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Will there be light at the end of the tunnel?

Causing a devastating impact globally, the COVID-19 pandemic has put a massive strain on the economy but only time will tell on the long term effects

Kevin Walkup: COVID-19 pandemic shows importance of data operations

The COVID-19 pandemic has shown the importance of data operations and transparent communications in the financial services industry, according to Kevin Walkup, president and COO of Harmonate, a data services firm.

Walkup noted that these lessons can help "fight panic exacerbated by conspiracy fears", particularly for "asset managers that need trust almost more than anything else right now".

He said that in light of the current pandemic, data is in "hot demand", but if it's poorly organised and shared inconsistently, "fear of the unknown is tipped too close to panic – the same thing can happen to asset managers".

In the asset and wealth management world, Walkup said that providing clients and investors with dashboards has been avoided until recently.

He explained: "The fear has been if investors get too much information in real time, they are more likely to try to grab the steering wheel from the back seat and make shortsighted decisions. That is a valid fear, but opaque and limited information is worse."

Walkup highlighted that private fund fragility includes not being able to quickly pin down where financing and funds are, and document it.

He observed: "Untangling complex mortgage vehicles, as the Great Recession taught, requires traceability and rewarding investors with an automated system that allows them to be in control and secure in their relationship with asset managers. This is not a market in which to rely on Excel and tailored macros that may propagate errors with cutting and pasting. Nor will allocators tolerate a lack of traceability while waiting days or weeks to understand their exposures."

He added: "What data operations infrastructure is in place now, and how dependable it suddenly matters a lot more than it did a few weeks ago."

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W: www.assetservicingtimes.com
T: @ASTimes_

Editor: Becky Bellamy
beckybutcher@blackknightmedialtd.com
+44 (0)208 075 0927

Reporter: Maddie Saghir
maddiesaghir@blackknightmedialtd.com
+44 (0)208 075 0925

Contributor: Maria Ward-Brennan
mariawardbrennan@blackknightmedialtd.com

Designer: James Hickman
jameshickman@blackknightmedialtd.com
+44 (0)208 075 0930

Publisher: Justin Lawson
justinlawson@blackknightmedialtd.com
+44 (0)208 075 0929

Office Manager: Chelsea Bowles
accounts@blackknightmedialtd.com

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BNP Paribas acquires Banco Sabadell's depository banking business

BNP Paribas Securities Services has signed an agreement to acquire the depositary banking business of Banco Sabadell, the fourth-biggest banking group in Spain. The acquisition of the depository banking business represents €22 billion in assets under depositary, according to BNP Paribas Securities Services.

The deal is set to close in Q2 2021 and is subject to customary conditions, including regulatory approval.

Soledad Lecube, head of BNP Paribas Securities Services Spain, commented: "The acquisition of Sabadell's depositary banking business consolidates our position as a leading asset servicing provider in Spain, where we are the first depositary bank for independent asset managers."

Lecube added: "It is part of our strategy to develop our network in targeted markets in Europe and globally."

State Street to provide ETF services to American Century Investments

State Street has been appointed as exchange-traded fund (ETF) servicing agent for American Century Investments and first authorised participant representative (APR) for American Century Investments' new range of semi-transparent, actively managed ETFs.

American Century Investments is the first asset manager to receive regulatory approval for two investment strategies focused large cap value and focused dynamic growth, both of which will be available through ActiveShares, its semi-transparent active ETF vehicle.

As part of the agreement, State Street will provide services including basket creation, dissemination, settlement, custody, fund accounting, order-taking, financial reporting and transfer agency services to American Century Investments' new suite of funds.

State Street, through its affiliated broker dealer within its global markets division, will also serve as the first APR in the ActiveShares ecosystem.

The APR is a "new and pivotal role", serving as an agent for the execution of the underlying confidential portfolio holdings, and standing in between the authorised participant and the investment manager to protect the confidentiality of the portfolio holdings, according to State Street.

Meanwhile, American Century Investments will utilise Precidian Investments' ActiveShares methodology, allowing the firm to deliver its actively-managed investment strategies in ETF

JTC to acquire US fund admin business

JTC, a speciality fund administrator, has agreed to acquire the US-based fund administration business NES Financial (NSEF).

Nigel Le Quesne, CEO of JTC, [pictured above] explained that the US is a "key growth market" for the group and NSEF is the "perfect partner and platform" to drive the strategic expansion of JTC's institutional client services (ICS) division and in particular its US fund administration business.

NSEF, founded in 2005, has 58 employees who will all join JTC, delivering services from Boston, Massachusetts, where its fund administration operation is based and San Jose, California, which is the company's corporate headquarters and technology development centre.

Additionally, Michael Halloran, the founder and also chair and CEO of NESF, will become JTC's global head of technology strategy and join the firm's group holdings board, the senior executive board of the company.

Halloran said: "We believe that fund administration can be transformed through a combination of technology, domain expertise and business process. In JTC we have found a partner that shares this vision and has the experience, expertise and passion to pursue it."

The acquisition of NSEF will also add to the firm's technology capabilities, initially helping to drive service innovation, organic growth and operating efficiencies, within the ICS division and over time, across the group.

Le Quesne added: "We are delighted to welcome our new colleagues, clients and partners to the group and are excited for the future potential of this strategic acquisition."

vehicles without the daily holdings disclosure requirement of fully transparent ETFs.

Frank Koudelka, global ETF product specialist at State Street, commented: "The approval of semi-transparent ETFs opens a whole new category of opportunity for active managers and investors."

"We are delighted to be working with American Century Investments on this unique offering and look forward to using our extensive experience, expertise, and innovative ETF servicing technology to support the firm with this exciting new product."

Ed Rosenberg, senior vice president and head of ETFs for American Century Investments, added: "We believe that semi-transparent ETFs expand the opportunity set to managers and strategies that had previously not been available, providing additional choices for investors."

BNY Mellon expands ETF partnership with USCF

BNY Mellon has been appointed by United States Commodity Funds (USCF) to provide exchange-traded fund (ETF) services, including serving as its custodian, fund accountant and administrator and transfer agent. USCF specialises in commodity and alternative exchange-traded products (ETPs).

BNY Mellon noted that in addition to its core offerings, it also provides ETF and asset manager trading, collateral, funding, liquidity management, ETF access and distribution strategies.

John Love, president of USCF, said: "We were impressed by BNY Mellon's technology

SimCorp collaborates with buy-side firms to launch data service

SimCorp has launched Datacare, a new managed data service, in collaboration with buy-side firms, including Zurich Insurance.

The front-to-back solution, which was developed with several buy-side institutions within the SimCorp Gain client community, will provide best practice guidance and change management support.

SimCorp explained that it will help customers to get a true handle on the volumes of data they hold and stay on top of any industry, regulatory and market data changes that may impact their business operations.

As a result, firms will benefit from improved operational agility, reduced costs, and will also be "empowered with an analytical tool for alpha generation", according to SimCorp.

Michael Kopf, COO of the investment management function of Zurich, commented: "By having a trusted service provisioning day-to-day, standardised, but critical externally sourced data, we can now focus our resources on advanced data-driven opportunities for Zurich's Investment Management. As SimCorp rolls Datacare out and builds a community of clients on the platform, we are confident that we will achieve the scale and outcomes desired, which we could not have achieved on our own."

Josef Sommeregger, managing director for SimCorp Gain, cited: "By channelling into our clients' operations and closely understanding and addressing the day to day data challenges they face, we believe Datacare can make a significant impact, eliminating the data headache that has persisted in buy-side investment operations for so long."

offerings and cost-effective services. We are excited to leverage the BNY Mellon enterprise as we enter our next phase of innovation and growth."

Jeff McCarthy, global ETF product head, BNY Mellon asset servicing, added: "BNY Mellon is focused on delivering digital exchange-traded product solutions aimed at driving efficiencies across the ecosystem and working closely with our partners to develop long-term solutions for the industry. We are honoured to have USCF appoint BNY Mellon as a trusted partner to help execute their strategy."

Apex launches digital banking platform

Apex Group has launched a digital bank and onboarding platform via subsidiary European Depositary Bank (EDB).

EDB's digital banking solution will remove the need for asset managers, special purpose vehicles, family offices, corporate firms and trusts to provide physical document copies or the need to send information via mail.

The platform will allow clients to benefit from an integrated platform, innovative security technology in the know-your-customer (KYC) process and a paperless process.

It also noted that a payments platform would be added later this year.

Meanwhile, the new launch will also allow Apex to process and open bank accounts in Luxembourg, subject to the client's completion of all KYC checks.

According to Apex, launches in Ireland and the UK are set to follow shortly as the group set its sights on a global rollout of the solution over 2020.

Peter Hughes, founder and CEO of Apex, commented: "The launch of our digital bank brings game-changing capabilities to the asset management space; it means we can deliver a virtual solution for our client's banking and onboarding requirements and expedite the process significantly."

David Rhydderch, global head of financial solutions at Apex, added: "The financial solutions arm of the Apex Group is a key component of our single-source offering and EDB is a critical part of that solution; delivering depositary, custody, foreign exchange and bank accounts."

"The launch of our digital banking platform is an exciting moment for the business, enabling a fully digitised experience for both onboarding and bank account opening which will be transformational in terms of streamlining critical processes for our clients."

The Institute of Banking creates Funds Advisory Board

The Institute of Banking, a professional network of 33,400 members who work in banking and international financial services sector, has created a funds advisory board.

The board aims to help guide the Institute of Banking as it develops its offering for the funds sector, including material relevant to the new designation for the funds industry, the Accredited Funds Professional.

Members of the board include Irish Funds' CEO Pat Lardner, Eoin FitzGerald from Brown Brothers Harriman, Noel Gavin from Northern Trust, Paula Kelleher from BNY Mellon, and Paul Kilcullen from Citi.

Additionally, Sinead Mc Shane from State Street, Peter O'Donohoe from MUFG Investor Services, Richard Wane from Vanguard Group, and Fearghal Woods from J.P. Morgan, and Mark Fitzgerald, are set to join.

The Institute of Banking was founded in 1898 and is one of the oldest banking institutes in the world.

Banque de France calls for applications for digital euro experiment

The Banque de France is calling for applications to experiment with the use of digital euro issued for interbank settlements.

According to the bank, the aim of this initiative is to explore the potentialities offered by technology and identify concrete cases integrating central bank digital currency (CBDC) in innovative procedures for the clearing and settlement of tokenised financial assets.

The bank suggested that the experiments are not set to replace the two existing forms of central money, banknotes and coins.

It explained that the experiment is to identify how innovative technologies could improve the efficiency and fluidity of payment systems and financial infrastructures, allowing a better financial sector to ensure the "smooth financing of the economy".

The experimentation has a threefold objective, including showing how 'traditional' interbank settlement could be carried out using CBDC based on different technologies.

Additionally, the experiment is set to identify the benefits of CBDC for the current ecosystem of market and payment infrastructures, such as productivity gains, and understand how CBDC could foster financial innovation.

Another objective is to analyse what the effects of introducing a CBDC would be on financial stability, monetary policy and the regulatory environment.

The bank commented: "The results of these experiments will be a key element of the Banque de France's contribution to a broader reflection conducted by the Eurosystem on the potential implementations of a CBDC. Indeed, any decision to create a CBDC is a matter for the Eurosystem. Consequently, the Banque de France does not intend to perpetuate or conduct such experiments on a widespread basis."

However, on this point, Richard Byworth, CEO of Diginex, noted that a "Eurozone CBDC solution may not be such a remote possibility, with Christine Lagarde, an advocate for CBDC exploration taking the helm as head of the European Central Bank in November of last year."

Speaking on the developments at the Banque de France, Byworth added: "These developments clearly signify France's ambition to establish itself as a central player in the fintech and digital economy race, and as the highest-profile Eurozone member to launch a CBDC request for proposal, it is certainly in good stead for this."

The concept of CBDC has been percolating within the walls of central banks across the world for some time, according to Byworth, but the Bank of England and Banque de France are both yet to explicitly specify whether they envisage employing decentralised ledger technology in their perspective efforts.

Byworth noted: "Up until now, the implementation of a CBDC was perceived as something interesting to explore with much theoretical potential, and northward of 50 nations have announced their active investigation of the concept, with some rolling out pilots and filing patents."

He added: "Indeed, a study by the Bank for International Settlements found that 80 percent of central banks are engaged in some form of CBDC work, with 10 percent expecting to issue their own within three years. At present, central-bank issued money can only be held in the form of coins and notes. A CBDC could be designed to function as a new form of money, issued by the central bank and interchangeable with current forms, which would offer citizens and businesses a new mode of receiving and sending payments."

The submission deadline for digital applications is 15 May 2020 at 3pm and the selection of applications will be 10 July 2020.

ESMA issues guidance on performance fees in UCITS

The European Securities and Markets Authority (ESMA) has provided final guidance on performance fees in investment funds, applicable to UCITS and certain types of alternative investment funds (AIFs), in order to ensure a "level playing field and a consistent level of protection to retail investors".

According to ESMA, the guidelines are set to help fund managers when designing performance fee models for the funds they manage, including the assessment of the consistency between the performance fee model and the fund's investment objective, policy and strategy, particularly when the fund is managed in reference to a benchmark.

The EU's securities markets regulator highlighted that the guidelines aim to harmonise the way fund managers charge performance fees to retail investors, as well as the circumstances in which performance fees can be paid.

The common requirements will allow convergence in how national competent authorities (NCAs) supervise performance fees models and disclosure across the EU.

ESMA said: "Ensuring greater supervisory convergence regarding performance fees in funds marketed to retail investors is an integral part of ESMA's broader efforts on the cost of retail investment products."

The guidelines will now be translated into the official EU languages and published on ESMA's website. ESMA said the publication of the translations will trigger a two-month period during which NCAs must notify ESMA whether they comply or intend to comply with the guidelines.

BCBS/IOSCO extend deadline on final phases of UMR

The Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) have agreed to extend the deadline for completing the two final implementation phases of the margin requirements for non-centrally cleared derivatives by one year.

The deferral is in response to the worldwide market disruption brought on by the coronavirus pandemic.

In light of the current business pressures on in-scope entities, the decision has been made to provide additional operational capacity for firms to respond to the immediate impact of COVID-19 and facilitate covered entities to act diligently to comply with the requirements by the revised deadline, BCBS/IOSCO said in a statement.

The extension confirmation comes shortly after the International Swaps and Derivatives Association (ISDA) wrote to BCBS/IOSCO on behalf of its members and those of many of 21 other associations to request the implementation timeline of the Uncleared Margin Rules (UMR) to be reviewed.

Under the new timeline, the final implementation phase will take place on 1 September 2022. Under the revised deadlines, covered entities with an aggregate average notional amount of non-centrally cleared derivatives above €8 billion will be subject to the requirements on 1 September 2021.

"We greatly appreciate the decision by the BCBS/IOSCO to defer implementation of phases five and six of the initial margin requirements," said Scott O'Malia, ISDA's CEO.

"This will enable the hundreds of buy- and sell-side firms that would have come into scope to focus their resources on ensuring business continuity, managing risk and supporting their customers. We will now work with national authorities in order for the revised timetable to be applied in each jurisdiction as soon as possible."

The delay was also welcomed by other industry participants including the European Fund and Asset Management Association, which said the extension will help the financial industry to focus on its clients in these unprecedented times.

Will there be light at the end of the tunnel?

Maddie Saghir reports

Causing a devastating impact globally, the COVID-19 pandemic has put a massive strain on the economy but only time will tell on the long-term effects

The usually busy streets of London are eerily quiet, and the chit-chatter of people in cafes and restaurants are no more. Around the world, the great Colosseum in Rome is deserted, football stadiums are echoing with emptiness, and shopping centres are shut. But this is not a dystopian film, this is our new reality for the foreseeable future. Currently, most of the world is in phase one of COVID-19: lockdown.

With the lockdown comes the slowing, if not crashing, of the economy, not just in the UK, but worldwide. Nigel Green, the CEO and founder of deVere Group, has forecasted that the world economy will "go into recession this year with a predicted loss of global income in trillions of dollars. The economic fallout of COVID-19 is as severe as it is unpredictable".

In a bid to help the UK economy and the challenges created by the COVID-19 pandemic, the Bank of England reduced the bank rate by 50 basis points to 0.25 percent on 11 March and further reduced it by 15 basis points to 0.1 percent on 19 March.

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Also helping to ease the pressure of the unprecedented challenges, the financial services industry has seen regulatory bodies extending or signalling leniency for impending regulatory deadlines, such as the second Markets in Financial Instruments Directive (MiFID II) and the Securities Financing Transactions Regulation (SFTR).

Additionally, the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) agreed to extend the deadline for completing the two final implementation phases of the margin requirements for non-centrally cleared derivatives by one year.

These are just some of the effects the industry has seen so far, but what else can we expect from the COVID-19 pandemic?

The impact on the financial services industry

Commenting on the amendments to regulation timetables, regulatory reporting, and best execution, Chris Hollands, head of European and North American Sales, TradingScreen, says: "Investment managers need additional time to adjust to regulatory change, as opposed to preparing for new rules in the midst of this unprecedented period of market volatility and record volumes."

Hollands highlights that many fund managers are at least ahead of the curve by putting an increasing focus on their best execution management and monitoring capabilities to prove to regulators that they are achieving best execution across the multiple asset classes that are now in scope.

"Firms now can no longer take the risk of failing to provide, in great detail, information on 'outlier' trades, for example, why exactly an unusually large order was placed in a small or mid-cap stock just before the close," Hollands says.

Discussing further effects, Daniela Klasen-Martin, group head of ManCo services at Crestbridge, explains that the impact on operations in the industry is "substantial and will not be without consequence as asset servicers will have to review their operations to adapt to a new way of working and manage a business operating fully or partially remotely".

"Those businesses that are adaptable and can react quickly will have an immediate competitive advantage," Klasen-Martin adds.

Learning from the past

Like the 2008 global financial crisis, COVID-19 impacts are forcing the industry to look at operational resilience but unlike the previous crisis, the chaos has not been sparked by the finance industry, but it will still force firms to reassess their plans for operational resilience.

According to Tej Patel, partner at Capco, "this is an extreme scenario that is testing all aspects of a firm's current planning to the limit."

But because the events have not been driven by the finance industry, Patel says he doesn't expect COVID-19-related challenges to prompt any "significant deviation from established regulatory strategy or policy".

"There will, however, clearly be lessons learnt across the industry which can be incorporated into future regulation," Patel acknowledges.

Consequences of the financial crisis have meant that regulations within financial services have become much more stringent, which has enabled transparency, but one industry expert says this has caused constraints on banks.

One industry expert highlights: "Liquidity has been a main challenge for the industry over the past few years. I think part of the challenge for banks is the regulation that is imposed upon them; banks can't make markets in the way they used to."

The buy side now holds 43 times the inventory of corporate bonds than the sell side, and only 3 percent of the corporate bonds will trade, so the amount of liquidity available to the banks is gone.

"Liquidity is like a mirage, it evaporates as soon as you try to reach it. All of that risk and liquidity provision has effectively been moved to the buy side," the expert cites.

They add: "The mood of the market, in terms of governance, has changed since 2008, and central banks have no interest in paying tax dollars in propping up failing financial institutions."

"Is there a balancing act to be had? Yes. Is there an easy answer/solution? No, probably not."

The long- and short-term challenges

Some of the main short-term challenges of the pandemic have been identified as adapting to new ways of working, while longer-term impacts have been more difficult to predict.

deVere Group's Green believes that the global economy is likely to be heading for recovery from a COVID-19-triggered downturn within six months – but only if mass testing is rolled out now and governments guarantee to support demand.

Looking at the short term challenges, Klasen-Martin says one of the main things to focus on is people management. "The outbreak of the infection is something we have never experienced in modern history. How you treat your employees during the crisis will have a considerable effect on their wellbeing and consequently on their loyalty and productivity," she adds.

Another immediate challenge, Klasen-Martin notes, is to effectively communicate with clients and ensure that you deliver a continued quality service through enhanced digital means. She says: "The challenge is also depending on how deeply your clients are impacted by COVID-19 and how well prepared they are to face the financial impact on their operations."

Patel affirms: "Outside of the obviously critical considerations around our individual welfare, ways of life and wider societies, the immediate challenge for financial services firms is the capacity of virtual or remote environments to handle the sheer volume of employees trying to work remotely and securely."

He also identifies that anything that involves collective testing or industry-wide simultaneous adoption will be far harder to coordinate when employees working from home. Additionally, he explains that some clients are implementing shifts for virtual working to help manage bandwidth challenges. Others are having to make emergency investments, for example in servers and VPN keys for staff, to support the massive uptick in-home or remote working.

Observing some of the medium- to long-term operations, Klasen-Martin explains that the volatility of the financial markets will have an immediate effect on open-ended funds, thus putting some asset managers at risk, if liquidity is not managed appropriately.

"Other strategies such as real estate, PE and lending will be impacted in the medium to long term, as the underlying investments may suffer financial losses or default and valuations be impacted," she highlights.

According to Klasen-Martin, for asset servicers, ultimately, the risk lies in a book of business which is too concentrated on a specific strategy or on a few key clients.

The long-term impacts of COVID-19 are difficult to predict but if efforts to "flatten the curve" of infection rates are not successful, then Patel says we might expect to see the financial services industry's ability to offer a full range of services to clients to become compromised. He comments: "It's worth adding that financial services historically have been less agile when it came to adopting new technologies or ways of working, particularly in contrast to big tech companies, for instance."

"This period has forced everyone both inside and outside the workplace to accommodate new ways of communicating and more flexible working patterns. No guarantees of course, but if these habits continue once things do get back to normal, then that will be one positive to come from a very bad situation," he adds.

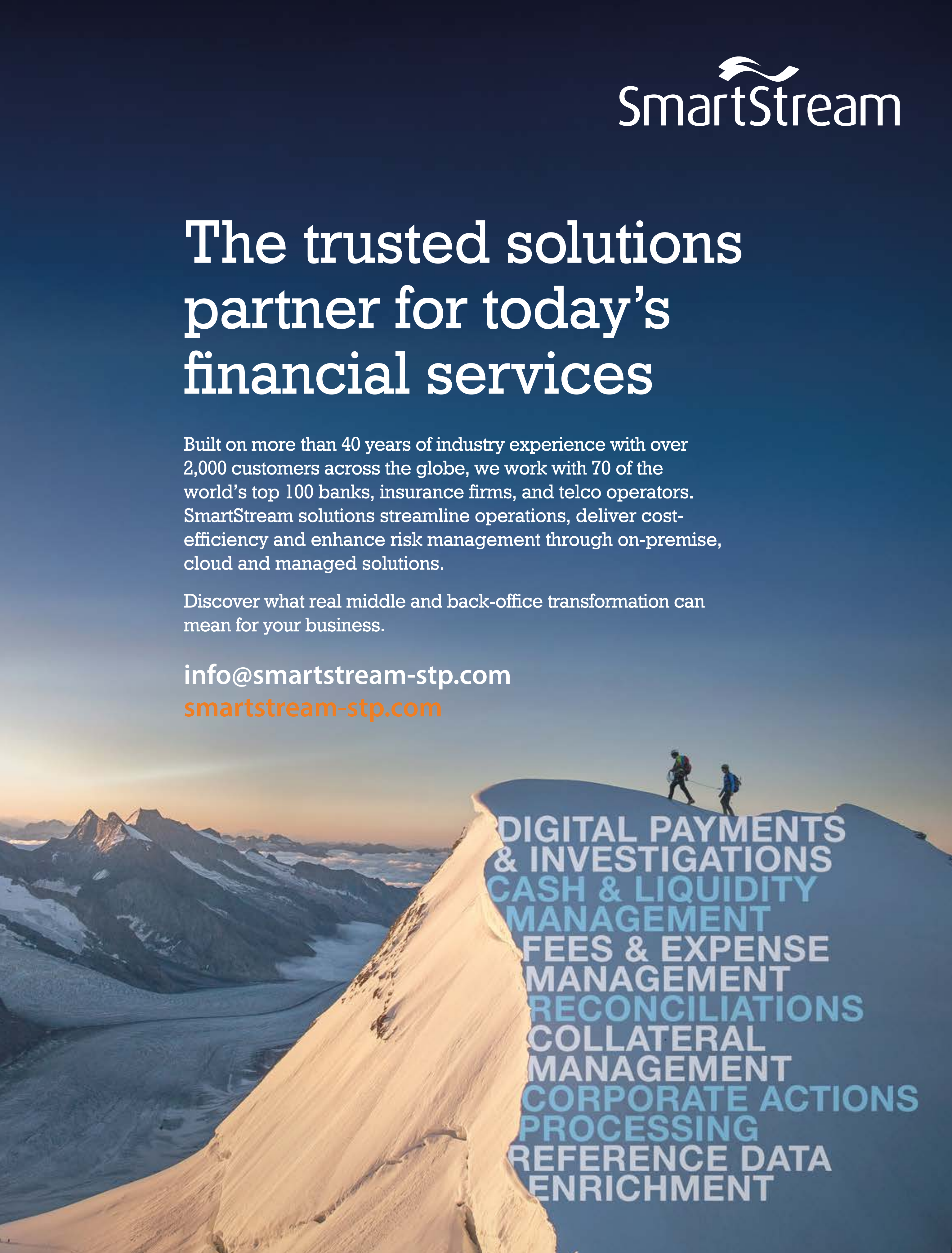
Also on a positive note, Green states: "I'm confident that global financial markets will stage a relief rally when there is a definitive signal that the infection rate is dropping and that cases have peaked. Investors will come off the sidelines and prices will jump."

Although the coming months will be extremely tough for many individuals, businesses and sectors, Green says there is hope that economic recovery might arrive relatively soon.

Klasen-Martin explains that time will tell what the long-term challenges will be, and as there is still uncertainty on how long businesses and people will have to suffer from this unprecedented event, "the magnitude of the impact is difficult to assess" she says.

"I am convinced of one thing: inevitably businesses will have to reinvent themselves and incorporate in their future operating model lessons learned from the COVID-19 outbreak," Klasen-Martin concludes.

Times are tough and it is hard to see an end in sight at the moment, but there are glimmers of hope, and reasons to look out for light at the end of the tunnel.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Leveraging the experts today, while future-proofing tomorrow

Becky Bellamy reports

AST talks to Simon Byles about his new role as global head of business development for managed services at SmartStream

Having spent over three decades in the investment banking operations, strategic change management and managed services domains, Simon Byles has chosen to join the middle- and back-office technology firm, SmartStream.

Byles, who brings a wealth of experience from J.P. Morgan, Credit Suisse and CLSA/SetClear, says: “The leveraging of technology within financial services, is going through a further industry paradigm shift, that is going to present another step-change opportunity and impact.”

He reflects on artificial intelligence (AI) and machine learning (ML) among other innovative technology solutions, that are now gaining traction and delivering real measurable results.

With this at the forefront of his mind when making a career change, he comments: “Like many in the industry, I have used the best-in-class SmartStream platforms for several years. With the investment, the firm made in recent years in its Innovation Lab, the results have produced very exciting opportunities in partnership with many of its clients.”

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He adds: "I have been thoroughly impressed with its investment and more importantly in the delivery of new innovative business solutions. SmartStream's world-class technology platforms, leverage the latest and best in machine learning capability which support, learn from and teach the expert system operators and processing decision-makers, providing greater transparency, cost efficiency and risk management."

Financial institutions around the world are also rapidly trying to develop their own AI tools to aid their operations, as part of the digitalisation strategies that will provide them with the leap forward to a more digital future. This is something that SmartStream has achieved, building its own innovations team focused on developing tools and case studies in the deployment of AI for the use of financial institutions - not only to benefit the experiences of their clients but to also improve the efficiency of their operations.

In explaining his exciting newly created role as global head of business development for managed services, Byles highlights: "The managed services space is not new to our industry, but given the SmartStream technology stack that our industry trusts and relies upon, we have created an opportunity for our market partners and customers to utilise our global subject-matter-experts to deliver true operational excellence. These experienced and knowledge-driven experts are also the early testers and adopters of the latest in technology solutions coming from the SmartStream Innovation Lab, of which AI/ML is already being leveraged to deliver material benefits to services and thereby directly to our customers positive business outcomes", he notes.

SmartStream has swiftly expanded its managed services capability and is currently supporting global banks, brokers and many buy-side customers across many of its best-in-class platforms including reconciliations, fees and expense management, digital payments, reference data utility etc. Byles says: "SmartStream's leading position - its knowledge, scale and expertise, appreciates the specific needs of its clients and delivers effective solutions."

The focus has traditionally been on 'FTE', but perhaps that now should stand for 'Fastest Track to Excellence', not just full-time employees. SmartStream can be leveraged to optimally deliver excellence, he concludes: "It's such an exciting time for the industry and these trusted solutions and expert operators are in such need, our customers both existing and new can look forward to us helping them achieve their desired business results."

"It's such an exciting time for the industry and these trusted solutions and expert operators are in such need, our customers both existing and new can look forward to us helping them achieve their desired business results."

The innovative spirit in SmartStream is evident, providing services that are timely and evolving for financial institutions. Through managed services, SmartStream provides expertise through its people doing the actual work on the technology platforms it knows best.

Looking to the future, Byles added that cost efficiencies through technology, particularly artificial intelligence and automation, will be key. Regulations and compliance have been at the forefront of financial institutions in the past couple of years. SmartStream describes that at the heart of its success is the ability to respond proactively to the client and market needs and regulatory changes through innovative solutions. That is why at the end of the day, it is all about being able to provide a comprehensive suite of solutions to its bespoke clients, ultimately making their operations more transparent, effective and efficient. Larger financial institutions often still have separated silos, maybe two or more similar solutions performing similar functions. Being able to adopt efficiently a true shared services model allows them to reduce their total cost of ownership, with it the cost per transaction and receive a best practice service.

AI can affect and improve the operations of financial institutions at all levels. AI can optimise the workflow in the back-office, including the reconciliation process, where you capture the data, transform the data, match the data and manage the exceptions. Managing back-office processes are becoming more complex with the pressures from increasing regulation and reduced headcount, which requires banks to re-examine their operations. SmartStream has accumulated the experience to help financial institutions with their back-office transformation programmes. A top asset management company approached us as their existing technology could no longer handle the transactions volumes which had increased significantly. As a result, we deployed a hybrid model, *A global investment bank was able to reduce its IT application support resources by 50 percent, by outsourcing their business processes to SmartStream*

reconciling a part of their transactions with a cloud-based managed services team. Once they had experienced the benefits of SmartStream's managed services approach in the cloud, the asset manager shifted their entire processing to SmartStream. A big benefit of fully outsourcing back-office operations to SmartStream is that it optimises the total cost of ownership, because no hardware is required, and no software licences need to be purchased. When it comes to staffing, who can better operate and maintain an application than the people who built it?

For the front-office and middle-office, AI-powered tools and technologies can aid in stress testing activities as well as in supervision. For front-office activities, AI can be leveraged for payment scheduling and throttling. Some of the use cases include digital fingerprint, invoice extraction and looking at anomalies on balances and other financial statements.

Financial institutions stand to benefit from AI by coming into the possession of more informed business insights and less exposure to processing failures, which will ultimately help any organisation's decision-making and risk management process. They can also leverage the identification of patterns that could provide customised offerings to clients; alerting and learning from unusual transactions. Additionally, it can also help them to stay competitive through the adoption of new algorithms and better human capital deployment - as the organisation can direct their focus and resources on more skilful and value-adding tasks.

Furthermore, cloud-based outsourcing and managed services are rapidly changing the landscape by allowing financial institutions to mutualise their processes with similarly-situated institutions. Moving to the cloud provides financial institutions significantly more flexibility and scalability. By moving processes to cloud platforms, they can benefit from high-performing technology at a fraction of the cost. Once they adopt managed services, they benefit from the mutualisation of sharing non-competitive processes across multiple clients, while adhering to data protection rules.

A global investment bank was able to reduce its IT application support resources by 50 percent, by outsourcing their business processes to SmartStream. This resulted in an improvement of the actual performance of the team, demonstrating significant improvement results in the bank's key performance indicators while ensuring timely and accurate reporting. This is simply because SmartStream is not a generalist provider of consultants, it has real specialist knowledge in the marketplace. Combining this with its technology, enables the firm to do things at a significantly higher quality level with much more efficiency than other groups operating in this space. In order to successfully migrate to the cloud, banks need to have a change in mindset about their day-to-day operations and processes. SmartStream provides transparency to the most senior management as to the day-to-day activities of the performance of their business. The firm does this because they know and understand the space that they operate in. Looking ahead, financial institutions are more likely to need to re-engineer their processes and adopting a managed service, is often a faster track to excellence, protecting revenues and delivering improved operational results.

By outsourcing the management of applications and processes that fall outside their core strengths, that don't provide competitive advantage, financial institutions are able to truly focus on their business priorities and maximise value services to its clients. Partnering with SmartStream, leveraging its comprehensive expertise is the proven way to do this effectively and successfully.

Simon Byles
Global head of business development for managed services
SmartStream

A growth story

Maddie Saghir reports

Luxembourg has seen growth in many areas including alternative funds and assets under management, and while industry players prepare for future opportunities they are also facing unprecedented challenges associated with COVID-19

Luxembourg's asset servicing industry has much to be proud of with record large net inflows of various funds, and its reputation for being the first member state, on 30 March 1988, to transpose the UCITS Directive into national law. This marked an important step that helped establish the country as a leader in the field of investment funds globally and helped build its reputation for reactivity.

"The grand duchy of Luxembourg is a brand in itself and a testament to this is the enduring popularity of its UCITS product," highlights Eduardo Gramuglia Pallavicino, head of State Street Luxembourg.

Looking at the current climate of Luxembourg's fund industry, Gramuglia, says: "As cross-border products remain an optimal path for growth, domiciles like Luxembourg that can meet regulatory obligations confidently and efficiently are seen as a natural choice by asset managers, allowing them to mitigate risk, achieve economies of scale and reach investors globally."

Daniela Klasen-Martin, group head of ManCo Services at Crestbridge, has described Luxembourg's fund industry as "exciting", explaining that having worked in the industry in Luxembourg for almost 23 years, with lots happening during this time, now is "without a doubt the most interesting time".

Indeed, there has been lots of positive development over the last few years, with assets under management growing from €2.6 trillion in December 2013 to €4.7 trillion in December 2019.

Industry experts observe that there continues to be increased interest in establishing funds in Luxembourg as the predominant fund distribution centre in Europe. Klasen-Martins says this is thanks to the "quality brand that asset managers and service providers have shaped during the years".

Looking at how the fund industry in Luxembourg will further grow and develop, industry experts look at the topics and trends such as the Green Exchange, Luxembourg's relationship with the UK amid Brexit, and the increased popularity of alternative funds. We also discover the implications of COVID-19 challenges, among others, in this space.

A popular alternative

Across the asset servicing industry, alternative funds are becoming increasingly popular and this trend is also being seen in Luxembourg. An alternative investment relates to a financial asset that does not fall into one of the conventional investment categories, such as stocks, bonds, and cash.

But aside from just following the trend, Fèmy Mouftaou, the chief commercial director at IQ-EQ, cites that in particular, Luxembourg "stands out as a jurisdiction for alternative funds as it offers a unique set of investment vehicle types and forms, which can capture all structuring requirements and all appetites of global fund managers".

The Association of the Luxembourg Fund Industry (ALFI), which represents the face and voice of the Luxembourg asset management and investment fund community, says that the growth of alternative asset classes is undeniable.

"From a macro-economic point of view, there are many factors which contribute to the success of alternative funds; the search for yield given the low-interest rate environment, the low or negative correlation to other asset classes and between these alternative asset classes, and the long-term investment horizon that pension funds, insurance companies and institutional investors adopt," comments Marc-Andre Bechet, deputy director general of ALFI.

One challenge with alternative funds was that they were unregulated, but now they are governed by a regulatory framework, which Bechet says has the potential to develop into a global brand just like UCITS did. This is something that ALFI has noticed in particular when organising its roadshows in Asia, Latin America and the US.

Now that the industry has taken on the challenge of implementing the Alternative Investment Fund Managers Directive (AIFMD) – a regulatory framework for alternative investment fund managers (AIFMs), including managers of hedge funds, private equity firms and investment trusts – there has been a shift towards funds.

Klasen-Martin notes that this has led to the continued success of Luxembourg as a domicile for alternative funds.

Each year ALFI publishes three surveys on the main alternative asset classes in Luxembourg. Looking at the data, ALFI demonstrates that in 2019 there were robust growth rates in all three asset classes [see boxout]. ALFI notes that in contrast, for the past 12 months up to the end of September, assets of UCITS increased by + 8.02 percent.

Alternative classes in Luxembourg

Regulated funds only: + 14.5 percent for private debt

Real estate: + 17.71 percent

Private equity (regulated/non regulated): + 19 percent

Going green

Something else that country is proud of, is its Luxembourg Green Exchange (LGX), which has established some of the first real standards in the industry – changing the way green securities work forever, according to State Street's Gramuglia.

"The initiative dedicated exclusively to sustainable financial instruments has been a first of its kind. The green exchange has created an ecosystem that brings together pure environmental, social and governance players", says Gramuglia.

Launched in 2016, LGX lists 50 percent of the world's green bonds. Klasen-Martin identifies that the main advantages of this are that investors can freely access the documentation of the underlying products thus increasing transparency and giving the possibility to make informed decisions.

"In addition, fund promoters benefit from higher visibility, allowing them to diversify their investor portfolio and communicate about their sustainable investment strategy," she adds.

ALFI actively supports the initiative of the European Commission to promote sustainable finance.

Bechet cites: "Luxembourg is fully committed to sustainable finance and has been an early mover in this field. Today, Luxembourg accounts for 34 percent of funds and 35 percent of total assets under management in European responsible investment funds."

A strong relationship

Luxembourg is seeing further opportunities as a result of Brexit, as although the UK has now left the EU, Luxembourg has always had a strong relationship with the UK, according to industry experts. IQ-EQ's Mouftaou observes: "Brexit has impacted the Luxembourg fund industry in several ways. For a start, we are seeing more and more international fund promoters now looking at Luxembourg as the preferred domicile for their fund structures dedicated to European investors."

He continues: "The instability created by Brexit has given Luxembourg the opportunity to present itself as a stable and solid alternative environment for funds. Notably, the major global asset managers are now seeing Luxembourg as a key location in which to have an office and are also considering it for their headquarters."

Bechet weighs in on this noting that "Luxembourg and London are long-standing partners in the asset management and fund industry: funds are domiciled in Luxembourg while portfolio management is carried out in the UK. UK asset managers are the second largest group of initiators of Luxembourg investment funds. While Luxembourg has not aggressively 'pitched' for business from London, fund professionals stand ready to help their UK counterparts. Brexit preparedness from both sides is 'as good as it can get'. Some 30-plus asset managers have relocated or transferred their funds to Luxembourg, with their market share going up from 17.6 percent (2017) to 18.4 percent (2019)."

Post-Brexit, Luxembourg and London will strive to keep their markets open, with a view to giving investors the greatest possible choice of investment solutions, according to ALFI.

Unprecedented challenges

Some of the main challenges that the fund industry in Luxembourg has been facing is regulation and increasing substance requirements. Klasen-Martin explains that the expectations have been evolving recently as the Luxembourg regulator published in 2018 the circular 18/698, which gives a clear outline of what is expected in terms of substance and governance requirements.

"Launching your own AIFM can become a challenge as the regulator has set very clear demands with regards to the minimum governance required when setting up operations in Luxembourg, i.e. minimum staff, the level of seniority required and the infrastructure needed to support the day-to-day operations," Klasen-Martin says.

Additionally, the regulator puts a strong emphasis on proper oversight on all delegations such as risk management or portfolio management, distribution but also outsourced services such as IT and accounting, according to Klasen-Martin. These requirements coupled together can present a challenging operation and a considerable investment in non-revenue generating ongoing costs.

However, outside of regulation, the world has recently been shaken with unprecedented challenges that have stemmed from COVID-19.

Looking at how the alternative funds space will respond to COVID-19, Mouftaou says: "With alternative funds, the fund lifecycle is much longer than in the UCITS space, for example. Consequently, the trend should be that alternative funds are less impacted by the fall of the liquid markets. At the same time, we can anticipate some fund managers and investors seeing an opportunity to take advantage of the market volatility to change their allocation."

Also discussing the current pandemic, Bechet cites: "The COVID-19 crisis is a test of the resilience of our financial system, stretching it to the upper limits. So far, there is a sense that the tools in place have worked relatively well, but we are not at the end of the crisis yet."

Bechet also notes: "ALFI has actively engaged in an open and constructive dialogue with the CSSF and the authorities in Luxembourg, as well as at European level. A number of questions have been satisfactorily addressed."

"In these difficult times, we can only express our thanks and gratitude to all these public bodies for their swift and pragmatic reaction. Staff in the financial sector in Luxembourg and citizens, in general, have been extremely resilient, motivated and keen to follow guidance from our authorities. Let us appreciate that!" Bechet concludes.

Remote possibility or immediate opportunity?

Simon Shepherd of MYRIAD Group Technologies explains how the current COVID-19 pandemic presents a massive opportunity for software companies to step up

The value of technology – or the lack of value – has been thrown into sharp relief as the COVID-19 pandemic has taken hold. On the one hand, artificial intelligence - that much-vaunted solution to many of our problems and challenges – singularly failed to spot the looming stock market crashes in March 2020. Not one single algorithm predicted the precipitous declines across the world, despite all the money invested in those programmes. Yet China announced the outbreak of COVID-19 in the autumn of last year and even then, with the apparent writing on the wall and a three- to four-month lead-time, no-one really made a fuss about the likelihood of the impending falls in value. Of course, a number of asset managers will say they were well positioned, but few had gone significantly into cash and defensive assets in sufficient size, to make much noise about it, even now. So much for the robots.

The corollary of this was highlighted in an article written by a Venture Capitalist, a short time after and perhaps unrelated to those price declines. Essentially it was a call to arms and the underlying message was that now is precisely the time when software and technology companies can prove themselves, by riding to the rescue of economies and workforces stricken by people having to work from home. Doubtless, it was both an appeal for the Venture Capitalist's portfolio companies to step up and take advantage of the situation and for staff to seize the opportunity in front of them. In equal measure, both of these points might be true, but the principal point is that technology can and should step up and prove its worth, when so many people are now wholly reliant on software tools to facilitate their home working.

The challenge, interestingly, has often not been with the software package at all in the last four to six weeks. Logistical and connectivity issues have been much more of a short-term problem, rather than whether the software works or whether it is fit for purpose. Large financial institutions' response to the crisis has differed by geography. In some European countries, the notion of working from home still remains a somewhat alien concept. When most of the workforce is forced to work from home

Allowing the experts to take the lead in selecting the functionality, and then seeking IT and procurement approval, is a logical and intelligent route to a solution, rather than the other way round

having not done so in the past, not having laptops and/or screens at home, from which to work and connect with colleagues, is a pretty basic shortcoming. From a connectivity point of view, elsewhere in the world, not having the bandwidth at home to cope with the new 'workplace' – and not anticipating that need – is also a significant failing. Perhaps most glaring of all is not having the bandwidth at the Institution itself, such that access to critical systems is not possible because the inbound pipe has become choked.

Fundamentally, the Venture Capitalist was right. If you have invested in a system which has passed muster through a request for proposal, has been signed off by the business line and been vetted by procurement, you would like to think it can handle the current situation. It is debatable as to which order the approvals above really should take place: in these days of suitability for the job and 'agile development', it is wise to let the business line hold sway. Allowing the experts to take the lead in selecting the functionality, and then seeking IT and procurement approval, is a logical and intelligent route to a solution, rather than the other way round.

We published an article earlier this year which highlighted the primary importance of data, stating then that focusing on the data is the foundation for any successful implementation. If you cannot access that data remotely at a time like this, then the data is worthless. Investing in a platform that consolidates your data, preserves its security and facilitates safe, remote access is what this is all about. Visibility and transparency must always win out against unavailability and opacity.

Structuring the data in a transparent, seamless way, better to underpin reporting and the generation of MIS, is the key goal. Anticipating the nature of that output upfront and casting the net as far and wide as possible to cater for working from home and for future reporting requirements is well-advised. Investing in a platform that can be extended to cope with new and emerging challenges like the Central Securities Depositories Regulation (CSDR) and consolidated reporting is to be recommended. If this all feels a bit like hard work, well, it is your data, after all, so make something of it.

Back- and middle-office models must have been severely tested in recent weeks, with clear spikes in activity in the third and fourth weeks of March. Where systems have been found wanting, a return to manual processing seems to have been mandated at a number of large Institutions. It is remarkable that manual processing remains the 'go to' for many financial institutions, rather than an extension of functional capability or failover to extra capacity. By not investing ahead of time – the laying out of money, and sometimes quite small amounts of money – working from home remains just that, a necessity rather than a real opportunity to be grasped.

Of course, the added dimension of cybersecurity makes this a much riskier proposition. At a personal, retail level, we are all constantly being reminded about being extra vigilant when logging on, and how the cyber-criminals have stepped up their efforts in recent weeks. Extending those opportunities into corporate, wholesale and investment banking where the continued fallback – or even reliance – on email, attachments, uncontrolled access rights, lack of multi-factor authentication and low-level security, offers even bigger opportunities for malfeasance. The security around a single, centralised data repository has to be an enduring feature of any platform offering this level of safe, remote access that is needed by most staff, right now.

Simon Shepherd
CEO
MYRIAD Group Technologies

Navigating new priorities

INDOS Financial's Bill Prew discusses that while the industry has been readjusting priorities since the COVID-19 pandemic arrived, regulators have been equally busy

Business continuity planning (BCP) and maintaining operational resilience have been two of the overriding priorities for alternative asset managers since the COVID-19 crisis kicked off. However, regulators have been equally busy too. While a handful of regulatory deadlines have been pushed back by several months, a number of new proposals are being considered, which could have significant implications for alternative asset managers.

Tightening up on leverage

The ongoing market volatility and asset price fluctuations have prompted the European Securities and Markets Authority (ESMA) to launch a consultation on leverage risks in the alternative investment funds (AIF) industry. In a statement, ESMA confirmed its consultation was in response to the European Systemic Risk Board's (ESRB) recommendations on liquidity and leverage risk at investment funds – a set of suggestions published back in mid-2018.

ESMA added that highly geared AIFs – including hedge funds and private equity – can increase systemic risk during stressed market conditions, especially when they are deleveraging. ESMA said deleveraging could potentially amplify the price impact of adverse market movements; cause contagion in the banking system; disrupt credit cycles and heighten the risk of asset fire sales. Consequentially, ESMA noted it was essential member states adopt a harmonised approach when assessing leverage and imposing limits around it.

Regulators will need to base their assessments on the Annex IV reports they receive from managers under the Alternative Investment Fund Managers Directive (AIFMD). The proposals not only focus on those AIFs that employ substantial leverage (defined by AIFMD as when an AIF's exposure calculated using the 'commitment method' exceeds three times its net asset value', but funds with greater than €500 million of 'regulatory assets under management', i.e. a gross exposure calculation of fund assets), as well as potentially other funds which fall below these thresholds. The proposals may apply to all AIF types, and not just hedge funds, but private equity and real estate too.

Cracking a nut with a sledgehammer

Leverage is often derided as being an inherently risky and destabilising activity, but this assumption is factually incorrect. The majority of hedge funds and some private equity firms deploy leverage to enhance their return generation, but it can also be used to offset portfolio risk, a point that has been made repeatedly by industry bodies. In addition, most hedge fund managers only use a modest amount of leverage, which is rarely ever more than three times their overall assets. Labelling individual hedge funds as being systemically important is therefore misjudged.

ESMA's proposals also do not address the findings of the on-going IOSCO review on leverage nor any changes which may be implemented to the leverage measures as a result of the "AIFMD 2" review. We believe these should be tackled as soon as possible in order for regulators to compare apples with apples across funds and regulatory jurisdictions. The current AIFMD leverage measures are still, in several areas, subject to different interpretations across the industry-leading to inconsistent reporting to national regulators. Industry participants have also previously put forward recommendations for an alternative to the current gross and commitment methods on the basis these can distort the leverage numbers for funds using certain types of derivatives. They argue an alternative measure – which better reflects the actual market risk of a fund – should be used by regulators to assess risk.

Short selling under fire

The consultation on leverage comes amid other regulatory clampdowns, most notably the recent constraints being imposed on short sellers. In March, ESMA announced it would lower the threshold for reporting details about short sales to regulators although some markets including Belgium, Austria, Greece, France, Italy and Spain have introduced temporary bans on the practice. Spain's regulator, for example, has prohibited short-selling altogether for one month although other supervisors such as the UK Financial Conduct Authority (FCA) has set the bar very high for imposing bans.

This patchwork approach is creating challenges for fund managers, as it is forcing firms to comply with different rules across multiple markets. Compounding matters further is that there is also a lack of regulatory clarity over what is banned. For instance, France introduced its short-selling ban when markets had opened for the day but simultaneously failed to clarify what securities the restrictions applied to. Moreover, there is limited evidence that such bans actually help markets, a fact that has been outlined by the FCA.

Private markets and leverage

Although hedge funds are the asset class most commonly associated with leverage, private capital strategies – namely private equity and private debt – could face some existential challenges as a result of the COVID-19 volatility and its impact on asset price valuation. Prior to COVID-19, private equity leverage stood at 6.5 times EBITDA, levels far higher than what we saw in 2007, according to McKinsey. Oliver Wyman, meanwhile, points out that 41 percent of all major leveraged buyouts (LBOs) and public to private transactions are exposed to companies vulnerable to COVID-19. While private capital is currently sitting on a lot of dry powder, many investments will face some large write-downs.

Are we focussing on the wrong issue?

As regulators enforce sporadic short-selling bans and initiate discussions which could lead to limits on fund leverage, they may do well at focussing on some other burning issues, namely liquidity. While regulators were initially very fixated on asset managers transacting in illiquid instruments post-Woodford, the extreme volatility being caused by COVID-19 is creating new, unexpected problems for the industry. In many instances, equity securities considered to be highly liquid, safe and revenue-generating at the beginning of the year – such as airlines, travel companies and hospitality services – are facing panicked, mass sell-offs and even potential defaults.

Since the crisis unfolded, the FCA and Bank of England have opted to push back their consultation on liquidity mismatches at daily dealing funds. Given that several daily dealing property funds have gated client assets, it is widely expected regulators will clamp down further on fund redemption terms. It is also possible regulators could demand that investors making short-term withdrawals from open-ended funds be given their assets back albeit at a discount versus someone who has given the manager more time to offload the securities. Swing pricing arrangements of this type are quite common in other markets. At the very least, it is likely managers will need to be more open about their fund liquidity terms and ability to meet investor withdrawal requests during periods of market stress.

What does the market need?

Regulators need to clearly communicate with the market about their intentions and the measures they are adopting. As we have seen with the recent short-selling bans, a lot of investors have been left confused by the conflicting regulatory policies being introduced. On leverage, there are potential challenges facing certain private capital strategies, but hedge funds are generally not that highly geared and certainly do not pose a systemic risk. Longer-term issues also need to be resolved quickly. Take Brexit, for instance. With the EU looking to potentially curb leverage, questions are now being asked about whether this will apply to the UK post-Brexit.

Bill Prew
CEO
INDOS Financial

Connecting to the cloud

Maddie Saghir reports

Citco's Al Bauer discusses the opportunities and challenges around cloud computing, and why, despite being around for some time now, some in the asset servicing industry are yet to discover it

What opportunities can cloud computing offer to the asset servicing world?

I believe there are three main opportunities that cloud computing can offer asset servicing. At Citco, we coordinated our move to the cloud with implementation of AGILE development practices. This has enabled us to develop and deploy releases and functionality much faster than using a traditional data centre environment. Additionally, the cloud enables the ability to test new ideas and technology faster and to resize the environment on which platforms run. In recent weeks, we have been able to move clients with abnormally high trading volumes onto larger hardware in a matter of minutes, in order to better serve their needs.

Cloud computing has been around for a while now, how come there are still some in the asset servicing industry who are not realizing its benefits?

There are a number of reasons for why some in the industry are relatively slower on the pickup. Different companies are at different points in their technology investment cycle and there can be a considerable initial spend depending on how companies adopt the cloud. Additionally, some platforms or software may not be a good fit for cloud integration.

Are you seeing an increase in people migrating legacy systems to a hybrid cloud? What impact is this having on asset servicers?

We are definitely seeing clients adopt the cloud. What is unique is that clients are asking about interesting opportunities relating to cloud-to-cloud secure data transmission/ data access. We are also being asked to change how they access Citco's core platforms as a result of their move to the cloud.

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> *I still believe that there will be a need for a hybrid cloud environment, one that involves an on-premises datacenter and multiple clouds*

What are the downfalls of cloud computing, how common are cyber-attacks within asset servicing?

Unfortunately, cyber-attacks are commonplace. Cloud providers, such as AWS, have impressive technologies that spot these attacks on our behalf and we have gone through rigorous engagements to review and enhance our security posture in the cloud. Additionally, we have taken a tough stance on encryption. All data in the cloud must be encrypted at rest and in transit. However, cyber-attacks in the cloud are just as risky as phishing and social engineering attacks on staff, mainly via email.

What are the biggest challenges around cloud computing?

There are three big challenges around cloud computing. One is keeping the senior management in an organisation engaged and informed. Second is the transition of the workforce: training existing staff and supplementing skillsets. Finally, understanding that cloud computing will consistently evolve. As with all large projects, there will be issues that need to be addressed and overcome along the way.

How do you expect to see cloud computing evolve over the next five years?

I still believe that there will be a need for a hybrid cloud environment, one that involves an on-premises datacenter and multiple clouds. Our chosen path was to get comfortable, secure and knowledgeable in AWS and then add in additional clouds for specific purposes.

Al Bauer
Managing director
Citco

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The International Securities Services Association (ISSA) has elected Margaret Harwood-Jones, co-head of financing and securities services at Standard Chartered, to its board of directors.

In her current role at Standard Chartered, Harwood-Jones co-leads the recently formed financing and securities services business globally, managing all its functions within the securities services remit including operations, technology, client management, business development and product management.

With more than 30 years of experience in financial services, Harwood-Jones has experience in global sales management, relationship and service management, marketing, strategic development, and business unit leadership for global custody and corporate trustee activities.

Commenting on her appointment, Harwood-Jones said: "I am honoured to represent Standard Chartered at ISSA and have the opportunity to help shape the future of the securities services and banking industry with my fellow ISSA colleagues."

She added: "As we anticipate more changes to our industry, this collaboration between two leading organisations will definitely help institutions and businesses navigate the new operating landscape and continue to access markets around the world safely and efficiently."

Lee Waite, ISSA chair, noted: "Margaret Harwood-Jones is a seasoned and highly regarded expert in the industry, and we are excited to have her on our board to help drive ISSA's mission especially in the emerging and frontier markets."

SANNE has appointed Marta Ciemiega as business development director in New York.

In her new role, Ciemiega will focus on building new relationships with fund managers who have investment strategies spanning private equity, real assets, infrastructure, private credit and hedge.

She will work closely with fund managers by connecting with SANNE's local funds community as well as leveraging the firm's global platform to continue North America's growth trajectory.

Ciemiega, who has 16 years of experience in financial services, joins from RBC Investor & Treasury Services and prior to this she held various senior roles at Bloomberg LP, Fitch Solutions and Standard & Poor's.

Fred Steinberg, SANNE's managing director, North America, said: "Our business is thriving, and we have exciting plans to grow it extensively over the next few years. As part of those plans, we're delighted to welcome Marta Ciemiega to our team."

"She has deep-rooted knowledge in private equity, fund administration, securities lending and middle-office solutions and these will prove to be instrumental as we continue to grow our business and product offering in the industry," Steinberg added.

On her new appointment, Ciemiega said: "Joining a business that's established yet rapidly growing and evolving and also client-focused was very attractive. The brand and what it stands for resonates well with me, and I am confident that clients will receive our utmost attention and support."

Elsewhere at SANNE, Stephanie Hopkins has been promoted to country head of Jersey from head of private debt and capital markets. In her new role, Hopkins will lead SANNE's Jersey business and continue to grow and develop the jurisdictional offering.

Hopkins joined SANNE in 2012 and has since gained experience across products, jurisdictions and roles, including funds, capital markets, product development, operations and business strategy.

Hopkins commented: "I am excited to have been given the opportunity to lead SANNE's Jersey business and to take it forward as the leading alternatives specialist in the market."

SANNE's managing director for the Channel Islands, Jonathan Ferrara, said: "Hopkins' leadership, professionalism and expertise are unparalleled, and she will be instrumental in ensuring the success of our Jersey business. I look forward to working with Stephanie Hopkins at a strategic level to expand our brand, exceed the expectations of our clients and take SANNE to even greater heights in the years to come," Ferrara added.

LCH has appointed Yutaka Imanishi as head of Japan, based in Tokyo.

Reporting to Kate Birchall, head of Asia Pacific for LCH, Imanishi will be responsible for LCH's business in Japan, including its office in Tokyo. LCH is licensed in Japan for offering clearing services for non-Yen interest rate swaps and FX non-deliverable forwards to Japanese financial institutions.

Previously, Imanishi worked at CME Group as executive director, optimisation in Japan. He also served as CEO of Asia Pacific for TriOptima. At TriOptima, he oversaw the firm's compression and portfolio reconciliation business in the Asia Pacific region. Additionally, he held a number of roles at Nomura and other banking groups across Australia, Japan and Singapore.

Kate Birchall, head of Asia Pacific at LCH, said: "I'm delighted to welcome Yutaka Imanishi to LCH as head of Japan. He brings extensive experience of the derivatives markets and serving clients from Japan and across the world. His appointment will support and enhance LCH's presence and continued growth in Japan."

Commenting on his appointment, Imanishi added: "I am honoured to join LCH as the group's new head of Japan. Clearing is of critical importance to the stability of the financial system and I look forward to working with members and clients to help them manage their risk."

Investor services group IQ-EQ has added Sukanya Lal as business development director to its Singapore team.

In this role, Sukanya's primary focus will be developing the group's network and business opportunities in India. Sukanya joins from SS&C GlopeOp, a provider of cloud-based fund services, technology and mobility-enabled infrastructure for fund managers, where she was associate director of business development, marketing and sales.

With 19 years of experience in the finance industry, Sukanya has worked in business development and sales in multiple financial service sectors, including fund services, custody services, asset management and insurance.

Commenting on her appointment, Sukanya said: "The role gives me the opportunity to offer a particularly broad range of services and to work with Indian managers considering offshore jurisdictions – a growth area that is both challenging while very exciting."

IQ-EQ's managing director of funds in Asia, Jimmy Leong, added: "On behalf of IQ-EQ Singapore I am delighted to welcome Sukanya to our team, with her excellent business development experience and strong track record of winning sizeable fund mandates within the Indian market. Sukanya will be working closely with myself and with our international India-focused sales team, which includes senior representatives from the Netherlands and Mauritius as well as Singapore, to grow our client and partner network in India while identifying and realising new business opportunities for IQ-EQ in the region."

SS&C Technologies has appointed Christopher Madpak as head of SS&C GlobeOp Tax Services Group.

In his new role, Madpak will lead the tax services group, which provides customised tax preparation and analytics services to investment managers including hedge, private equity, real estate and hybrid funds.

Madpak will focus on strategy, innovation, product development and oversee client delivery. Previously, he focused on delivering tax services to SS&C's private equity and real assets client base for more than 17 years.

Bill Stone, chairperson and CEO of SS&C Technologies, said: "Madpak's expertise and dedication to client service made him a natural fit to lead the Tax Services Group. We are committed to helping our clients optimise their tax operations. In this turbulent time of market volatility, attention to tax efficiencies will be needed and expected by our customers, and we are well-positioned to deliver."