accurately, and gaining better insight so that we are making the decision much sooner in the process. So that is where I think our biggest focus is, and obviously, you can build on regulation and investment management from there.

Jim Warren
Vice president, managing director
head of solutions
SEI



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



REGULATIONS & COMPLIANCE

3-4 SEPTEMBER 2019

THE ASSET MANAGEMENT
INDUSTRY ISN'T OUT OF
THE REGULATORY
QUAGMIRE JUST YET...

CLAIM YOUR FREE
PASS NOW*

* FOR SENIOR ASSET, INVESTMENT, FUND,
HEDGE AND WEALTH MANAGERS

WWW.REGULATIONSandCOMPLIANCE.COM/GUEST-REGISTRATION

Comings and goings at SimCorp, BTIG, Sapiat and more

SimCorp has appointed Scott Ferrante as director of consulting services for North America.

With more than two decades of industry experience, Ferrante has specialised in portfolio and investment accounting, regulatory and corporate compliance as well as financial and statutory reporting.

He previously oversaw the introduction and implementation of SAP's investment accounting solution and has also served as COO at Princeton Financial.

The appointment of Ferrante follows SimCorp's growing adoption of multi-asset, front-to-back solutions, and follows a series of recent North American insurance acquisitions at SimCorp.

James Corrigan, executive vice president and managing director of SimCorp America, said: "I'm pleased to welcome Scott Ferrante on board. Ferrante's impressive and extensive global insurance experience will steer the implementation of SimCorp Dimension across insurance investment management clients in North America."

Ferrante commented: "I look forward to enriching the North American practice with my insurance investment accounting and operations expertise, and at the same time learning from some of the great minds that work at SimCorp."

BTIG has named Concetta Mastrangelo as senior vice president of prime brokerage.

In the newly-created role, Mastrangelo will help enhance BTIG's family offices effort. According to BTIG, by building out a specialised team, it is strengthening the resources available to this segment of the market.

BTIG's prime business is led by Justin Press and Brian Pettit, managing directors and co-heads of BTIG prime brokerage.

Its platform currently supports the needs of more than 330 hedge funds, many of which are family offices.

Pettit said: "Increasingly, family offices are looking to BTIG for our full-service offering. As an institutional prime broker, we provide

advanced portfolio reporting, high-touch service, day-to-day trading services and operational support.”

He added: “As a trusted partner, BTIG continues to carve out a unique position in the market as we help family offices of all sizes meet their goals.”

Santander Securities Services has appointed Hugo Rocha as head of sales and relationship management for global clients.

In his new role, Rocha brings experience from his previous positions as head of European sales at Globe Tax, senior sales and relationship manager at BNP Paribas Securities Services, and senior network manager at BNY Mellon.

His institutional client management expertise ranges from global custodians and central securities depositories to investment banks and asset and wealth managers.

Asset management firm, Sapiat, has appointed Paul Elflain as head of sales for Europe.

Elflain was previously head of sales for asset management and hedge funds for Europe at FIS from January 2015 to July 2019.

At FIS, Elflain was responsible for new revenue generation across all asset managers, hedge funds, pensions and private wealth.

Prior to FIS, Elflain was principal sales executive, capital markets at Misys, from January 2014 to January 2015.

Before Misys, Elflain served as director, head of Europe, the Middle East and Africa relationship management team at Omgeo, a DTCC company, from December 2006 to April 2013.

FundRock Partners, the authorised corporate director business of FundRock Group, has appointed Michael Vareika and Eric Personne as independent non-executive directors to its board of directors

Vareika has more than 14 years of experience as an independent director, occupying board positions for leading institutions from across the world.

Vareika is already chairman of the board at FundRock Management Company.

Personne has more than 20 years’ experience in the investment banking and asset management sector.

Personne has previously served as global head of Fund Solutions Group at Merrill Lynch and global chief administrative officer for Citigroup’s equities division.

Prior to moving to the UK, Personne served in Paris and Tokyo for Société Générale and was CEO of Lyxor Asset Management.

Personne will act as chair of the audit committee, while Vareika will act as the chairman of the UK board.

Xavier Parain, group CEO of FundRock, said: “We are pleased to welcome Michael Vareika and Eric Personne as independent directors to our UK board.”

“FundRock will immensely benefit from their deep knowledge and rich experience in business and corporate governance and we are delighted that they will be bringing their insight and acumen to our board.”

He added: “We have also set up the UK Strategic Committee with the contribution of external advisors. We are confident this mix of professionals who complement each other’s skills and experiences, will provide valuable perspectives as we continue to execute our strategy and enhance value for our clients.”

BCS Global Markets has expanded its sales team in New York with the appointment of Kyrill Firshein and Diego Vargas.

Firshein and Vargas will be responsible for growing BCS’s capabilities across fixed income and equities.

Firshein joins BCS’s Equity sales team in New York to enhance the BCSs equity distribution in the US.

With more than 15 years of industry experience, Firshein brings knowledge of growing a country-focused global investor base.

Prior to joining BCS, Firshein was the executive director and head of equity sales for the Americas at VTB Capital where he helped expand VTB’s equity distribution in the US.

Firshein has also worked at Deutsche Bank Securities, United Financial Group and Goldman Sachs.

Vargas will join BCS’s Fixed Income sales team in New York. Vargas has served at several financial wealth management institutions including IDB Capital, INTL FCStone, Banco Santander and Indosuez Wealth Management.

Gary Esayan, head of BCS Americas, commented: “We are delighted to expand our research, trading and distribution capabilities with the addition of experienced investment professionals such as Kyrill Firshein and Diego Vargas.”

He added: “We think they add depth to our offering and their relationships are invaluable. Our New York team welcomes them along with our colleagues in Moscow and London.”

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