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Nothing less than the best

SmartStream's Jason Ang on why collateral management is a business-critical function

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BNY Mellon first custodian to go live on ISDA IM offering

BNY Mellon has become the first custodian to go live on the International Swaps and Derivatives Association (ISDA) Create initial margin (IM) offering, which has recently added a new custody function.

The custody function allows users to complete all documentation required for regulatory IM on a single platform.

ISDA Create is an online solution that automates the process of producing and agreeing documentation and enables the capture of valuable structured legal data.

The first module, ISDA Create – IM, launched in January this year.

The service will extend to cover other areas and documentation types in the future.

As part of the new functionality, users will initially be able to access bilateral custody agreements and tripartite account control agreements (ACAs) in digital form on ISDA Create.

ACAs govern the terms of collateral segregation and management between a custodian and two trading counterparties, while bilateral custody agreements govern a pledging client's unencumbered assets with a custodian.

The ability to negotiate bilateral custody documents is already available on ISDA Create.

The negotiation of tripartite ACAs will become available later this month.

Since launch, more than 50 firms have joined ISDA Create for live negotiation of IM documentation.

Katherine Tew Darras, ISDA's general counsel, said: "Since launch, ISDA Create users have had the opportunity to negotiate ISDA IM documents online with multiple counterparties simultaneously and they will now have the ability to do the same for their custody agreements too."

"This is just the start, and we're looking to introduce other ISDA and non-ISDA documentation to ISDA Create."

Jonathan Spirgel, global head of segregation and liquidity services at BNY Mellon, commented: "We are always looking for ways to simplify the non-cleared margin workflow for clients and enable them to service the entire collateral lifecycle with the minimum number of touch points. ISDA Create does precisely that, providing an efficient, all-in-one automated documentation solution for clients that we are very happy to support."

Tradeweb and EuroCCP partner on ETF CCP clearing

Tradeweb Markets and EuroCCP have collaborated to facilitate central counterparty clearing for European exchange-traded funds (ETFs).

The collaboration is expected to help streamline European clients' settlement process and minimise costs, by facilitating pre-settle margin and netting of exposures, while still offering pan-European ETF investors the transparency and benefits afforded by the request for quote (RFQ) process.

By offering access to central clearing and settlement services via EuroCCP, Tradeweb will also help clients navigate the new rules of Settlement Discipline procedures, a part of the European Central Securities Depositories Regulation.

Enrico Bruni, head of Europe and Asia business at Tradeweb, said: "By offering our clients the ability to centrally clear European ETF trades, we are enhancing the RFQ workflow by introducing a new post-trade process to help investors minimise settlement fails and improve efficiency."

He added: "We remain fully committed to innovative client solutions, and we are excited about this new initiative."

Cécile Nagel, CEO of EuroCCP, commented: "Our partnership with Tradeweb allows us to expand our ETF clearing business, delivering a new and innovative service to clients which helps them to better manage the cost and risk of trading this asset class."

Krypton Fund Services expands further into Asia

Krypton Fund Services is to expand its global business platform to the alternative fund markets of Asia with its new subsidiary, Krypton Fund Services.

The subsidiary will be headed by new manager, Allen Wu.

Wu was previously associate director, senior manager of client integration at MUFG Investor Services from October 2018 to August 2019.

He also served as an account manager at Apex Fund Services (Singapore) from February 2018 to September 2018.

Krypton Fund Services said it will start taking on clients immediately, providing a new fund administration option to the market.

DTCC and Accenture partner on DLT governance model

The Depository Trust & Clearing Corporation (DTCC) and Accenture have introduced a distributed ledger technology (DLT) governing model to manage risks and consequences of an evolving DLT landscape.

The model, which was revealed in a whitepaper 'Governing DLT Networks', is set to ensure the safety and soundness of the network for the benefits of those involved and to better enable DLT to reach its full potential.

This includes a governing function to make decisions that will affect activity, connectivity, software changes, contractual agreements and transaction finality for participants across the entire network. Other functions include: participant lifecycle, runtime operations, data governance, third party management, platform management, infrastructure as well as legal and finance.

According to DTCC, the DLT-GM is a critical component of DTCC's trade information warehouse initiative to migrate an existing central, industry-wide ledger for credit default swaps from a legacy mainframe database to a DLT platform leveraging the cloud.

Robert Palatnick, chief technology architect at DTCC, commented: "The financial services industry has seen unprecedented growth in data and processing power over the last 50 years."

"DLT, with its built-in consistency, security and privacy, holds great promise to transform the digital landscape, but DLT's full potential will only be realised with the implementation of a strong and transparent governing model."

Sofina goes live on SimCorp Dimension

Sofina has replaced its legacy infrastructure with SimCorp's integrated investment platform, across its back-office operations to manage accounting for both equity and alternative investments.

Since the implementation of SimCorp Dimension, Sofina has said it has already seen a significant decrease in the time taken to input the portfolio accounting operations.

Hans Otto Engkilde, managing director and senior vice president, Northern Europe and the Middle East at SimCorp UK, said: "By moving to SimCorp Dimension, Sofina has taken that first important step to consolidate its accounting operations, eliminating manual workarounds to focus more on its investment decisions. This automation, together with a strong, scalable solution that supports growth, provides a compelling, competitive advantage."

Jean-François Lambert, head of operations at Sofina, commented: "SimCorp Dimension's broad and established back-office solution will deliver us a strong foundation to achieve our future investment goals."

He added: "With SimCorp's advanced accounting analytics and rich functionality, we gain more-informed investment decisions as well as greater operational efficiency. The combination of SimCorp's strategic outlook and our own long-term view makes us confident we can fulfil our ambitions for growth."


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TMF Group expands fund services offering

TMF Group has acquired State Street's private equity and real estate fund administration business in the Channel Islands, as part of an initiative to grow its fund services business.

In Jersey, the acquisition of State Street's private equity and real estate business adds fund administration to its existing corporate and trust services, while in Guernsey the acquisition adds to the recent acquisition of Gentoo, a leading fund administration business.

TMF Group's fund services includes fund administration and depositary services.

Mark Weil, CEO of TMF Group, said: "We are excited to be growing our fund administration business–one of our global specialties."

He added: "The combination of State Street's private equity and real estate services and TMF Group's funds platforms means that we are brilliantly placed to serve funds clients around the world with a single, safe and consistent service model."

Cengiz Somay, managing director of Channel Islands at TMF Group, commented: "This [acquisition] allows our clients to focus on investing and generating returns for their investors, with the peace of mind that TMF Group is delivering first-class fiduciary, administration, compliance and reporting services."

Baton launches new investment to fund its DLT technology

Baton Systems has launched Series A investment round, an investment to fund the continued deployment of Baton's distributed ledger-based technology.

The Baton platform integrates with financial institutions' current collateral and cash systems, leaving their existing business processes, systems, and ledgers in place.

Baton currently processes more than $12 billion each business day in payments between market participants and clearinghouse counterparties.

The Series A investment round is led by Trinity Ventures, with participation from Alsop Louie and Commerce Ventures.

Arjun Jayaram, CEO of Baton Systems, said: "This investment provides us with the strategic support and firepower to scale our bank-to-bank payment solution for the world's leading financial institutions even faster and more effectively."

He added: "Speed to market is critical in an industry that is crying out for modernisation


Olga Kashubin/shutterstock

ASX teams up with Digital Asset and VMware on DLT

The Australian Securities Exchange (ASX) has signed a three-party agreement with Digital Asset and VMware to work together on distributed ledger technology (DLT) initiatives in Australia and New Zealand.

Under the principles in the agreement, ASX plans to provide its DLT offering with the support of Digital Asset and VMware.

This will include the development of the application to replace ASX's equities clearing and settlement system (CHESS), the support of Digital Asset Modelling Language, and the provision and support of the distributed ledger and associated infrastructure, which delivers ASX's data privacy, confidentiality and security requirements at greater scale.

While ASX remains initially focused on the replacement of CHESS, the partnership will strengthen its ability to support the financial services industry using the infrastructure to create new services and innovations beyond clearing and settlement.

It will also enable ASX, Digital Asset and VMware to work together to provide and support DLT solutions to other customers in Australia and New Zealand.

In the meantime, software for the new system to replace CHESS is being progressively deployed within ASX's customer development environment, where customers and their service providers have begun exploring the clearing and settlement functionality of the new system.

Peter Hiom, ASX Deputy CEO, commented: "This new partnership is a very positive development that will help us support a wider range of DLT solutions developed by the industry. It confirms our belief in the potential of DLT as we remain on track to deliver the CHESS replacement system in March to April 2021."

while at the same time facing a daunting global regulatory environment."

Schwark Satyavolu, general partner at Trinity Ventures and a member of Baton's board of directors, commented: "Arjun Jayaram and his team are the ideal visionaries and practitioners capable of turning this tremendous need into reality–and are already doing so for their many top-tier banking clients."

SEC settles charges with Bitqyck founders

The Securities and Exchange Commission (SEC) has settled charges with Bitqyck following the crypto exchange's alleged defrauding of investors.

The complaint against Bitqyck, filed at the US District Court for the Northern District of Texas, contended that founders Bruce Bise and Sam Mendez sold two unregistered digital assets, Bitqy and BitqyM, on an unregistered exchange to derive profits totalling over $13 million.

These actions led to investors of Bitqyck losing over two thirds of their investments.

It was also argued that Bise and Mendez "misrepresented" the deals platform QyckDeals by claiming it to be a "global online marketplace" that provided participants with small shares of Bitqyck cryptocurrency mining stock, which transpired to not exist.

David Peavler, director of the SEC's Fort Worth regional office in Texas, commented: "Because digital investment assets represent a new and exciting technology, they can be very alluring, especially if investors believe they will own part of the operations. We allege that the defendants took advantage of investors' appetite for these investments and fraudulently raised millions of dollars by lying about their business."

The SEC's complaint seeks permanent injunctions, civil money penalties, and return of the profits derived from dishonest activity.

Bise and Mendez agreed to final judgments for all injunctive relief. Bitqyck was ordered to pay a total disgorgement civil penalty of $8.3 million, while Bise and Mendez were served individual civil penalties of $890,000 and $850,000, respectively.

HSBC oversees first T+3 trade in CIBM

HSBC has successfully overseen the first T+3 trade in the China Interbank Bond Market (CIBM).

Facilitation of the trade follows the extension of CIBM's bond settlement cycle for foreign institutional investors by China Central Depository and Clearing, Shanghai Clearing House, and China Foreign Exchange Trade System.

As a result, overseas institutional investors are now able to select the T+3 settlement cycle for cash bond trading, repo, and bond borrowing and lending.

Ivy Zhang, executive vice president and co-head of global markets at HSBC China, commented: "We believe this development demonstrates Chinese regulators' commitment to further opening up the financial market to make domestic capital markets more accessible to international investors."

"We foresee the momentum of foreign entry to the worlds' second largest bond market to continue. With our profound experience in direct custody and bond settlement agent services, HSBC China will continue to provide best-in-class support to our clients in capitalising on China's growth story."

Patrick Wong, head of business development and client management, China, at HSBC Securities Services, added: "Foreign investors' participation has increased significantly with the continuous relaxation on CIBM in the trading mechanism and foreign exchange process, as well as settlement cycle."

Bravura acquires Midwinter for back-office administration

Bravura Solutions, a provider of software solutions for fund administration industries,

TRphotos/shutterstock

Credit Suisse picks Torstone's Inferno for back-office services

Credit Suisse Securities (Canada) has selected Torstone Technology's post-trade processing platform, Inferno, to replace the firm's existing third-party outsourced platform and service.

Inferno provides a fully integrated experience for middle- and back-office staff, increasing straight-through processing and reducing manual effort.

According to Torstone, consolidating processes on its software as a service platform will also provide Credit Suisse with access to Torstone's service model, resulting in the reduced total cost of ownership.

Brian Collings, CEO of Torstone said: "Our relationship with Credit Suisse proves again Torstone's ability to quickly enter new markets, underscoring the dynamic and flexible nature of our cloud-based platform."

Commenting on the announcement, Sam Farrell, director and head of operations at Credit Suisse Canada and Bahamas, added: "We decided to move to Inferno and bring our operational processing back in house in order to leverage a cloud-based, cross-asset platform, providing us greater transparency and control over our business, and presenting an opportunity to reduce our total cost of ownership."

is set to acquire Midwinter Financial Services to utilise its software, AdviceOS.

AdviceOS, a financial planning solution, powers back-office administration for financial advisers and drives online self-directed digital advice portals for superannuation funds in Australia.

According to Bravura, the software is an extension to the firm's existing software solutions and client base, sitting alongside retirement savings, investments and life insurance.

The founders and senior management of Midwinter are expected to remain a core part of the business.

Commenting on the acquisition, Tony Klim, CEO of Bravura Solutions, said: "The Midwinter team have built a strong, highly functional and well-regarded cloud-based SaaS application for the financial advice market."

He added: "The acquisition has a strong fit with our mission to provide best-in-class software solutions that comprehensively satisfy our clients requirements and help them navigate complex regulatory environments. Midwinter's modern technology offering complements and extends Bravura's broad suite of products in both Australia and internationally."

REGIS-TR falls foul of EMIR reporting rules

REGIS-TR, the EU's second-largest trade repository (TR), has been fined by the European Securities and Markets Authority (ESMA) for failing to provide "direct and immediate access" to details for derivative contracts as required by the European Market Infrastructure Regulation (EMIR).

The TR is a joint venture between Clearstream, part of the Deutsche Boerse group, and the Spanish CSD Iberclear that was established in Luxembourg in 2010.

It provides reporting services for regulations concerning the securities finance market.

Marcello Landolfi/shutterstock

BNP Paribas launches new programme for sustainable growth

BNP Paribas Securities Services has launched a programme to enable the pursuit of sustainable and profitable growth, according to a spokesperson from the bank. The aim of the programme is to optimise the bank's operating model and simplify its organisation.

The decision is an effort to "preserve BNP Paribas Securities Services' competitiveness, which is facing increased global competitive pressure and a low-interest rate environment", according to the bank.

In line with the programme, BNP Paribas is considering a reduction in the number of jobs in France within three years.

However, BNP Paribas has said that the programme will be implemented without forced redundancies, as part of BNP Paribas' social agreement affirmed through its employment and career management agreement in France.

The name of the programme is yet to be disclosed by the bank.

In a statement on the ruling, the authority outlined that REGIS-TR "did not implement systems capable of providing to regulators direct and immediate access to derivatives data from the start of EMIR reporting obligation in February 2014 to October 2016".

As a result, ESMA found that REGIS-TR had committed the infringement negligently and handed it a €56,000 penalty. In calculating the fine, ESMA said it considered both aggravating and mitigating factors provided for in EMIR.

Under EMIR, TRs must ensure that specified authorities and regulators have access to the details of derivatives contracts they need to fulfil their respective responsibilities and mandates to monitor systemic risks in the derivatives markets.

According to ESMA, the access failures related to 85.5 percent of REGIS-TR's data on trade terminations, representing 3.7 billion data points and 1.6 percent of its data on trade modifications, accounting for 15 million interactions. ESMA also highlighted an inability to access any data relating to REGIS-TR's 2.9 billion trade valuations or for 22 million collateral updates.

A spokesperson for the TR said: "REGIS-TR takes its regulatory duties as a European trade repository very seriously. Upon discovery of the breach, we voluntarily took measures to correct the situation and to ensure that a similar infringement cannot happen in the future. There was no direct client impact."

REGIS-TR declined to comment on whether it would be exercising its right to appeal against the ruling to the Board of Appeal of the European Supervisory Authorities.

TMF Group expands fund services through Channel Islands acquisition

TMF Group has acquired State Street's private equity and real estate fund administration business in the Channel Islands, as part of an initiative to grow its fund services business.

In Jersey, the acquisition of State Street's private equity and real estate business adds fund administration to its existing corporate and trust services, while in Guernsey the acquisition adds to the recent acquisition of Gentoo, a leading fund administration business.

TMF's fund services includes fund administration and depositary services and are supported by experts in more than 80 jurisdictions worldwide.

Mark Weil, CEO of TMF Group, said: "We are excited to be growing our fund administration business–one of our global specialties. The combination of State Street's private equity and real estate services and TMF Group's funds platforms means that we are brilliantly placed to serve funds clients around the world with a single, safe and consistent service model."

Women in asset servicing

Laura Mann and Kate Webber highlight the importance of opening up more opportunities for women, without making the process simply about hitting targets

Jenna Lomax reports

Can you explain the history and ideas behind the Women in Asset Servicing network (WiAS)?

Kate Webber: Women in Asset Servicing (WiAS) came about because, after decades of working in this particular industry, it's clear that there is an awful lot of women who start off in administration roles but get no further.

It feels like a 60 to 40 split between men and women at very junior roles. As staff climb the ladder, those percentages change dramatically across all firms including transfer agencies, distributors and asset management operations roles, with the more senior roles tending to be taken by men. There are lots of reasons why that is, and we are trying to tackle some of them. We are also now facing another factor in this industry impacting our diversity and inclusion levels, namely technology taking over administration roles. If the asset servicing industry wishes to be relevant in the future, it must ensure it implements technology and additionally creates a diverse and inclusive workforce, not just for women, but including a range of personality types and different social backgrounds and work experience. All of those things are fundamentally important for creating a workforce which is representative of our rapidly changing and evolving customer base.

Laura Mann: Tackling those reasons is a challenge, but also a great opportunity. WiAS is part of the current momentum surrounding diversity and inclusion, we've seen attendee numbers at our talks snowballing and support from all types of firms and individuals. It has been really encouraging.

How important is the global enhancement of technology to what you're trying to achieve?

Webber: Technology application in our sector is inevitable. In fact, it's essential for all of our financial futures because it helps our organisations to manage their cost base effectively. We firmly believe that these benefits will flow to the customer. It's really important that we help our teams, both men and women, to prepare for this future. The combination of technology and human interaction will likely be how individuals wish to be serviced in the future.

Organisations are looking to help their teams to acquire the necessary skills, and we at WiAS want to help by encouraging confidence and appropriate self-assessment of skills. Organisations have tried a number of diversity initiatives and not all have been overly successful; this is not to say that the will isn't there, but the initiatives haven't hit the mark effectively.

Mann: Everyone working in asset servicing should aspire to be more efficient and reduce transaction costs–technology can help with this. We need people who are comfortable with technology, so it's important to encourage more young people to study science, technology, engineering and math (STEM) and enter our industry at a younger age. If you wait until people are in their working careers, it's too late. Being visible from an early stage is essential, which is why Calastone is supporting STEM in schools.

Financial services have had a bad reputation, with asset servicing included in that, so drawing attention to the positives is key.

Webber: I agree; it is fundamental that more women get into STEM-based technology subjects. Calastone will be representing technology and financial services at a British Army careers fair at Sandhurst in September. It's about trying to encourage girls and boys to be interested in these subjects at a relevant age. We in WiAS would be delighted for more financial services companies to do the same and believe that the organisers are doing something amazing here.

In asset servicing, you get the opportunity to work at a pace with very bright people. We are getting swept up in new technologies, which is very exciting. Underpinning that is the function of asset servicing, trying to increase the efficiency and reduce the cost of transactions.

How well represented are women in asset servicing, especially in more senior roles? What has been achieved so far and what else should be done in the future?

Webber: Female representation at senior levels is dependent on the organisation; some are terrifically better than others.

There does appear to be more US women gaining a foothold faster than our European markets, and potentially we could learn why this is. There are some women in senior roles, some of them are phenomenal and great role models, but we need more because we still see women in senior roles as a reason for celebration rather than the norm.

Over the coming decade, we must get more and more women in a position where they could be considered for those senior roles. We have come a long way, but we still have a long way to go.

Apart from appearing at this year's International FundForum, how are you spreading the word about this network?

Webber: We started in October last year with a relatively small number of women. It has spread by word of mouth, which has seen active involvement from several organisations. I think this is the way it will continue to grow; people have to want to join and participate.

Webber: We have also been encouraged by the number of men who really like the idea of WiAS. Some have daughters and look at the network from that perspective, but others are looking at it because it is the right thing to do, because they feel they get much better teams and decision outcomes from having more women within decision-making points of their organisations.

Mann: Word of mouth has been great and activities like this interview really help too, but events are key—both running our own and attending others. If I can go to an event, speak to one person and potentially inspire them, then it's worth it. For me, our network is about being open, approachable and supportive.

Are you seeing high levels of female millennials entering asset servicing right now? Or are the levels of recruitment lower than you would expect?

Webber: Fonds Frauen did some research last year which showed that our industry isn't attractive to the next generation in the same way as many others. Women also choose to leave industries where they find the culture incompatible with their values, regardless of whether they have children. It's very important that the next generation, who are coming down the track, have been brought up with different rules and societal norms compared to the current generation.

Companies run by the current generation are effectively playing catch-up, and therefore what we are trying to do is enable people to see that there is this breadth of talent to be relevant. I believe in the coming decade, companies who are more flexible with their workforce, helping both male and female with childcare and/or elderly care, will have greater success in holding an experienced workforce. Asset servicing can be an attractive industry for millennials to join.

Mann: You can start by considering what you can do in your own firm and your own team. It can be done. Recently, we had three developer positions at Calastone, two of which were filled by female developers who are Generation Z, rather than millennials. It's about making the industry more appealing, researching about the language you use, and finding the most talented people for that role.

Webber: This is so important for the future and should not be about militancy or just simple targets, it should be about acceptance across organisations to help get the best talent, regardless of their gender, sexual orientation, or race into the right roles. Focus should be on what an individual can bring to an organisation and how it shapes your teams overall.

What do you think are the main challenges and opportunities in asset servicing now?

Webber: The creation of artificial intelligence or blockchain solutions must be linked with creation of inclusive teams and diversity of thought, which we do not currently have enough of in our industry.

Fund organisations across the board are facing this productivity pressure; the solution includes a combination of technology and diversity. We need to design investments products with people in mind, outcomes for the customer are key.

Mann: Technology is a great enabler but not a solution in itself. You must look for the appropriate solution to the relevant problem. It's only by having diverse teams that you can come to those solutions much quicker.

Webber: There's never been a better time to have a social purpose. What I think we will see in the coming decade is that investment companies and asset servicing organisations will help people make more decisions on how their money is invested for their future. This is an industry that can shape our collective future in a really positive way based on the accessibility of knowledge and social responsibility.

What can the industry do to increase diversity, not just in terms of gender equality, but also in the representation of ethnic minorities and in the representation of the LGBTQ+ community?

Webber: Currently, we have very few women, ethnic minorities and LGBTQ+ at the top of our organisations. We probably don't have enough role models to choose from; role models are very important because they signal pathways.

What companies can do in the short term is to begin to identify individuals that can actively be leaders across their organisation, give them a voice and help them be appealing to people within the industry. That would be a really good way of making it more attractive for a broader group of people.

Mann: Buy-in from the top is key, but that alone is not sufficient to foster a diverse workforce and culture. Organisations must develop a multi-pronged approach, for example, a combination of flexible hours, mentoring and social media presence.

It won't be achievable overnight and will not always be smooth running; there will be initiatives that are tried that may not quite work, but this allows you to try again from a different angle. It's all about being resilient and having lots of different approaches, tools and people to ensure flexibility.

Webber: This links back to the three main goals of WiAS: giving people the confidence to be the best they can; giving people skills to properly assess their own talent; and networking.

The combination of those three is what will enable women, introverted men and the organisations in which we work, to understand that there is a different group of people to choose from.

Women in Asset Servicing is an inclusive network for both men and women. Its main aims are to nurture talent, increase female visibility in the industry and help attract the next generation, particularly into technology roles.

The pursuit of appropriate tax treatment

Simon Lee of CIBC Mellon discusses five tax considerations for global institutional investors

As global institutional investors navigate international markets in pursuit of their investment goals, the pursuit of appropriate tax treatment and the effective execution of tax filing, reclaim and other activities is a key aspect of investment operations.

After all, investors are keen to avoid leaving money on the table and to ensure they meet the necessary requirements from local authorities as they invest in target markets.

The complexity and diversity of global tax regimes bring a wide array of requirements and obligations. Global investors should consider a number of aspects to take into consideration, such as foreign taxes, liquidity principles, political risks, currency risks, transaction costs, and management fees.

Different markets have different tax codes and regulations that require compliance. Investing in foreign markets has the potential to substantially complicate an investor's tax position, leaving them to incur additional tax bills if they do not understand the tax requirements or their obligations.

We encourage global investors to consider these five key questions as they invest around the world.

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1. What types of taxes does a foreign investor have to pay?

Many institutional investors solely pay attention to withholding tax on income that they need to pay.

However, different markets have unique types of taxes that foreign investors are required to pay.

Common types of taxes may include non-resident withholding tax on investment income, capital gains tax on capital gains realised on the sale of stocks, and financial transaction tax on a particular financial transaction.

As an example, the US Treasury Department and the US Internal Revenue Service have issued proposed regulations with guidance on how to apply a new withholding tax of 10 percent under US Internal Revenue Code (IRC) Section 1446(f) on a transfer by a non-US person of an interest in a partnership that carries on a trade or business in the US or otherwise realises income effectively connected with such a trade or business.

This is a new type of tax as it is a tax on proceeds instead of on income and could be considerably larger.

2. How does a foreign investor pay these taxes to the foreign tax authority?

Many institutional investors assume that their custodian will handle all withholding taxes on income that they are required to pay. While custodians are capable of withholding and remitting withholding taxes on their foreign income to the foreign tax authorities, they need to be mindful of how different types of taxes may be dealt with.

For instance, the Taiwanese government requires foreign institutional investors to appoint a Taiwanese tax agent to ensure that all taxes due on investment income are settled in accordance with Taiwan's tax code and regulations. In this case, this is not the type of tax that a custodian can handle for a client.

3. What obligations does a foreign investor have to the foreign jurisdiction?

Some countries like Canada require a non-resident to pay non-resident withholding tax on the Canadian source investment income they earn. The tax is withheld and remitted by the payer such as a custodian or broker. This tax is the final tax obligation of the investor to the foreign jurisdiction.

However, depending on the type of assets and the type of payments received by a foreign investor, they may have other obligations.

For instance, ownership of US real estate through a partnership involves distinct US tax consequences. The partners are taxed directly on their share of the partnership's income annually. Each foreign partner of the partnership is required to file a US income tax return. Therefore, knowing their tax obligations is very important to avoid any penalties and interest as a result of non-compliance with the tax requirements.

4. When is a foreign investor able to get a refund after filing a tax reclaim with the tax authority?

Eligibility criteria for tax reclaim procedures vary from market to market. Some jurisdictions refund taxes very quickly, while others take a long time and require a great deal of supporting documents for the tax authorities to review.

From a refund perspective, when a foreign investor invests directly in a foreign security, it is generally easier for them to get a refund as long as they can provide the tax authorities with proper documentation showing that they are the beneficial owner of the income and are eligible for treaty benefits.

However, if they invest indirectly through an investment fund, it may take them a long time to get a refund. This is because some tax authorities have more complicated procedures in place for foreign investment funds trying to claim treaty benefits on withholding tax.

For example, the Swiss Tax Authorities requires foreign investment funds to provide detailed information and supporting documents for each underlying investor before refunding any taxes. Due to the complexity of the process, foreign investors would not be able to get a refund within a short period of time after providing documents to the investment fund in which they have invested.

The more supporting documents required, the longer it takes to get a tax refund. This impacts the return on investment that the investor may want to achieve.

5. Does a foreign investor need to review the tax requirements?

It is very important for foreign investors to perform a periodic review of the tax requirements with their tax advisors, custodian and other stakeholders as the existing tax rules and requirements keep changing.

In addition, new tax regulations and requirements are released by the tax authorities in different jurisdictions periodically that may impact both existing investors and new investors.

For example, Canada's Department of Finance recently announced that the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (also known as the Multilateral Instrument, or MLI), sponsored by the Organisation for Economic Co-operation and Development (OECD), has been enacted into law in Canada.

The MLI will allow Canada to modify its existing tax treaties to include measures developed under the OECD/G20 Base Erosion and Profit Shifting (BEPS) project without having to individually renegotiate those treaties, in turn permitting the measures to be implemented in a more synchronised and efficient manner. The MLI measures are intended to enhance Canada's ability to address treaty abuse and improve the dispute resolution process under tax treaties.

Furthermore, doing research and keeping up-to-date on the tax requirements will help a foreign investor be aware of both challenges and opportunities to help them make informed decisions.

While investing in a foreign jurisdiction has benefits, tax implications are important factors that institutional investors need to consider and monitor. Institutional investors need to be aware of the tax requirements of foreign countries, especially when searching for the highest yield.

Staying informed and connected

For many institutional investors, a key aspect of global investment is navigating the different tax rules and regulatory requirements that exist across foreign markets.

Tax rules vary widely between jurisdictions and are subject to change at any time. A strong provider should be expected to keep well apprised of global regulatory and industry changes as they relate to the local market.

Clients should work with their custodians and other service providers as they monitor global and domestic tax trends. Providers should be engaged in industry discussions with local tax authorities in order to raise important questions for institutional investors to consider in the near future.

While clients should consult their own tax, legal and compliance advisors for specific guidance, as a custodian, CIBC Mellon encourages open communication with clients and seeks to provide relevant information and context.

By engaging with clients regarding their directions and expectations, we are better positioned to support our clients as they work to achieve appropriate tax treatment for their global investments.

> ***Clients should work with their custodians and other service providers as they monitor global and domestic tax trends***

Simon Lee
Vice president of tax
CIBC Mellon

A change of focus

The fund industry finds itself with the ability to shift focus away from the resource-intensive burden of implementing regulations as it looks to ramp up innovation, according to Arnaud Misset of CACEIS

Now that the incessant barrage of new regulations is slowing, the fund industry finds itself with the ability to shift focus away from the resource-intensive burden of implementing regulations and look to ramping up innovation and improving efficiency. Although companies have done their utmost to maintain innovation during recent years, business efficiency has often taken a back seat due to the entangled complexity of new regulatory processes taking up IT development time. Today, however, companies within the fund industry, which is an increasingly competitive environment with ever-growing data volumes, are keen to understand the opportunities in terms of efficiency that present themselves, and one key element in the search for efficiency gains is robotic process automation (RPA).

Simply put, RPA is computer software that can use IT systems designed for humans. Clearly no automations here, but instead, software that can operate with extensions such as optical character recognition (OCR) to read handwritten entries such as in forms, natural language processing (NLP) to extract data from unstructured text, chatbots to respond to standard queries and possibly artificial intelligence (through links with Google or IBM's Watson platform for business). RPA's ability to perform data entry, and use plug-ins to understand and respond to client queries, makes it analogous to offshoring, and in some ways it is, but it has some key differences.

CACEIS itself has undertaken very little offshoring, as the potential loss of control (through dealing with a far-off provider with cultural differences and being just one of a number of clients) is a major factor that explains the reticence to pursue that avenue. RPA, on the other hand, enables companies to maintain control of their business, especially if they create the competence centre internally rather than rely on an external provider that may itself become a source of issues due to the lack of required industry expertise. Many companies see this RPA technology as a key component of the future financial ecosystem and therefore decide to make the necessary investments internally.

We often hear it said that RPA's principal objectives are nothing more than the ruthless pursuit of pure efficiency, however, the reality is different—and not just marketing "spin". The back-office, which is always the first area to go under the RPA spotlight, is where we find a glut of tedious, repetitive processes that are the source of a high level of operational risk and have low added value. RPA's prime objectives in such an area are to reduce operational risk stemming

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from human error, improve client experience by increasing service quality and professionalism, and free up staff for tasks where human intervention is key, such as client contact and handling more complex transactions.

As above, most RPA projects start in the back office, however, prioritisation of the processes is an essential task both in terms of the project's efficiency (picking the low hanging fruit first as opposed to simply branching out) and in terms of its image within the company, (targeting the tedious, repetitive processes where there is no strong feeling of ownership). Here, RPA goes hand-in-hand with a lean management approach, which promotes continuous efficiency and quality improvement through small incremental changes over time. It is important to note that, whenever RPA is implemented on an isolated process, the impact on upstream and downstream processes must be carefully considered.

Later on, as a patchwork of isolated tasks taken over by RPA start to interface with each other, then efficiency levels can further improve. On average, RPA increases business efficiency by some 10 to 12 percent for individual tasks, but this figure can rise significantly when several processes are daisy-chained, end-to-end.

The final point that should never be underestimated in any RPA project is communication. There is a lot of fear surrounding the topic, and it's not limited to operational department employees. Management, IT, compliance, risk, legal, HR and other areas may be impacted by RPA, so together with operations also need a structured communication campaign to explain the technology, the benefits and goals in order to get them on-side. Liaising with staff delegations and trades unions are also a key part to ensure smooth implementation of what is a very promising technological innovation.

The other key topic for asset servicing companies is data analytics. Asset servicing companies handle huge volumes of data, and today are leveraging big data technologies to transform it into valuable business insight services.

Data lakes, the term for the massive pools of information generated by funds' day-to-day activities, are the defining element of big data technology. However, the quality of this data is the foundation of the entire activity and much care must be taken to ensure that all sources of data are reliable in order to guarantee accurate results and generate a genuine data warehouse of standardised data.

Data lakes are not only populated from information generated within the asset servicer, but is also sourced from other service providers, fund managers themselves, external data providers, information on social networks, as well as economic indicators or any other information that may be relevant. Data lakes generally hold up to several years' worth of historical data and are fed with information as close to real time as possible, which enables institutional investors and fund managers to query up-to-the-minute data.

Financial reporting

Data analytics can be deployed in many areas to assist institutional investors and fund managers, but a key area is financial reporting. The financial industry is particularly concerned by the exponential growth in data to be managed. In the wake of new financial reporting regulations, in particular the second Markets in Financial Instruments Directive (MiFID II), Basel III, Solvency II and the Alternative Investment Fund Managers Directive (AIFMD), institutional investors and investment management companies have had to confront massive data management and analysis tasks in order to meet transparency requirements in terms of information and reporting to the relevant national authorities. Big data technology's capabilities enable them to quickly and realiably make queries and generate accurate reports on look-through, performance and risk, and regulatory ratios, permitting them to focus on their core business of generating investor value.

Fund distribution

Data analytics can also be used to provide reference indicators for investment management companies in order to refine their sales strategy. For example, ex-post analysis of subscriptions and redemptions will allow the determination of a correlation between investor behaviour and a fund's performance relative to its benchmark. This information can be of valuable assistance in establishing a fund's commercial positioning. Such reports will enable investment management companies to achieve more in-depth marketing analysis (inflows, investor behaviour, distribution network). In addition, analysis can distinguish by type of final investor, country and distributor, permitting investment management companies to better determine their target clients and the optimal distribution network.

Investor behaviour analysis gives investment managers even deeper insight into their customers' actions. Utilising data from social networks such as Twitter and Facebook, data analytics tools can provide answers to soft questions on subjects such as brand visibility, both of the investment manager's own brand and that of its competitors. The technology also enables sentiment analysis that helps asset managers answer questions such as 'how are social networks talking about the brand?' and 'what is the resulting impact on order collection?'. Such insight becomes increasingly important as the younger, more internet-savvy population mature and become potential investors, who are keen to use the internet to seek information on and discuss investment opportunities via online platforms.

KPI analytics

Along with financial reporting and fund distribution analysis, data analytics provides another advantage for those investment managers working with an asset servicing provider. They can generate key performance indicators (KPIs) on the provider's performance, allowing them to view statistics on net asset value calculation performance and settlement performance in real time. The flexibility of the open platform enables managers to query the data in so many ways that the information can be precisely tailored to the manager's needs, and the results are generated and displayed in clear and accurate reports within seconds.

The powerful tools that enable data analytics on big data use vast amounts of processing power locally, but can be securely accessed through a flexible web interface or even applications designed for mobile devices. This allows financial reporting, fund distribution and KPI analytics to be handled around the clock, no matter where in the world you may be. Furthermore, the data lakes, analytics algorithms, and the systems it runs on are constantly growing more powerful, which means the possibility for insight opportunities and new services are constantly evolving. To stay ahead of the competition and remain at the forefront of technology, data analytics and RPA are key.

To stay ahead of the competition and remain at the forefront of technology, data analytics and RPA are key

Arnaud Misset
Chief digital officer
CACEIS Group

Tech for two

Deutsche Bank's Emma Johnson and Mike Clarke share how, in the changing regulatory landscape, technology can enable compliance and deliver better outcomes for clients

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What technology offerings is Deutsche Bank delivering in an effort for better outcomes for clients?

Mike Clarke: Deutsche Bank Securities Services is focused on aligning its technical innovation with client outcomes and engaging clients in its innovation process as appropriate to ensure it is creating value in either greater efficiency or improved client experience.

Specific innovations include:

- **Chatbot solutions:** to gain faster access to standard query information
- **Open API access:** to allow clients to call functions for the entry or query of information
- **Digitalised documentation management:** to remove current manual and physical documentation transfer
- **Data analytics:** to provide insight on settlement efficiency, liquidity usage and custodial services
- **Real-time data streaming:** to provide clients with "as processed" data updates to feed directly into their systems and analytics platforms
- **Distributed ledger technology:** to provide workflow and data solutions that can streamline multi-party workflow with inherent data security. Note: not all distributed ledger technology (DLT) solutions are reliant on blockchain

How is Deutsche Bank helping clients to comply with regulation?

Emma Johnson: The market advocacy team within securities services is responsible for responding to and front-running the impact of regulatory change to its clients, products and services. It has a seat at post-trade industry associations such as the Association of Financial Markets Europe (AFME) and the Association of Global Custodians (AGC) where it advocates for change and engages directly with the regulators through the eyes of the client, Deutsche Bank and for industry best practice.

When it comes to implementation, the impact on the bank and its clients is at the fore in terms of compliance. When analysing and addressing changes emanating from the regulatory agenda, the market advocacy team highlights the opportunities, recommends solutions for implementation and solves for threats, partnering with clients to ensure that any changes in service, legal contracts and risk management are understood. The Central Securities Depositories Regulation (CSDR) is a great example of the necessity of client advisory given the dependence on provider and consumer behaviour. Hence, we believe that creating awareness through collaboration with clients and industry peers helps to develop the next generation standards and solutions.

How is Deutsche Bank helping with CSDR compliance specifically? What can it offer through data and real-time liquidity insights?

Johnson: Deutsche Bank Securities Services has been at the forefront of the regulatory discussion from the initial publication of the draft CSDR rules in 2012. Since then we have been actively and directly engaged with regulators and through industry bodies such as the AFME, AGC, and the European Banking Federation (EBF) in addition to the local trade associations in the markets we operate in. This participation has helped to ensure that our voice is heard and that our clients are fully represented.

Deutsche Bank Securities Services is leading the bank-wide implementation programme. The programme is a core change initiative with board level supervision. It is hugely important for us and we know it is a priority for our clients too.

We have been doing a significant amount of work understanding and preparing for the requirements of the Settlement Discipline Regime (SDR). We are looking at CSDR not just on a regional basis but on a global basis to ensure that our clients and relationships, regardless of their domicile, are fully considered and supported to comply with the regulation.

We are certain that CSDR has a true interdependency on the operational performance and compliance between the provider and client relationship. The consequences of failure are a priority to avoid. We recognise that a provider's client service ethos and operational performance is a differentiator. We are currently leveraging our data and innovation teams to review our client's current operational behaviour and settlement efficiency rates and model them against future CSDR outcomes. This gives us a baseline to identify any inefficiencies and weaknesses which we will work on with our clients. Further, we are exploring how real-time data and settlement analytics can provide our clients with a risk view of their settlement horizon including a view of trades at risk of penalty and buy-in. By combining our deep understanding of CSDR with our innovative real-time data processing, we feel confident that we can help our clients avoid or minimise penalties by portraying settlement risk on a near real-time basis so that the client can respond timely with decisive action.

How does CSDR differ from other regulations that the industry has been preparing for in recent years? And what implications does CSDR have for custodians?

Johnson: SDR, although complex in its execution, is quite simple in its intention; to incentivise timely settlement. Repercussions for settlement failure due to booking, operational or counterparty inefficiency will be felt at a trading level and therefore CSDR is essentially a 'call to action' to be operationally more efficient top-down and bottom-up. From timely and accurate trade bookings through to allocation, confirmation, settlement and inventory management—front, middle and back offices are impacted. SDR binds trade and post-trade together. This is where CSDR is different to previous regulatory regimes like the European Market Infrastructure Regulation (EMIR) and directives such as the second Markets in Financial Instruments Directive (MiFID II). Institutions may be performing many different roles; trading through to settlement, which might also include being a participant of a CSD, which means cash penalties for late settlement and trading book risk for buy-ins. Poor performance will prove costly.

The custodian will play the role of a valuable information conduit sitting between the CSDs, their clients and their trading parties. Unlike buy-ins which are managed at a trading party level, cash penalties are a vertical process levied by the CSD debiting the CSD participant which caused the failure and crediting the non-defaulting CSD participant. Where the CSD participant is not a trading party, the custodian will apply the penalties to their clients debiting and crediting where appropriate. Crucially, the custodian's role as a trusted intermediary comes in to play turning around information received from the CSDs and performing daily quality assurance checks for the validity and calculation of penalties by the CSDs.

One of the current challenges for custodians is ensuring that custody contracts incorporate the relevant legal language for the buy-in procedure to be enforceable in every market where trading and settlement takes place. This is particularly pertinent for clients who are not based in Europe but have accounts or transact in activity which settles in a European CSD. Education is required to ensure that they abide by European law and that the legal language mandates this.

CSDR requires custodians to offer segregated accounts to their clients and inform them of the costs and risks of the different account arrangements, what implications/opportunities will this cause?

Johnson: Disclosure and account offerings are a post-crisis regulatory mainstay and in this regard, we see the provision of Article 38 as an extension to what we offer today, where segregated markets are currently supported.

The requirement to publically disclose the levels of protection and the costs associated with each account structure including details of the main legal implications and the applicable insolvency law is something we are well versed in now following EMIR and MiFID II.

We believe clients are well versed on account structures in Europe having experienced what has been a lengthy regulatory exercise. We have seen no change in behaviours or expectations from clients and so it is a moot point.

We feel that benefits to disclosure and investor transparency will occur outside of regulation, albeit the influence comes from regulations such as CSDR and the second Shareholder Rights Directive.

We are excited to explore how data and new technology—specifically DLT—can provide beneficial owner transparency and this forms a key area of focus for us; taking a common regulatory trend and developing a tangible solution which will benefit the client and us as the client's provider.

How are Deutsche Bank's new technologies helping with client account queries and balances?

Clarke: The first example to highlight this is our pioneering work on our chatbot 'Debbie'.

'Debbie' is an automated solution developed to provide client trade status information quickly, securely and accurately.

Launched in June last year, just a few months after discussions with the client began, 'Debbie' currently connects with the client's chatbot (for bot-to-bot communications) via the Symphony platform to help improve the client's and their clients' experience in gaining access to status information.

Secondly, in relation to account balances, we are currently working with clients for the exposure of cash balance data, and then subsequently securities data, via the open application programming interface.

Emma Johnson
Director, securities services
market advocacy
Deutsche Bank

Mike Clarke
Head of EMEA securities services
product management
Deutsche Bank

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Beyond subscription lines: fund financing trends spreading across the Atlantic

Zoë Hallam, senior counsel and funds finance specialist in the Guernsey team of Walkers, highlights developments in fund financing

When we talk about "fund financing", discussions tend to focus on subscription line facilities—the traditional "capital call" facility is the original cast member in an industry which has evolved and grown substantially over the last 15 to 20 years.

Data today suggests 90 percent or more of European closed-ended funds currently being established will intend to use a subscription line. This is a credit facility provided to predominantly closed-ended funds, including private investment funds, which is secured on the fund's ongoing rights to call for, and receive, capital from its investors—whether for short-term equity bridge financing, liquidity and cash flow management, or for other reasons.

Based on Q1 2019 figures released by the Guernsey Financial Services Commission, and applying the same growth across all four quarters, Guernsey could see 64 new closed-ended funds launching this year, 57 of which should be looking to put in place a capital call facility. As fund size grows, so too does facility size, and at a typical 35 percent loan-to-value we have seen revolving facilities in the global market in excess of $3 billion in recent years.

Beyond subscription lines, however, there is a range of other finance products being offered to funds (both closed and open-ended) by an increasingly diverse lender base. A net asset value, or asset-backed, facility will come into play when a fund has called down capital to make investments and can provide security for its borrowings over those assets, the holding vehicles for those assets or the income stream arising from those assets. Given that a fund may need a subscription line and a NAV facility, we now see several lenders offering a "hybrid" facility—taking security over capital call rights and, as uncalled commitments decrease and assets under management increase, taking security over the fund's underlying investments. This is a useful solution for those funds looking for a long-term facility from launch through to end of life.

And this market encompasses more than just fund borrowers. General partners are expected to have "skin in the game" and to make their commitment in cash, rather than through a waiver of their management fee, so there are opportunities for lenders to provide funding at the general partner level, security for which might be taken by way of an assignment of the general partner's right to receive the management fee and/or security over the account into which it is paid. Similarly, fund managers are increasingly looking to provide key employees with co-investment plan opportunities, whether by way of incentive or as part of the fund's succession planning strategy. The employee's investment into the fund can be leveraged and its limited partnership interest in the fund secured in favour of the bank or other financial institution. We have seen numerous such transactions in the US market for a number of the large private equity houses and the trend looks to be spreading into Europe.

The fund finance market has traditionally been a relatively small and relationship-driven sector. Low-interest rates and the perceived low credit risk of the products, among other factors, has resulted in rapid growth. The number and type of leverage counterparties available to funds and other borrowers in the market are at an all-time high, with the result that lenders will be vying to launch new products and structure innovative collateral arrangements. While competition among banks and alternative lenders (such as debt funds) increases, we have also noted the emerging presence recently of debt advisers into this sector, with approximately 10 active participants in the European market.

We will wait to see what impact this has on the industry, but it is clear that for Guernsey funds looking for leverage, the market is looking favourable.

Zoë Hallam
Senior counsel and funds finance specialist
Walkers Guernsey

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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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TriOptima

triResolve Margin

A recent case study highlights how triOptima has worked with an international corporate who decided to bring their margin functions in-house to improve its overall risk mitigation and reduce costs

Problem

In today's international business environment, a combination of a global client base and overseas operations requires the firm to be an over-the-counter (OTC) derivatives end-user. Since 2013, this has led to a need to meet a growing set of regulatory requirements, far outside their core business focus.

The firm was initially striving to meet regulatory requirements for portfolio reconciliation. Like many other corporates, these non-core business requirements were first dealt with at arms-length, by outsourcing the requirement to a service provider. While this enabled the firm to meet its baseline requirements, their experience was that this still created effort on their side to provide input when differences arose.

On top of the unexpected efforts, over time this created its own set of problems since they ran into challenges providing the necessary transparency to auditors to ensure they were regulatory compliant. Achieving the level of required compliance was found to be both a timely and manual process.

With the introduction of the uncleared margin rules the firm faced an expansion in regulatory requirements. They had the option to either pass this to their outsource provider or re-evaluate their ability to bring it in-house.

Solution

The firm decided to bring the portfolio reconciliation and margin functions in-house. This decision was reached as it was determined to be the best option to improve their overall risk mitigation and reduce costs.

They undertook a review of available vendor platforms and quickly selected triResolve Margin. They found it to be easy to use and fast to implement—critical factors for any organisation, but particularly important to a non-bank with a small staff.

On top of this, they found it gave them a fully integrated means of dispute resolution and would allow them to meet audit requirements using standard triResolve reports.

The triResolve service management team was able to help the client easily switch from their service provider to triResolve Margin. The team assisted the client with key transition tasks, including:

- Data mapping and setup of reconciliations versus counterparties
- Setup of collateral agreements
- Margin calculation testing
- On-boarding and connectivity to dealer counterparties in AcadiaSoft's MarginSphere

The switch from using a service provider to bringing in-house via triResolve was completed in days, and the triResolve team provided training and transition support for the entire process.

The key objectives for the client were reduction of cost and control over a growing set of processes; all of which they achieved quickly and efficiently.

Going forward they look to take advantage of standard triResolve Margin automation rules—enabling them to reduce manual effort and focus on resolving disputes.

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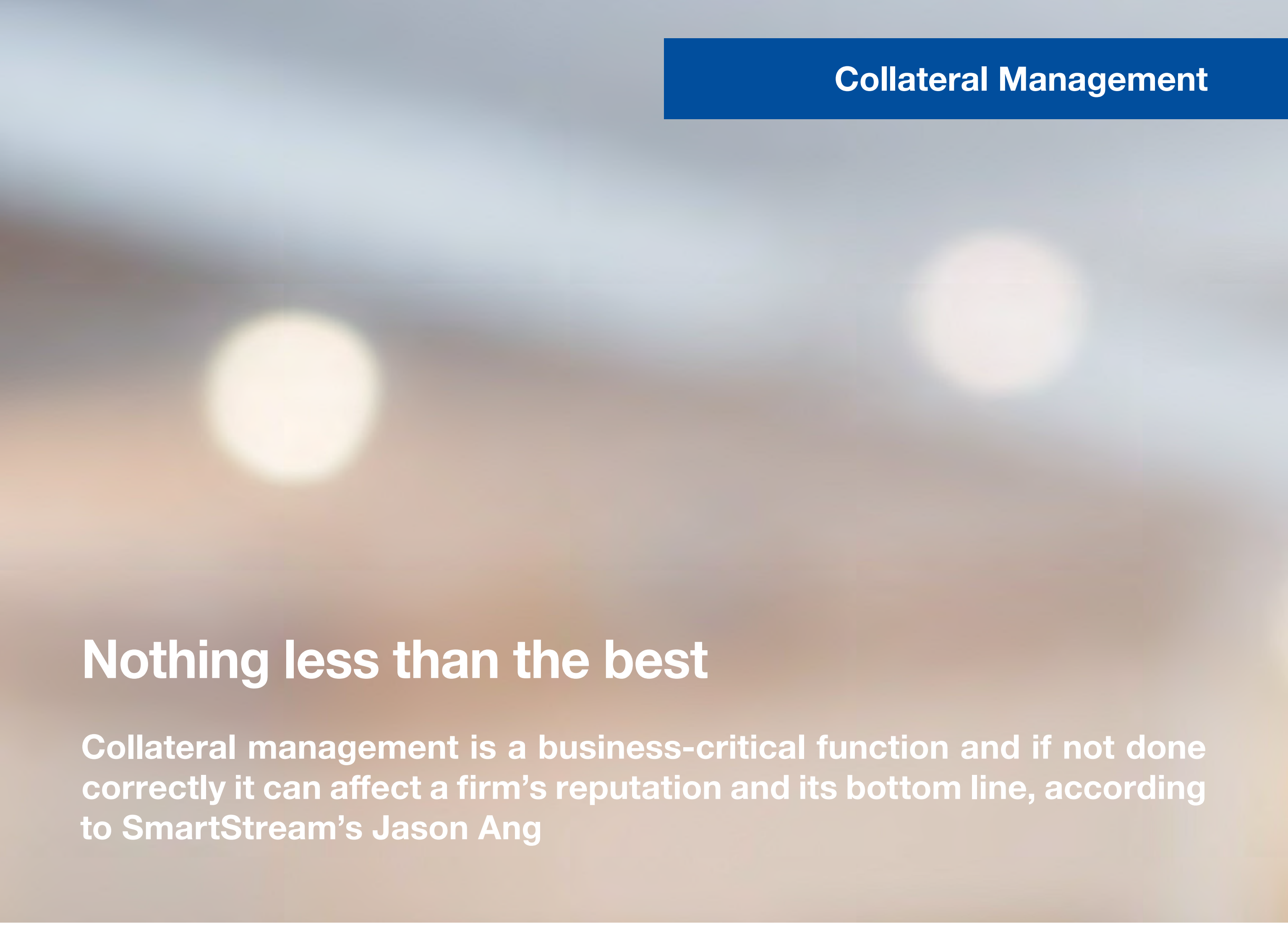

Nothing less than the best

Collateral management is a business-critical function and if not done correctly it can affect a firm's reputation and its bottom line, according to SmartStream's Jason Ang

In the current regulatory environment, it is essential that organisations have access to systems that address their needs across three key dimensions, namely proven and stable, secure and easily accessible.

In recognition of the above drivers, SmartStream has developed its Collateral software-as-a-service offering (SaaS) to address these specific challenges.

Proven and stable

The SmartStream Collateral solution has been developed with leading global financial institutions to provide industry-leading control, compliance and cost control. It is now available in the cloud with SaaS deployment. It continues to aid our clients to meet time-critical regulatory deadlines, but with reduced costs associated with hardware, maintenance, installation and upgrades. Clients will experience rapid implementation and upgrades while having access to Transaction Lifecycle Management (TLM) Collateral's proven best-in-class, feature-rich functionality. This includes end-to-end workflows and connectivity to handle not only the Uncleared Margin Rules (UMR) but also complex scenarios of regulatory arbitrage. Unlike the more traditional modes of deployment, this model is vastly cost-efficient to the end client.

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Rapid upgrades: TLM Collateral is developed using the agile methodology of software creation. As such, production-ready software is available every two weeks. However, we do not force our clients to take every upgrade as we understand that there is due diligence testing that our clients may need to do before taking an upgrade. Our clients can opt to take a release only when it suits them. TLM Collateral SaaS is fully aligned with our clients availability and timing.

QA testing as a service: The quality of our software is very important to us. We understand that software issues not caught during development can cause a lot of wasted time and disruption not only to our clients but to our process as well. We also have to maintain the confidence of the financial institutions that rely on us to ensure that they are in compliance with regulations. To that end, we use test-driven development as part of our agile process.

We run thousands of automated test every time our software is checked in, and we collaborate with our clients to incorporate their tests into our builds. Importantly, we publish those tests results to our SaaS clients so that they can see how things change, reduce their testing effort, and use it to satisfy their internal compliance needs. For clients who have more specific needs, we can supply personnel who can test on their behalf using their scenarios on their test data

shapes. Our clients benefit from our rigorous user acceptance testing (UAT) regime, which reduces internal costs, builds confidence, and shortens time to market.

UAT environments: We supply client-specific UAT environments where important data is not commingled. Clients can have access to our latest builds to test and see our latest software enhancements. These UAT environments allow clients to get first sight of what is going on, provide feedback and perform their own testing should they desire to do so. Given that the data again is stored in separate databases for each client, there is no risk of competitors accessing or accidently seeing that test data.

Support: The TLM Collateral Support members have been with the company for more than 10 years now and know our product and clients very well. They are able to help our clients with the software and be a conduit for new sources of functionality for our product managers. SmartStream has been providing SaaS on the cloud since 2009 and has a diverse international client base that includes investment banks, hedge funds, asset managers, service providers and retail brokers with users across the globe. We provide hosting that in various locations across the world so that we can comply with any local regulatory requirements. Our Singapore clients who are supervised by the Monetary Authority of Singapore can fully comply with local regulations to host within Singapore, whereas our European clients can fully comply with the General Data Protection Regulation requirements because we can host in Europe for them.

Leveraged expertise: SmartStream has an innovations lab which pioneers artificial intelligence (AI) and machine learning applications. TLM Collateral clients benefit from the innovative efforts of our data scientists as they collaborate with our product experts to bring online practical strategies for collateral management.

SmartStream is always looking at improving and incorporating innovative technologies and practices to improve the user experience and we envision ourselves as a company that continually invests to provide quality software for our clients.

Secure segregated data

In an effort to provide cloud-based solutions in a cost-effective manner, most cloud offerings take advantage of comingling data and consequently rely on inherent application and database security to protect the data assets of their customers. SmartStream has chosen a different approach for the collateral solution and intentionally segregates each client's data in a totally separate database. Our clients in the financial industry all understand the dangers of data breaches where proprietary data might be accidentally shared or seen by another party or competitor. SmartStream takes the security concerns of our clients as being paramount, particularly in light of recent breaches in comingled cloud incidents.

Security

The OnDemand (SaaS) team operate with a robust information security framework. They have intrusion detection systems, distributed denial of service protection, and all appropriate web application firewalls. Furthermore, each and every client instance is fully hardened and client's environments are regularly scheduled for penetration testing. SmartStream is ISO27001 certified. We also have SOC1 Type 2, SOC2 Type 2 and SOC3 certification and are compliant with the latest European Banking Authority regulation around the requirement to perform audits on the physical locations of the data centres.

We partner with AWS, the largest cloud services provider with the most mature product offering like AWS Shield and AWS Cloudwatch. This means we can offer instant scalability and active disaster recovery management. With our experience in cloud deployment comes robust business continuity planning procedures and disaster recovery tests which are run on a regular basis. Our data centre staff comprises of certified AWS practitioners with years of experience. Clients no longer have to worry about the daily management of the platform as that is transferred to SmartStream. SmartStream provides the management of the hardware, reduces the need for local DBAs, and reduces the need for application support personnel. All of this allows our clients to focus on running their business and revenue generation while they leverage our expertise to help lower costs and risk.

Easily accessible

By providing our solutions in association with AWS, we provide our clients with quick and easy access to an environment that satisfies their control, compliance and cost requirements. Furthermore, it gives access to a mature and battle-tested collateral system that meets all regulatory requirements and is connected seamlessly to the market

Connectivity: The collateral environment today requires connectivity to the whole OTC derivatives ecosystem. We partner with companies and service providers to provide agreement creation services, standard initial margin model and sensitivity calculation services, margin call messaging services, reconciliation services, and clearing services. We also have public application programming interfaces that enable our clients to seamlessly connect TLM Collateral to their upstream and downstream internal systems permitting essential straight-through processing and automation.

Compliance and UMR: TLM Collateral is up to date with all the required functionality for The Basel Committee on Banking Supervision and the International Organization of Securities Commissions Uncleared Margin Rules including Phase 5 and Phase 6. Our experienced product managers who comprise of former industry practitioners participate and speak at various working groups, industry conferences while soliciting feedback from both our buy and sell-side clients to build consensus around interpretation and execution of these regulations. The software has best in class workflows, as well as a sophisticated agreement warehouse allowing for complex variation margin and initial margin agreements with advanced eligibility and concentration limit features. Complex trade matching rules can be accomplished efficiently and templates of agreements can be stored to quickly onboard similar credit support agreements. TLM Collateral is not limited to uncleared over-the-counter derivatives, as we also support cleared derivatives, as well as repo and stock borrow loan. There are also advanced reporting and management information dashboard capabilities to help monitor and report externally and internally.

Don't settle for second best

Collateral management is a business-critical function. If not done correctly it can affect a firm's reputation and its bottom line. Firms should insist on the best. Do not accept commingled data. Do not accept poorly tested software. Do not accept forced upgrades. Furthermore, do not accept limited functionality, speak to SmartStream.

Collateral management is a business-critical function. If not done correctly it can affect a firm's reputation and its bottom line. Firms should insist on the best

Jason Ang
Collateral management solutions programme manager
SmartStream

Professional investor funds: Malta's niche market

The PIF rulebook is a product of Malta's homegrown regulation and an ideal solution for alternative fund managers falling out of the scope of AIFMD. Ivan Grech of FinanceMalta explains more

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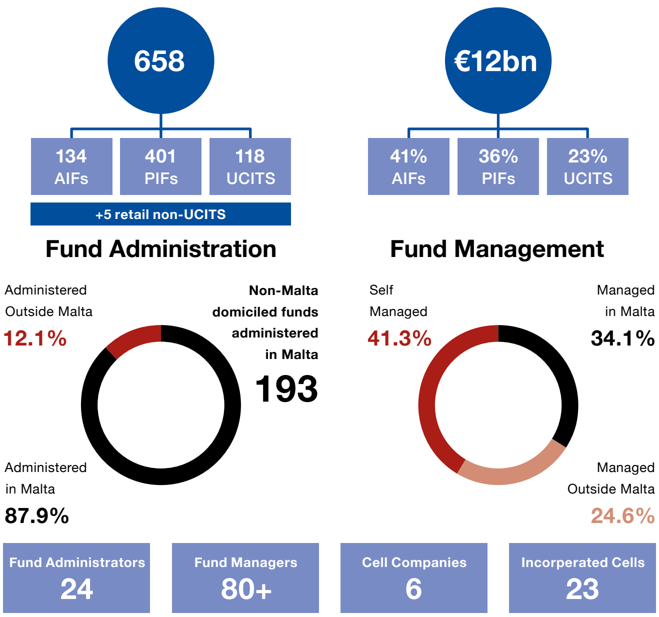
Not only is Malta bursting with rich history and culture, but the economy has also been and continues to grow rapidly. In fact, the country recently welcomed Fitch's outlook upgrade from stable to positive and its reaffirmation of the sovereign credit rating at A+.

The upgrade was attributed to the strong growth of the island's economy which has been steadily increasing at the highest rate among other countries in the EuroZone, and which growth is projected to be sustained.

The Maltese economy is built on a vast variety of sectors: from tourism to education, transportation and logistics to financial services, advanced manufacturing and more. The financial services sector is the fastest-growing of the local economy, registering a 9.5 percent growth over the last year, and accounts for 12 percent of Malta's GDP. Through time, Malta has gained international recognition as a world-class centre, attracting a number of industry players to set up operations. The funds industry, in particular, has grown considerably over the years.

Figure one: Malta's fund industry as of 31 December 2018



While the size of the funds industry may look like a mere drop in the ocean when compared to the likes of larger and perhaps more established jurisdictions, it is notable that the net asset value (NAV) of Malta-domiciled funds has continued to grow steadily at comparably higher rates in comparison with some other EU domiciles, even when some of such domiciles were experiencing declines in the total NAV of their investment funds. Looking at figure one, the most common investment fund type to be registered in Malta is the professional investor fund (PIF), representing just over 60 percent of local investment funds in terms of the number of funds, yet a lesser 36 percent in terms of total NAV.

The private investment funds (PIFs) rulebook is a product of Malta's homegrown regulation and an ideal solution for alternative fund managers falling out of the scope of the Alternative Investments Fund Managers Directive (AIFMD). When the AIFMD was implemented, Malta did not simply replace the old with the new, but rather, while being among the first jurisdictions to implement the directive, retained an attractive space for de minimis alternative fund managers with much less onerous requirements than stipulated within the European directive.

This rulebook coupled with a variety of other desirable other factors has established Malta as an ideal niche alternative fund domicile of choice, particularly attractive to the small-to-medium-sized fund managers. Apart from the flexible and less restrictive PIF rulebook, the island boasts a number of other advantages that make it the destination of choice for a large number of fund managers. Be it the time-to-market considerations, the cost-effectiveness in terms of both setup and operational running costs, the can-do mindset of the industry, the approachability and pro-business approach of the single regulator: the Malta Financial Services Authority (MFSA), and the presence of a large number of high-quality service providers.

So, what exactly are PIFs and what makes them so attractive?

PIFs are a type of alternative investment fund (AIF) of which managers fall out of the scope of the AIFMD, and such funds are thus less than €100 million in size—or €500 million if unleveraged, and with a minimum lock-in period of five years. PIFs may be promoted to "qualifying investors", as defined in the PIF rulebook and have a minimum entry threshold per investor of €100,000, or the fund's currency equivalent.

In terms of regulation, PIFs are subject to a lighter and more flexible regime than full-scope AIFs, in that there are no leverage restrictions, no investment restrictions and no portfolio diversification requirements. In terms of the depositary, the appointment of such an entity is not a requirement for PIFs, but rather adequate safekeeping arrangements suffice. The type of adequate safekeeping arrangements will be determined by the type of assets held by the fund. For instance, while cash is a bankable and not a custody asset, other financial assets such as bonds or equities would require the appointment of a suitable entity (not necessarily based in Malta) such as a bank or a prime broker for the safekeeping of said assets and the execution of trades. If on the other hand, the fund invests in non-financial assets such as real estate for instance, then here the contracts would be held for safekeeping either at a notary's office, or a lawyer's office, or the SICAV's office or even the manager's office.

In terms of the management of PIFs, such funds can host all alternative strategies, from hedge funds to private equity, to real estate, high-frequency trading strategies, and distressed debt, among others. Furthermore, PIFs can either be set up as a third-party managed fund, with the appointment of an external fund manager, or as a self-managed fund with or without delegation.

How does it work?

Figure 2: Third-party managed PIFs

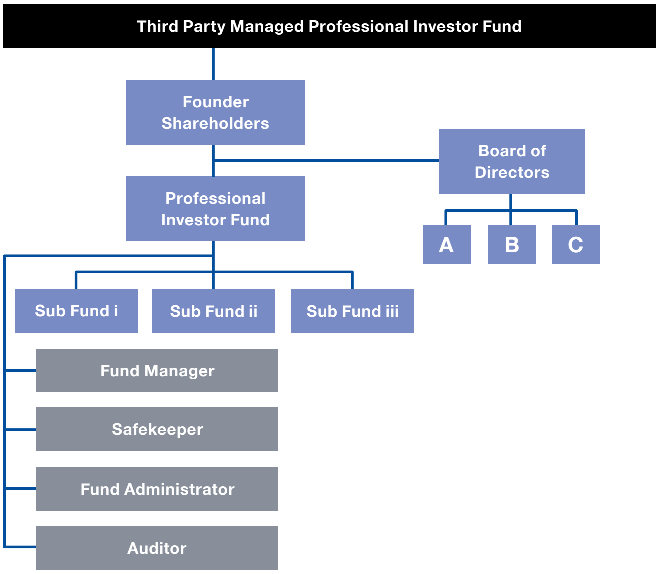
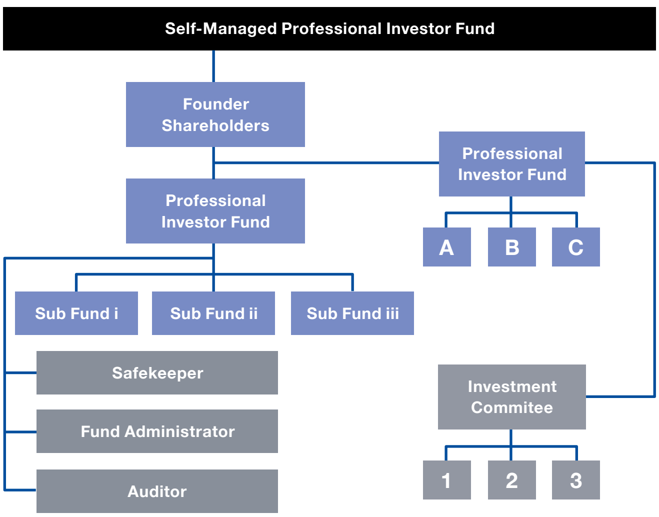


Figure 3: Self-managed PIFs



Funds in Malta, including PIFs, can be set up under various legal forms, the most common of which being the SICAV—an investment company with variable share capital. Both third-party managed and self-managed funds must have at least two founder shareholders who must be physical or corporate persons and will collectively hold, although not necessarily in equal portions, 100 percent of the voting rights of the SICAV.

The board of directors must be composed of at least three members, one of whom is to be based locally. Generally, the locally-based director would also cover the roles of money laundering reporting officer (MLRO) and compliance officer. One of the directors must also be independent and non-executive which means that such member may not be involved in the investment management or any other role on the scheme, including MLRO or compliance officer. In the third-party managed structure, the fund manager must, of course, be a de minimis manager, thus falling out of the scope of the AIFMD, and will assume the role of investment manager carrying out the day-to-day investment management activities with respect to the funds. Should the manager wish, an investment advisor may be appointed to advise with respect to investment, divestment and reinvestment?

Within the self-managed structure, on the other hand, the fund itself would act as its own manager by way of an investment committee appointed by the board of directors. Such investment committee would need to be composed of at least three members, one or more of which could be in common with the members of the board of directors, so long as the functions are non-conflicting.

Within the investment committee, two members must be appointed as portfolio managers: the main portfolio manager and a back-up. The role of the portfolio manager is to handle the day-to-day investment management decisions, although such function may be delegated to a third-party manager.

As for the fund administrator of both the structures mentioned above, as well as all other fund typologies and forms which may be set up in Malta, BOV Fund Services, Malta's leading fund administrator and a fully-owned subsidiary of the Bank of Valletta, Malta's largest banking group, is well-positioned to provide its suite of services in terms of both fund and fund management formation solutions on a turnkey basis as well as the ongoing administration covering core fund administration and ancillary services. Being local pioneers in fund administration, BOV Fund Services has the necessary skills and experience to be able to provide funds within a myriad of specialised services, allowing fund managers to focus on their core business.

Ivan Grech
COO
FinanceMalta

Fund administration offering

Kelly Ashe of Pacific Fund Systems discusses what its PFS-PAXUS system has to offer

Pacific Fund Systems (PFS) is a privately-owned technology company that develops, distributes, supports and now hosts a ‘one-stop-shop’ software solution for the automation of the complete range of back-office fund administration services to investment funds; focusing on an alternatives market that accounts for approximately $7 trillion in assets invested globally.

PFS’ core product is the award-winning PFS-PAXUS system; an established market-leading product that supports wholesale fund administration as well as the administration of all types of open and closed-ended, traditional and alternative funds, including retail funds, hedge funds, and private equity investment vehicles.

PFS-PAXUS is a proven global technology solution for the fund administration industry that enables automation across the full spectrum of fund administration tasks on a single fully integrated platform.

With an extensive range of functionality, combined with advanced reporting abilities and comprehensive regulatory coverage, PFS-PAXUS equips fund administrators with a complete back-office administrative solution for fund accounting, portfolio valuation, fund pricing and shareholder recording keeping on a single, fully integrated system.

PFS-PAXUS provides a vast range of administrative efficiencies in net asset value (NAV) valuation and calculation, shareholder registration and transfer agency and compliance reporting for funds. PFS-PAXUS incorporates essential controls to manage operational risk and support compliance with global regulatory requirements, such as the Foreign Account Tax Compliance Act and common reporting standard (CRS) reporting obligations.

For private equity funds PFS-PAXUS fully supports the entire closed-end fund lifecycle, from initial commitment, to draw-downs and right through to final distribution, including equalisation and re-balancing, enabling new investors from subsequent capital closings to commit to and invest into a closed PE vehicle which has existing investors.

All accounting processes are integrated within the PFS-PAXUS general ledger for financial reporting and accounting audit trail.

PFS-PAXUS calculates all partner economic allocations, including re-allocation of management and incentive fees to the general partner, and calculates management fees for multiple classes of investors.

A functionally rich transfer agency module supports the complex partner and commitment structures that exist, and automatically generates all limited partner correspondence, including capital call letters and statements, to each limited partner as required.

PFS-PAXUS provides this all-encompassing solution at the highest levels of functionality and at a highly competitive price point, which is proven to empower our clients to increase profitability while exceeding the expectations of their underlying clients.

PFS-PAXUS offers a truly unique and revolutionary proposition in the niche financial services sector of fund administration, by integrating all of the fund administration processes that are normally performed on multiple systems on to one single ‘one-stop-shop’ solution with all components of the system consolidated within the multi-currency general ledger.

PFS-PAXUS has been designed from the ground up to automate detailed complex requirements of all fund types and asset classes—from single-asset private vehicles, to fully retail schemes dealing in listed assets with thousands of investors, to myriad alternative investment strategies including hedge funds, fund of funds and private equity vehicles.

PFS-PAXUS introduces a vast range of administrative efficiencies, including tangible and immediate benefits that reduce the risk of error, resulting in faster and more accurate completion of fund valuations and processing of shareholder transactions by its users, offering fund administrators a simplified technical landscape and the ability to administer both simple and complex investment structures while vastly reducing operating costs. PFS-PAXUS is also complemented by PFS-CONNECT, a cutting-edge web portal software that enables PFS' clients to provide their fund clients and the fund's underlying shareholders with a fully web-enabled reporting and transactional tool, allowing the fund managers and their investors to self-service and access their fund data securely in their own time.

PFS-CONNECT also allows investors and intermediaries to trade funds online and to upload investor anti-money laundering and fund documents, providing clients with the tools for efficient, paperless shareholder transactions saving time, expense and removing the possibility of reinput errors.

PFS-PAXUS is exceptionally quick and simple to deploy and can be implemented in-house on-premise, or on a private or third-party hosted cloud platform.

Alternatively, PFS-PAXUS is also available as a complete software-as-a-service (SaaS) solution with full hosting services included with PFS-CLOUD.

PFS-CLOUD allows PFS clients to benefit from all of the functionality that PFS-PAXUS and PFS-CONNECT have to offer, without any of the IT overheads. PFS-CLOUD provides this at a lower cost and without any of the burdensome IT and business overheads which are inevitable when clients self-host a sophisticated system like PFS-PAXUS.

PFS-CLOUD includes infrastructure management, optimised cybersecurity and real-time backup of data for immediate failover reactivation in the event of a disaster recovery situation. PFS-PAXUS' client base includes some of the world's largest fund administration firms administering thousands of funds around the world.

PFS was formed with one objective in mind—to build an all-encompassing, dedicated fund administration solution to form the backbone of any fund administration service providers' business. PFS-PAXUS provides this all-encompassing solution with the highest levels of functionality and at a highly-competitive price point which is proven to empower our clients to increase profitability while exceeding the expectations of their underlying clients.

Since its incorporation nearly 20 years ago, Pacific Fund Systems has continued to grow year-on-year and offers new and existing clients a long-proven track record of maintaining stable and current software functionality, supporting fund administrators who wish to offer a premium service to fund managers across the globe.

We pride ourselves on having a personal connection with our clients by providing tailored support and advice and aim to always go the extra mile to meet and exceed their exacting demands.

Pacific Fund Systems in numbers:

- *20* years of stable development and ever-increasing functionality
- More than *85* clients operating in *over 30* countries
- Over *10,000* live funds on PFS-PAXUS
- Over *$600 billion* assets under administration on PFS-PAXUS
- Over *2,000* individual users of PFS-PAXUS
- More than *1,000,000* prices processed per week on PFS-PAXUS
- Over *2,000,000* individual shareholder records maintained on PFS-PAXUS

PFS-CLOUD allows PFS clients to benefit from all of the functionality that PFS-PAXUS and PFS-CONNECT have to offer, without any of the IT overheads

Kelly Ashe
Head of sales and marketing
Pacific Fund Systems

Substance and stability

In a difficult political climate and Brexit on the horizon, Dominic Wheatley of Guernsey Finance explains how the island's funds industry is positioning itself for growth

The funds servicing sector has been transformed over the past couple of years with key issues of substance, stability and service converging, and driving the factors of locational preference for fund managers.

Research carried out by Guernsey Finance has shown that complexity, technology and global uncertainties are combining to hone managers' focus on cost, service and jurisdictional substance.

Guernsey has long offered a stable and secure base from which to operate—politically secure and physically stable—with the infrastructure and resources to ensure the highest levels of service quality.

The island has more than 50 years of experience in investment funds and is a specialist in servicing private equity structures. The island has a comprehensive infrastructure of professional firms capable of providing all the services required by an investment manager.

Throughout last year, focus in Guernsey was on satisfying the requirements of the EU Council's Code of Conduct Group on Business Taxation over substance, which was achieved earlier this year, with confirmation from the European Council of Finance Ministers (ECOFIN), that we had satisfied its specific economic substance requirements for entities operating in or through the jurisdiction.

As a result, Guernsey was reaffirmed as a cooperative jurisdiction in terms of good tax practice and transparency, which, as some competitor jurisdictions failed to pass the test, was a boost to our global competitiveness.

The outcome of the process was formal recognition that Guernsey meets the international standards of tax transparency, principles of fair taxation, and is committed to fighting base erosion and profit shifting, and also addresses any concerns that profits were not commensurate with actual economic substance on the island.

This should be seen as a further indication of our ongoing commitment to meet international standards not just in tax, but also in regulation, transparency, and the fight against money laundering and the funding of terrorism.

Fund structures and jurisdictions are evolving but we remain confident that Guernsey has many positions covered.

Although the direct impact of Brexit on Guernsey is expected to be minor—the island is not part of the EU and never has been, sitting outside as a so-called "third country", as the UK will become after 31 October—we do expect to see opportunity emerge through the initial uncertainty as managers and their advisers see certainty in Guernsey's position and continuing market access.

Guernsey has also seen an uplift in business flows over the past 18 months or so. The launch of the Guernsey Green Fund, a world-leading regulated green fund product for Guernsey-based structures, was one catalyst, while the island's relative immunity to Brexit

was another, as managers came to realise that Guernsey's access to fundraising in Europe through the National Private Placement Regime offered the opportunity to access European capital, irrespective of Brexit.

The National Private Placement Regime is still working for European fundraising and is proving particularly attractive to the US market, offering an efficient and effective way in for managers who do not feel they have fully tapped into European capital.

The US is increasingly a target market for the Guernsey funds industry, as US managers take a wider look at what is available to them around the globe, inspired, in part, by the outcome of the OECD's BEPS project and the substance process with the EU.

Portfolios which have moved to Guernsey have been impressed by high standards of service delivery and a desire to innovate to serve the client better.

Guernsey continues to be a focus for private equity and infrastructure investment, and remains the premier jurisdiction outside of London for listings on the London Stock Exchange.

In terms of future service provision, we expect fintech and regtech to play an enhanced role in the island's financial services industry, and in an environment which encourages innovation, both in fund structures and investment strategy, we can be sure that Guernsey will not stand still, but will remain ready and able to prove that it is a jurisdiction of substance and stability.

The US is increasingly a target market for the Guernsey funds industry, as US managers take a wider look at what is available to them around the globe

Dominic Wheatley
Chief executive
Guernsey Finance

Upcoming Events

23-26 September 2019

SIBOS 2019

London, UK

sibos.com

26-27 September 2019

International Collateral Management Forum

Vienna, Austria

ict-solutions-hu.com

14-16 October 2019

FundForum Asia 2019

Hong Kong

finance.knect365.com/fundforumasia

21-22 October 2019

The Network Forum - Middle East Meeting

Muscat, Oman

thenetworkforum.net/middleeast2019

Comings and goings at Ipes, J.P. Morgan, BNY Mellon and more

Chris Merry has left his role as CEO at Ipes, where he has worked for the last five years.

Based in London, Merry has joined Stonehage Fleming, replacing Giuseppe Ciucci.

Ipes manages in excess of $165 billion assets on behalf of a client base from offices in Cork, Guernsey, Jersey, London and Luxembourg.

Merry also worked as CEO of RSM Tenon from 2012 to 2013.

J.P. Morgan has appointed Beth Sullivan as head of North America middle-office services.

Based in Boston and reporting to Scott Bevier, global head of the middle-office services business, Sullivan will be responsible for driving the growth of the middle-office services business.

Sullivan joins from State Street where she served as senior vice president of global technology services. Prior to that, Sullivan was responsible for strategic development and technology delivery for the alternatives investments division, also at J.P. Morgan.

In addition, J.P. Morgan has appointed Simon Hirtenstein as head of middle-office strategy and delivery. Hirtenstein was previously partner and director at Perspextive Consulting.

Scott Bevier, global head of the middle-office services business, said: "As we continue to build our middle-office outsourcing platform and capabilities, Beth Sullivan's wealth of experience and proven track record of delivery on forward-thinking, transformative programmes, will help drive our business expansion and growth."

SS&C Technologies Holdings has appointed Ken Bisconti and Bob Petrocchi as co-heads of SS&C Intralinks.

Bisconti and Petrocchi will be responsible for guiding SS&C Intralinks through the next phase of its growth in global banking, dealmaking and capital markets communities.

Bisconti, who joined SS&C Intralinks in 2017, was formerly chief product officer, while Petrocchi has worked as chief revenue officer since December 2017.

In addition, Leif O'Leary, senior vice president and general manager, will be leaving the company at the end of September.

Bill Stone, chairman and CEO of SS&C Technologies, said: "We are confident that Ken Bisconti and Bob Petrocchi will help the business grow and bring value to our customers and shareholders. We also wish Leif O'Leary well and thank him for his contribution."

Bisconti commented: "As a member of the SS&C family, we are better positioned than ever to help our customers succeed by continuing to build out a cutting-edge portfolio of leading software as a solution offerings around secure content sharing across boundaries."

Petrocchi said: "I am honoured to be able to work with Ken Bisconti and the rest of the SS&C Intralinks team to usher in a new era of growth, innovation and customer value."

BNY Mellon Asset Servicing has appointed Greg Kok and Robert Burchett-Coates to its Europe, Middle East and Africa private markets team.

Based in Luxembourg, Kok joins BNY Mellon as director, private equity, real estate, debt and infrastructure from Maitland, where he was head of management company services.

Kok previously worked for FundRock Group and Franklin Templeton in multiple operational, risk and portfolio management roles within the alternatives sector.

Based in London, Burchett-Coates joins BNY Mellon as director, private equity, real estate and infrastructure.

Burchett-Coates has more than 15 years' experience in fund services, including roles at Deutsche Bank, Man Group and J.P. Morgan.

Both Kok and Burchett-Coates will report to Brian McMahon, managing director and alternative investment services business development executive.

Ileana Sodani, head of international sales at BNY Mellon Asset Servicing, said: "Greg Kok and Robert Burchett-Coates each add demonstrable depth to our private markets team in both product expertise and market knowledge, reflecting our continued commitment to strengthening our coverage team to include individuals who are respected subject matter experts."

Gregory Knipping is to leave the European Stability Mechanism (ESM) as lead senior back-office officer after seven years at the company.

At ESM, Knipping was responsible for designing and building the back-office from scratch for investments funding and lending activities as well as designing and implementing the back-office operating model and operational processes.

Prior to working at ESM, Knipping was a collateral management expert at the National Bank of Belgium, working on the CCBM2 project from 2011 to 2012. He also worked as a financial operations expert at the European Central Bank from 2009 to 2011. **AST**

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