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Operating within the new abnormal

Industry participants discuss the importance of efficient corporate actions processing, the impact of COVID-19 and how the space will evolve over the next five years

SRD II is live, concerns still remain

The second Shareholders Rights Directive (SRD II) went live on 3 September, but days before it was implemented, a plucky band of associations launched a last-ditch bid to gain clarity on lingering ambiguities and save their members from non-compliance penalties. Eleven trade bodies including the International Securities Lending Association (ISLA), the European Banking Federation, and the Association for Financial Markets in Europe, sent a joint letter to the European Commission and the European Securities and Markets Authority on 1 September outlining three "major areas of concern", two "misunderstandings" and a plea for clemency.

When we last met our heroes in April the same group, which also comprises of the Association of Global Custodians, the European Central Securities Depositories Association, and the Securities Market Practice Group, had just their request for a one-year delay to the implementation of SRD II rejected by EU rule-makers.

At the time, the associations argued that the business and economic disruption wrought by the COVID-19 pandemic meant it would be "difficult, or nearly impossible, to meet the implementation deadline of 3 September".

EU regulators, however, countered that the directive had been in the diary for long enough that in-scope firms should be able to achieve compliance despite the upheaval.

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Two misunderstandings

In a fresh letter sent two days prior to go-live, the group reiterated their concerns that confusion in key areas would likely cause many of their members to fall foul of the rules despite their best efforts.

Moreover, the letter highlighted the risk that a compliant firm will be penalised for exchanging information in a non-compliant manner because one or more of their clients, counterparties or service providers will not be able to issue or to accept fully SRD II-compliant messaging.

The misunderstandings underpinning this problem are two-fold.

Firstly, the differences in national transposition and national applicability of SRD II rules. This comes by virtue of it being a directive, instead of a regulation. A directive must be interpreted by each EU member state and this opens the door to inconsistencies its application.

An example raised in the letter of where this can cause friction is in how each member state has chosen to determine which entity is considered to be the 'shareholder'.

Second, the different timing of national transpositions means that market infrastructure entities and market participants had insufficient time to build fully SRD II-compliant processes.

On this point, the letter fundamentally disagrees with regulators' point of view on what SRD II represents. In previous correspondence, the associations note that regulators describe SRD II as a "regulatory compliance project". They, in contrast, see it as a "market infrastructure project".

This is because successful implementation of the SRD II processes, and full compliance by any individual entity, are dependent on full compliance by all market entities, the associations say.

Both these challenges have been further exacerbated by the effects of the COVID-19 pandemic, the letter further notes.

Three major concerns

Given the above issues, non-compliance events are all but certain. But, even here there appears to be a lack of clear infrastructure to lean upon.

The letter outlines the associations' three main concerns when it comes to non-compliance.

First, in cases of non-compliance, firms must report to the relevant regulator. However, even on go-live day, who that regulator is or how reports should be filed, remains unknown.

Second, a complete lack of uniformity exists between member states when it comes to the severity of potential sanction in cases on non-compliance across member states.

Third, the drawbacks of a directive mean the market is effectively dealing with up to 27 separate versions of SRD II. "This is a major source of complexity, and creates barriers to market access, to the capital markets of each member state, and to EU-wide capital markets," the letter notes.

As a result of the myriad pitfalls and inconsistencies, the associations are requesting reassurance from regulators that "sanctions, penalties and fines will not apply, at least until 3 September 2021".

Presima Yield Fund appoints RBC I&TS as custodian

RBC Investor & Treasury Services (I&TS) has been selected to provide custody and investment administration services for the Presima Yield Fund.

Presima is a boutique investment manager exclusively focused on real estate securities that is headquartered in Montreal, Canada.

Sylvain Gervais, managing director and co-head, Quebec and Eastern Canada, RBC I&TS, commented: "We are thrilled to be initiating a new long term partnership with Presima. I am confident our sophisticated technology based solutions and considerable experience in the market will allow us to provide them with an exemplary level of client service."

Emmanuel Matte, CEO of Presima, stated: "Adding one of our funds to the Fundserv platform and being able to offer our investment solutions to a different type of clientele is a new and exciting experience for us."

Matte added: "In selecting a partner to do this, we wanted to ensure that we would get end-to-end support from an experienced and trusted provider – and that is why we selected RBC I&TS to accompany us as a partner."

Sunny Asset Management selects SGSS' front-to-back outsourcing solution

Societe Generale Securities Services (SGSS) has been chosen by Sunny Asset Management for its front-to-back outsourcing solution CrossWise.

Hong Kong SFC proposes amendments to OFC regime

The Hong Kong Securities and Futures Commission (SFC) has proposed amendments to the open-ended fund companies (OFC) regime.

Proposals in the consultation papers include the removal of investment restrictions for private OFCs, to allow them to match the same investment opportunities explored by overseas corporate fund structures. However, the OFC code will also be amended to require that custodians hold "sufficient expertise and experience" in safe-keeping the asset classes in which they invest, as well as requiring disclosures of material risks in OFC investments.

In addition, the SFC proposed to expand the scope of entities eligible to act as custodians of OFCs to cover intermediaries licensed or registered for type 1 regulated activity to deal in securities.

The SFC also recognised that the current regulatory framework does not specifically prohibit the appointment of multiple custodians to a private OFC, allowing for separate cash custodians and prime brokers.

Finally, the SFC proposed the provision for a mechanism to re-domicile overseas corporate funds to Hong Kong as OFCs, which would first have to meet key requirements under the OFC regime, such as the appointment of eligible operators.The specific workings of such a mechanism will be set out in new provisions to be introduced to the Securities and Futures Ordinance.

The SFC will also carry out further consultation on the client due diligence requirements applied to OFCs.

CrossWise is an integrated and modular offer of outsourcing solutions for traditional front office, trading desk, middle- and back-office functions.

The French asset management firm picked SGSS' solution for the outsourcing of its middle office and for the provision of the front-office portfolio management system SimCorp Dimension because of the partnership between SGSS and SimCorp.

Jacques Cadenat, CEO of Sunny Asset Management, said: "We are delighted to enrich our partnership with SGSS through its CrossWise solution which will allow us to focus on our core activities: the performance and marketing of our investment strategies."

SGSS is the custodian, trustee and fund administrator of all Sunny Asset Management funds.

Bitgate selects BitGo's custody solution

Bitgate has selected BitGo's self-managed custody solution to securely hold clients' digital assets and meet Japan's new Financial Services Agency (FSA) regulations.

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CSDR: ICMA calls for the removal of the requirement to appoint buy-in agent

The requirement to appoint a buy-in agent under the Central Securities Depositories Regulation (CSDR) mandatory buy-in framework is has the potential to be "extremely problematic", according to the International Capital Markets Association (ICMA).

In a briefing note, ICMA outlined that as part of the broader review of the CSDR mandatory buy-in framework, the requirement to appoint a buy-in agent should be removed.

The note looks at the traditional role of buy-in agents in the European non-cleared bond markets and why buy-in agents are no longer required in the case of the ICMA Buy-in Rules, and the risks and implications arising from a lack of availability of buy-in agents for the purposes of the CSDR regime.

ICMA said it has questioned the need for, and design of, the EU CSDR mandatory buy-in regime since it entered into law in 2014.

The association has highlighted cross-industry concerns that not only is it "likely to be damaging to bond market liquidity, efficiency, and stability, but many requirements of the regulation potentially render the initiative unimplementable".

ICMA maintains its position that other measures to improve settlement efficiency, such as cash penalties, should be implemented, and possibly recalibrated as appropriate.

Meanwhile, ICMA suggested the need for and design of the buy-in mechanism should be reviewed in the light of a rigorous market impact assessment as well as with reference to existing, market-based buy-in arrangements.

It explained that traditionally, buy-in agents were market-makers for the relevant securities, who were able to apply their product knowledge and experience and leverage their client franchise in order to fulfil the buy-in.

"Under CSDR these risks are likely to be even greater", ICMA warned.

"While there is still time for more solutions to put themselves forward, the fear is that they do not and that by the time the mandatory buy-in provisions come into force, most buy-ins will not be successfully executed", the association highlighted.

According to the association, this could result in a mandatory cash settlement mechanism that may also prove to be problematic, if not unimplementable.

ICMA concluded: "If mandatory buy-ins are to remain part of the CSDR-SD package, following the long-needed review, it would seem to be important that not only is there the possibility to appoint a far broader range of actors as buy-in agents (in particular established liquidity providers), but the requirement to appoint a buy-in agent to be removed altogether, and that, subject to best execution requirements and clearly defined limitations on conflicts of interest, firms are able to execute their own buy ins."

"However, the optimal solution remains that firms be able to execute buy-ins at their own discretion under market-based contractual arrangements, rather than being mandated by overly-prescriptive and potentially unimplementable legislation that fails to reflect underlying market structures and dynamics", ICMA added.

The regulations came into effect on 1 May of this year and ensured that business activities relating to cryptocurrency in Japan are more stringently overseen.

BitGo's custody solution will allow Bitgate to access software products to secure customer assets under the new FSA requirements, which recommend a reliable designated method to hold digital assets.

The solution implements multi-signature security software and advanced security configurations that are FSA-compliant.

It will also provide training, set up and consultation services for Bitgate, as well as auditing capabilities, access to multiple currencies, and immediate integration into BitGo's custody technology.

Mike Belshe, CEO of BitGo, explained: "BitGo's unique, custom self-managed custody solution was specifically designed for the Asian market and is now trusted by 25 percent of the FSA licensed exchanges. Bitgate is relying on our long-established experience and proven track record to eliminate single points of failure and secure customer assets. Additionally, BitGo's ability to seamlessly integrate the solution for the client enables them to be fully operational quickly."

CACEIS picks FIS to streamline payment operations

CACEIS has selected FIS Open Payment Framework (OPF) to its streamline payment operations, reduce processing costs and provide a smooth payment experience.

FIS OPF supports ISO 20022 payment standards, as well as SEPA credit transfer, direct

debit, instant payments and the SWIFT global payment initiative.

Fabien Azavant, chief information officer at CACEIS, commented: "It is very important not only that we stay ahead of evolving regulatory requirements, but that we provide our clients with a modern, streamlined payment experience. A single platform from FIS will enable us to do that in all our entities, while also streamlining costs and enhancing the visibility of our international payments."

Sandeep Gill, senior vice president of banking solutions and international markets at FIS, added: "CACEIS joins a growing roster of organisations that are taking advantage of the advanced functionality of the FIS OPF. We look forward to working with this market leader to realise the benefits of deploying our payments platform."

TriOptima and AcadiaSoft extend partnership

TriOptima has renewed its collaboration with AcadiaSoft to automate monthly collateral interest payments in order to improve the efficiency of trade processing for over-the-counter (OTC) market participants.

TriOptima's expanded support for AcadiaSoft's new interest payments messaging will allow the wider industry to benefit from increased efficiencies.

According to International Swap Dealers Association data, cash collateral accounts for approximately 70 percent of all collateral exchanged for non-cleared derivatives, equivalent to $1.3 trillion in 2019 alone.

Neil Murphy, business manager at TriOptima, explained: "Our clients are aiming to automate large parts of their collateral management lifecycle as they prepare for upcoming phases of the uncleared margin rules."

"Enabling clients to process interest in an efficient way, that allows reconciliation of underlying balances and automated matching, is part of that process."

Mark Demo, head of community development at AcadiaSoft, added: "This is another step toward complete collateral process automation and will help more firms reduce the amount of time required to complete their monthly cash collateral interest process."

The two firms previously partnered through triResolve Margin, which connected over 200 counterparties to the AcadiaSoft network.

Apex and Calypso team up to provide services to Ardent Financial

Apex Group has been appointed to provide front-to-back-office solutions to Ardent Financial, the Financial Conduct Authority (FCA)-regulated global securities dealer, using Calypso Technology's management and reporting platform.

Apex will provide decision support, analytics and back-office services to Ardent via the Calypso platform as part of the Apex360 solution.

Apex360 provides tailored and service-focused solutions, which will enable Ardent to enhance its operating model, reduce risk and control costs.

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In addition, Calypso's platform will allow it to complete administrative tasks through one system, streamlining everyday processes and reporting.

Aidan Brady, COO, Ardent Financial, commented: "We chose Apex and Calypso due to their outstanding track record in the middle and back-office service sector and ability to provide a flexible and scalable service which meets our requirements. We have been impressed by the responsiveness of the dedicated team, and their ability to deliver implementation efficiently and on an accelerated timescale."

David Rhydderch, global head of financial solutions at Apex Group, said: "We are pleased to be partnering with Calypso, as they play a key role in adding value to our clients, helping to provide flexibility and resolve the challenges facing them as they scale their businesses. Calypso's platform will power Apex's reporting services and will enable Ardent to save time and increase efficiency."

Mayank Shah, chief strategy officer, Calypso Technology, added: "Apex is a long-standing strategic partner of Calypso and the successful implementation of services for Ardent further demonstrates the strength of our relationship and our commitment to our clients."

KDPW rolls out new solutions

KDPW, the Central Securities Depository of Poland, has launched new solutions facilitating communication between public companies and their shareholders in line with the requirements of the second Shareholder Rights Directive (SRD II). SRD II, which went live on 3 September, aims to encourage shareholder engagement, increasing transparency and improving corporate governance.

The scope of modifications relating to the implementation of the new regulations focuses on two areas.

The first includes the modification of the scope of information transmitted by companies to KDPW and subsequently transmitted by KDPW to its direct participants, enabling shareholders to exercise their rights attached to shares such as notifications of general meeting and other corporate actions. The other area is the transmission of shareholder details to companies.

Regarding general meetings, KDPW said the functional scope of the online application used by issuers of shares to process general meetings will be modified to a large extent. The application will support the transmission of general meeting notices, notifications of the participation of shareholders in general meetings, as well as vote recording and counting confirmations.

For events other than general meetings, companies that are unable to distribute corporate action notifications regarding shares directly to all their shareholders are required by the European regulations to notify intermediaries that maintain shareholders' securities accounts of such events immediately but no later than the same business day.

In the case of public companies established in Poland, KDPW is the intermediary and it will distribute such information to its direct participants who will forward it to shareholders.

Meanwhile, a new online application "Shareholder Identification" is now available from KDPW to issuers. KDPW explained the application supports the disclosure of shareholder identification details to companies, including the number of shares.

Shareholders' personal data may only be processed for the purposes of public companies' identification of their shareholders, direct communication with the shareholders, and facilitation of the exercise of their rights and engagement in the company's affairs.

Elsewhere, the new solutions follow from amendments to SRD II which authorise public companies to identify their shareholders and require intermediaries to co-operate in the process.

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The new norm

Consultant Tony Freeman discusses the new norm of working from home and its effect on operational risk

When the COVID-19 crisis is over, or more likely being effectively managed, one of the many post-mortem exercises that will be performed is the impact of home-working and social-distancing on risk, particularly operational risk.

In 2002, I was working in a huge American investment bank as a relationship manager. My clients were all investment managers owned by insurance companies – some of the biggest buy-side firms in the world. One of the key skills of being an effective relationship manager in a bank that has a strong risk management function is to know how to navigate the many intricacies of bringing in new business.

Risk management teams are often portrayed as the "fun police" or business-prevention officers because of the bureaucratic obstacles they often bring up. But in reality, they are here to protect us.

2002 for us at the bank was dominated by the collapse of WorldCom — it zapped quite a lot of our bonuses. This was especially painful because the prior year Enron's collapse had done exactly the same thing. But, for the bank, it could have been worse. A colleague and friend, we'll call him 'Steve', was the risk officer at the time who signed off payments in the banks paying agent business. This is a non-glamorous but reliable segment: it has

low-margin annuity-like revenues. The bank was paying-agent for a WorldCom bond issue and he was reviewing a list of coupon payments the bank was due to make on their behalf to the bond-holders. It was normal practice to make these payments whether or not the client had paid the money to the bank. Unofficially and informally, the client was often being given a credit-line, sometimes totalling many millions of dollars.

At the time there had been some speculation in the media about the soundness of WorldCom's finances. Speculators were shorting the stock. But there was officially no reason why the bank couldn't make the payments and expect the client to pay the money in. But Steve was suspicious and decided he'd do a bit of digging. The bank also had a huge bond-trading team and Steve sought out the traders who focussed on the telecoms segment. The information they provided was alarming. The message was that the speculation was well-informed, the finances were indeed flaky, and if you had an exposed position to get out as soon as possible. Steve immediately halted the payment – and saved the bank a huge amount of money. The client went spectacularly bust very soon after.

The key point of this story is that the conversation between Steve and the bond-traders took place face-to-face on the trading floor. If he'd been at home in Hampshire and the traders had been in their riverside apartments would it have happened? I doubt it.

He didn't know who to talk to – he had to seek them out - but he knew where to find them. His instinct and his choice to have a physical conversation saved the day. A phone call or, even worse, an email would have had a much lower chance of being effective.

During the COVID-19 lockdown, there have been two prominent operational issues that have made headlines. A massive US bank mistakenly paid out $950 million to bondholders. To date, it doesn't appear to have got all of it back. And it hasn't explained what happened – other than talking about human error and manual processing. Attributing the issue to working-from-home is speculative but has to be a possibility. And, in Europe, the European Securities and Markets Authority (ESMA) has also reported that settlement fails in Europe spiked very sharply in March at the onset of the COVID-19 crisis. Fails climbed to around 14 percent for equities and close to 6 percent for government and corporate bonds. ESMA explicitly says that the problem was caused by "remote work and third-party outsourcing to countries in lockdown".

Firm conclusions with such little evidence are premature but it does seem very likely that physical separation has had an impact. It is commonly asserted that old-tech and fragmented legacy systems in the middle and back-office are the root cause of operational problems. But what we've always taken for granted is the ability to overcome an issue by a face-to-face conversation. The best middle-office staff are not afraid to stand over a trader and tell them they have to help resolve an urgent issue. It is very hard, probably impossible, to be so persistent on Zoom.

It seems absolutely clear that we're not all going back to the office in the way we did before. We will have to get used to offices being re-labelled as "collaboration centres" and making appointments to meet people we used to see every day. Compensating for the benefits of physical proximity with online tools is going to be very difficult. Is it even possible? What is needed now are tools that specifically focus on real-time verbal and visual problem resolution in a physically distanced model. An informal model will not cut it.

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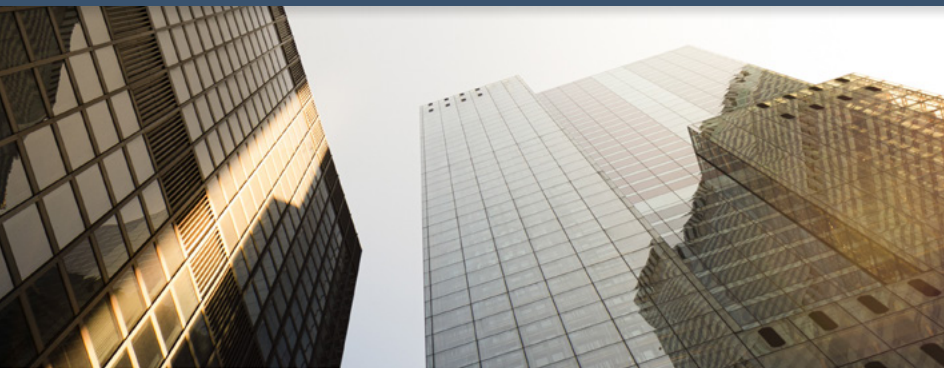
Operating within the new abnormal

Industry participants from T-Scape, FIS, Raiffeisen Bank International, CIBC Mellon, Broadridge Financial Solutions and IHS Markit discuss the importance of efficient corporate actions processing, the impact of COVID-19 and how the corporate actions space will evolve over the next five years

Why is corporate actions processing so important?



David Baxter

Having efficient processes in place reduces the likelihood of errors, and with it the risk of any financial or reputational damage that may result.

Although you could say the same about most processes, the processing of corporate actions is a little more complex than most as well as having various points at which an error could occur. This is difficult for fund managers, who sit at the end of the chain, but even more challenging for those that sit in the middle servicing others, such as a custodian.

If you consider all the entities that are involved at any given time it is easy to see why efficient processing is a need not a want.

At T-Scape we try to look beyond just the needs of our clients, but also the impact we can have on surrounding processes and the wider market. If we can improve efficiencies in one area how does that impact another? And what does that mean to the corporate action ecosystem as a whole?

A very simple example is deadlines. Each custodian will take the market deadline date and offset that by x number of days according to its own efficiencies, creating its own response deadline date. Many fund management corporate action operation teams work, for convenience, to the earliest of these custodian response deadlines ignoring the account/custodian relationship. Doing this can bind an account to a custodian it has no relationship with, compelling it to elect earlier than the response deadline of its own custodian. Aside from the fact that electing early could result in a non-optimal election for that account -a big issue in itself - it perpetuates the inefficiencies at both the fund manager and the custodian, and across the market as a whole. These are the sorts of inefficiencies we should be aiming to remove.

Philip Taliaferro: Today, more than ever, intermediaries across the corporate actions lifecycle must act and communicate accurately in the face of ongoing uncertainty, market volatility and pressure from internal stakeholders as well as clients.

Efficient corporate actions processing is vital. Client experience is often inconsistent as a result of multiple siloed solutions, which limits opportunities to grow relationships. When done right, corporate actions processing can create business and revenue opportunities by enabling faster and more accurate decision-making and allowing for a tailored experience for institutional and retail investors.

Vivian Petiza: Financial institutions rely on timely and accurate corporate actions data to help make investment decisions, complete valuations of investment portfolios and make sound financial choices.

For a service provider, it is critically important that there is efficient processing of corporate actions not only to best service their clients' needs, but also to reduce operational risks and associated costs. Service providers, therefore, invest heavily to have services that get it right.

Radoslaw Ignatowicz: No matter what part of the custody services chain you represent, investors want to know what happens with their investments. As a custodian, you were chosen to provide safety for their assets andenable settlement of transactions, but also to provide asset servicing that comprises corporate actions handling. Making the process of corporate actions right is one of the main reasons you are being

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> *Today, more than ever, intermediaries across the corporate actions lifecycle must act and communicate accurately in the face of ongoing uncertainty, market volatility and pressure from internal stakeholders as well as clients*
>
> **Philip Taliaferro**
> **Head of strategy, EMEA and Asia-Pacific, and general manager, asset servicing**
> **Broadridge Financial Solutions**

paid. But it is not the only reason, corporate actions can also create operational risk. Without efficient processing of those events you can easily end up into trouble and, due to the high complexity involved in this processing and irreversible consequences of mistakes, such an event can easily harm your custody profit. Moreover, as we all know, operational risk impacts banks' capital requirements. It is definitely not something a banks' management expects from a custody business, which has a connotation of a stable fee generator with little to none capital consumption.

George Harris: Efficiency = Productivity – Expense: surely the management of corporate action events would support this formula. Therefore, it follows that a simple cash or stock movement, or a name change, should be an efficient process similar to that of trade delivery versus payment or free of payment trade settlement. Unfortunately, that's not always the case.

Operational practitioners fully recognise the enduring importance of avoiding risk. Naturally, any remediation or client reparation that results from failing to execute a corporate action as instructed may lead to a secondary market exposure and associated risk in volatile markets. With the introduction of the European Shareholders Rights Directive (SRD II) on 3 September 2020, the regulatory demand for orderly and efficient corporate actions processing now puts further pressure on the operational management of an event. With any processing failure now comes a potential financial penalty or reputational risk.

At the same time, management executives remain focused on the associated expense of managing corporate actions. To manage their fixed resourcing overhead, do they outsource, offshore or near-shore their whole or partial operation? Given these considerations, as well as the challenge of servicing an increasingly demanding client base, a dynamic solution needs to be found to balance the equation and increase efficiency.

Ankush Zutshi: The complexity and effort involved in sourcing and interpreting corporate action information to ensure accuracy and timeliness is quite significant. From here on, the need to ensure timeliness and accuracy in every step thereafter — dissemination of the corporate action information to investors, collection of elections and passing instructions to the street, and paying out correctly — further adds to these risks and operational costs and creates a number of potential points of failure.

Such complexities make corporate actions hard to automate even with latest technologies and standards as there can still be manual touchpoints. Given these challenges, relying on inefficient manual processes and legacy systems to process corporate actions, is akin to introducing a massive risk to the firm's reputation and finances, even with the implied high operational costs. It's no wonder that these inefficiencies are the reason many firms still set aside a corporate action loss budget.

How has the COVID-19 pandemic affected the corporate actions space?

Baxter: You do not need to be active in the corporate actions world to see what impact COVID-19 has had. As companies assess and ensure their own position/survival it is not surprising that any deal to merge or any acquisition would stall, especially given the impact COVID-19 may also have had on the target itself and the due diligence effort required to reassess all aspects of a deal.

The cancellation of dividend payments for the same reasons made sense too.

George Harris

At the macro level, the pandemic has had an impact on the industry as a whole. There have been issuers who needed to defer their annual general meeting and approval of cash dividends – or even cancelled their dividend for 2020. And there have been beneficial owners who could not elect for an event, either because they could not access an electronic platform or when postal elections were delayed.

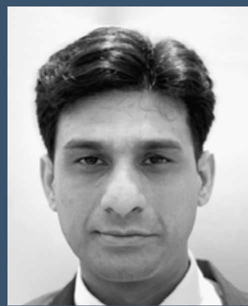
As for intermediary institutions, a number of organisations have not been able to rely upon offshore operations, owing to restricted access to buildings or increased pressure on reduced workforces as they prepared to work remotely. The pandemic has undoubtedly challenged the most seasoned business continuity plans and has led to very creative thinking about how to address these challenges.

In the corporate actions arena, the associated market volatility has had an impact on trading volumes with a knock-on effect on processing events, specifically around correct entitlement. And there is likely to have been a marked reduction in the volume of seasonal events, some of which have been deferred to Q4 2020 or Q1 2021.

There is also an expectation that capital-raising events may increase, particularly as organisations defend themselves against potential acquisitions. But this needs to be tempered with low interest rates and easily accessible credit to bolster balance sheets.

Operational and platform deficiencies will be the key focus of the senior management team. As well as using appropriate risk management techniques, more firms may move to trusted outsourcing partners with a strong track record in the pandemic. These providers are readily positioned to absorb and support the additional scale that organisations currently need.

> *The recent global market volatility as a result of the pandemic has continued over an elongated period with economic impacts still evolving and impacting investor confidence*
>
> **Ankush Zutshi**
> **Head of product management, corporate actions and securities processing**
> **IHS Markit**



Although corporate action volumes for these types of events have dropped, there has been a surge in other corporate action types such as exchange offers, for example, companies looking to refinance wherever possible.

It is possible that corporate action operations teams are working harder now than they were before because complicated elective corporate actions have surged. In addition, corporate action operations teams now have to manage remotely, which for those lucky enough to have good systems in place is not such a problem, but for those that do not then it is a challenge. Suffice to say that from an operational perspective, if ever there was an event that shone a light on why corporate actions should be fully digitalised, it's COVID-19.

Taliaferro: The impact of the COVID-19 pandemic on the corporate actions space can largely be split into two categories, both of which have created uncertainty in the industry. Firstly, the pandemic has led to an influx in issuer-driven activity. Early on, we saw a high volume of events being cancelled, suspended or postponed. As the pandemic has continued, events have become more complex, and we have seen increased activist activity and creative financing.

Secondly, the pandemic has created operational challenges on various fronts. To transition to remote working, companies have had to adapt and innovate quickly. Many companies use legacy systems that were never designed for remote working, and as the pandemic spread to global proportions, companies have had to deal with the challenges that home-based and offshore resourcing presents. Given the record volatility in the stock market, these operational challenges have been compounded with the increased complexity in securities lending.

Zutshi: The recent global market volatility as a result of the pandemic has continued over an elongated period with economic impacts still evolving and impacting investor confidence. After the World Health Organisation declared COVID-19 as a pandemic, several governments and regulators recommended banks to refrain from making distributions during this period. We have seen thousands of dividend and meeting cancellations globally in the US, Europe, the Middle East,Africa and Asia Pacific across different industry sectors such as oil and gas, real estate, auto, construction, hotel and leisure. There are many event extensions across the globe with meetings accounting for the most volume and extending to later part of the year.

Apart from meetings and distributions, several subscriptions offer, rights distributions, stock splits, tender offers, and bonus issues have also seen an impact. With some panic created due to a few stock exchange closures and companies not being clear about cancellation of meeting and dividend, operations teams had to go the extra mile to track down the right data from multiple sources and closely monitor which companies are eliminating dividend payments or other events to notify client or address increasing

number updates on corporate actions and a high number of client queries.

Additionally, the industry has had to operate under business continuity planning, with most offices closed and staff still working from home because of the global lockdown. After the initial teething problems, remote working has proven to be a relative success so much so that several major organisations are exploring revisiting their operating models to incorporate greater adoption to either permanent or rotational basis. We can see more focus upon new technologies and tools that can enhance the robustness and efficiency of remote working.

But beyond that, COVID-19 and the associated remote working has also highlighted the need for financial institutions to accelerate their internal transformation programmes, such as replacing legacy platforms with market leading technology transfer agency solutions, or outsourcing non-core activities for specialist managed service providers. This would enable operations to have access to accurate data, real-time workflows, risk dashboards providing them the transparency and capability to collaborate better in order to mitigate risk, and maintain service delivery in this age of remote working.

Petiza: The initial global impact of the COVID-19 pandemic affected major industries, including airlines, manufacturing and hospitality services to name a few. As a result, most businesses worldwide adopted various measures to stay afloat and preserve capital during these uncertain times. This directly affected the corporate actions of those businesses. We saw many issuers cancel or delay payment of dividends and interest events or extend bond maturities, while there were drops in tender offers, suspensions of dividend reinvestments and an increase in bankruptcy filings. Shareholder meetings in this new environment have either been cancelled, postponed or conducted in virtual settings. Electronic submissions on voluntary corporate actions have become necessary for the safe and efficient transmission of client elections.

What has not changed is our ability to service our clients effectively amid the changes in the market as a result of the COVID-19 pandemic. We quickly implemented contingency measures to adapt to our clients' changing situations and to avoid service disruptions. We currently continue to maintain remote work status with 98 percent of our company working from home, and remain vigilant to changing circumstances.

Ignatowicz: There are little areas COVID-19 has not had its effect on. Corporate actions space is no exception. Starting with the companies as the source of corporate action events, who massively cancelled their general meetings due to a worldwide lockdown, which had an overall negative impact on corporate actions numbers this year,

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> ***Electronic submissions on voluntary corporate actions have become necessary for the safe and efficient transmission of client elections***
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> **Radoslaw Ignatowicz**

but maybe we should look at this as actually a good thing. Another issue refers to processing of corporate action events, which often require some extra documents from underlying shareholders and are not yet fully electronic. Signing documents in the lockdown situation became, all of a sudden, not a straightforward task. Even after all those months, cross-border electronic signatures might not always work.

Despite those issues, processing of corporate actions has not been massively interrupted and worked relatively smoothly in COVID time. The biggest lesson learnt is that there are still areas such as mentioned supplementary documentation handling that needs to be further enhanced to assure timely and efficient processing of the corporate actions.

What are the biggest challenges with corporate actions?

Radoslaw Ignatowicz

It very much depends on how we define complexity. I do not think there is much that can surprise us from the variety of corporate action events side. There always will be peculiarities either due to specifics of the local laws or never decreasing inventions of companies and their legal advisers.

In my opinion complexity is generated these days by regulatory changes, which have a major effect on the way we would process corporate actions such as possible redesign of the corporate actions processes and top down prescribed reaction times by the information chain to protect interest of end investors. Another connected aspect refers to gradual change of communication standard and replacement of SWIFT ISO 15022 by ISO 20022. The SRD II introduction shows clearly how messy it can become. Although applicable to proxy voting areas and disclosure of shareholders, it also has a direct and indirect effect on corporate actions space. The effect is that on go live date for SRD II, we have to deal with multiple communication standards, and it will take some time until dust settles and industry adjusts to the new set up.

One lesson from this exercise is that regulations, if they are introduced, should be precise and the European Commission should make sure their introduction is consistent across the member states, also with respect to potential conflicts with other local laws.

Harris: I do not think the complexity associated with the economics of a corporate action has changed in the last five to ten years.

However, there is a greater choice of infrastructural opportunities for organisations that rely on the appropriate communication vehicles to manage events, from ISO 15022 and ISO 20022 to distributed ledger technologies.

While the ISO standards are mature in usage, many emerging technologies are responding to perceived business outcomes that are yet to become fully apparent.

However, the use of machine learning, robotic processing automation (RPA) and artificial intelligence (AI) will continue to grow and allow organisations to divert their skilled resources away from larger-volume and vanilla activity to more complex activity with a higher risk margin.

This move will further reduce the costs associated with resource management in the corporate actions domain.

From a personal standpoint the industry that provides the market with solutions may be delivering more complex solutions, but that is largely due to the inefficiencies inherent in today's environment

David Baxter
Managing director
T-Scape

In addition, the ability to access the corporate action 'data lake/pool' is increasingly becoming de rigeur – allowing more clients to differentiate their services by providing a holistic, post-trade view of their portfolios and access to non-traditional data such as custodian performance or election metrics. Historically, this has been achieved through database reporting; but today, API connections are giving clients more flexible ways to access their data.

In addition to the challenges that COVID-19 has brought to the corporate actions space, we are also seeing added complexity arise from increased client requirements and regulation

Philip Taliaferro

Petiza: We have seen increased complexity in the terms and conditions of certain corporate action events and the tax consequences for those events. Additionally, there is an increased volume of cross-border transactions involving other custodians, securities registrars, depositories and transfer agents with regulations and practices that are different from Canada's. As complexities increase, it is ever more challenging for service providers to administer the corporate action. Therefore, many areas of expertise may need to be brought to bear to work through the complexities.

Baxter: There are so many challenges that need addressing within the corporate action world; it is difficult to know where to begin. That said I could start by looking at market coverage. We have a lot of volume processing over the SWIFT network, but an awful lot of individual organisations, fund managers and issuing companies. sitting outside of the network communicating with each other via email, proprietary APIs and/or portals and even fax. So challenge number one? Be more inclusive and extend the community for the benefit of all. Then perhaps follow that with a lot at standards.

ISO 15022 is the predominant standard amongst the current market participants, but it is ambiguous in places, leaving it open to interpretation which causes problems. We also have ISO 2002. It has been adopted by DTCC but not by the big volume houses, although with it being the weapon of choice for the regulator with regards SRD II shareholder identification and voting, they are being forced to come on board.

It will be interesting to see if issuers and/or their agents embrace the enhanced messages, and whether the regulation will trigger any form of migration from one ISO 15022 for other corporate actions. So standards (or lack of) would be another point of attack. Then look at some of the key aspects of the process. I previously mentioned deadline dates.

The greater the distance between making an election and the market deadline the more open we are to the election being sub optimal. And then move onto other areas impacted by corporate actions, fund pricing, securities lending, market claims to name a few and think about how they can be addressed.

From a personal standpoint the industry that provides the market with solutions may be delivering more complex solutions, but that is largely due to the inefficiencies inherent in today's environment.

Taliaferro: In addition to the challenges that COVID-19 has brought to the corporate actions space, we are also seeing added complexity arise from increased client requirements and regulation.

Clients increasingly rely on more complex trading strategies and tax considerations, driving a greater focus in these more complicated areas. Clients have also been focusing on securities lending to drive returns which adds a layer of complexity for asset servicing.

On the regulatory front, the Central Securities Depositories Regulation (CSDR) and SRD II are two pieces of regulation that are changing the landscape for our clients. Although recently delayed, changes to CSDR have led to an increased focus on settlement discipline, which is driving changes in the securities lending world. Meanwhile, SRD II requirements, which came into effect in September, will create requirements for same day notifications. This push for increased transparency will create pressure in the corporate actions space, and firms will be required to innovate quickly to meet these demands.

Ankush Zutshi

The biggest challenges in the corporate actions space emanate from the fact that even with continuous margin compression for all segments for the capital markets including custodians, brokers and their buy side clients, the costs and risks in the corporate actions space are increasing due to volumes increases, new regulations and market infrastructure changes. These factors coupled with the lack of standardisation and manual processes built around legacy technology architectures further exacerbate the risk of errors and financial losses.

Increase in cross border holdings with trading and settlement in different locations, and investors increasing their derivative instruments and structured products exposure are some factors that have added to the necessity of tracking and compiling accurate event information and entitlements around all the underlying securities. There has also been a significant increase in the volumes and complexity of corporate events as capital markets find new and innovative ways to raise investment and governments and local tax authorities seek to recover taxation from investments via the introduction of new tax legislation.

In addition to the above challenges there has also been the introduction of several new regulations as regulators look to protect investors and maintain confidence in market integrity. We are seeing newer regulations such as SRD II increasing transparency around corporate governance and setting performance parameters by which intermediaries must pass on corporate event notifications to clients.

Market infrastructures around the world are also evolving. DTCC in the US is completing the reengineering of corporate actions processing to move to the latest ISO20022 standard. Various European market infrastructures, driven by T2S harmonisation efforts, are following suit and the ones in Asia Pacific are not far behind.

All of these changes require continuous product and technology change investments. With the growing demand from clients to provide accurate data and information on a real-time basis through modern open platforms and APIs, helping them optimise the invest decision process comes at a much higher cost to the custodians, especially the ones which are still using legacy technology architectures and that too at a time when margins in the industry have continued to be compressed.

While progress has been achieved by custodians in tackling these challenges through adoption of technology, the ability to fully optimise this investment is restrained due to other weaknesses in the investment chain who do not or cannot comply with industry reporting standards.

What role is technology playing in helping simplify corporate actions?

Ignatowicz: Technology has a significant role to play in the corporate actions processing of a custodian. It is also a game changer in the corporate action space. All previously described issues referred to the chain of actors in the process from an issuer to an owner of assets. We can logically work on making the current flow seamless and faster, fine tuning existing processes, or build the whole concept anew. Current systems evolved throughout development of the capital markets, both in terms of corporate actions variety as well as in terms of its geographical

Philip Taliaferro

We believe that technology is key to the future of corporate actions, and that there is huge value in providing a holistic view of corporate actions processing driven by modern technology. Two key areas that we've identified as key to the future of asset servicing include cloud technology and API integration.

Cloud technology will simplify corporate actions by providing a cost-effective change to existing infrastructure. In the past few years, cloud systems have become cheaper to implement and scale than legacy systems, and have developed a high level of agility and configurability. Through cloud, companies will have the ability to handle complex, high volume global trading models, and scale rapidly and grow to meet demand from new clients or markets. The ability to see on a very granular level the cost of utilising cloud encourages informed decision-making on whether to scale up or down its use, and minimises wasted capacity.

API integration with existing systems can also simplify corporate actions greatly, increasing operational efficiency to save time and reduce cost. Often, bringing data into these applications can be a very large part of client onboarding; at Broadridge, we now have standardised APIs that are supported by appropriate security which is shared during the pre-sales process. By integrating standard APIs into the corporate actions process, we have streamlined workflow for our clients, simplifying real-time data exchange and ensuring seamless alignment with their core infrastructure.

Traditionally, we have seen that asset servicing fintech has been slow to embrace the 'sandbox' approach that other tech-based industries take of rapidly demo-ing and proto-typing new technologies. This capability has been overdue, but by taking this approach we're now in a position to meet and shape client expectations.

Technology can play a very significant role in developing modern solutions to streamline corporate action processes and reduce risk

Vivian Petiza
Assistant vice president, corporate actions and Income
CIBC Mellon

expansion. This has resulted in the increased number of corporate event types but also in extension of the chain between issuer and the beneficial owner. Technology may make this distance shorter again. Distributed ledger technology (DLT) provides for such solutions, which may change the paradigm of corporate action processing.

Technology is there, however, that does not mean its implementation will be fast or easy. As in case of every situation with a large number of stakeholders, implementation of something like that requires certain consensus among the players. DLT itself is a broad concept and finding one solution and introducing one standard may be a lengthy process in itself. This can be nicely illustrated by looking at implementation of ISO 20022 standard for corporate action messages published by ISO in 2009. Despite all the time that passed, ISO 15022 format is still the main carrier of corporate action data between the players and co-existence rules between those formats limit full use of ISO 20022. Nevertheless, the change is inevitable, the big unknown is when it is going to take place and what form it would take.

Petiza: Technology can play a very significant role in developing modern solutions to streamline corporate action processes and reduce risk. Web-based applications can allow shareholders to receive corporate actions online at near real-time, prioritise their review of events, schedule reports, submit corporate action elections and view income projections. From a service provider perspective, by automating certain repetitive tasks through macros, employees can focus on more value-added functions such as validating complex events and exceptions. This can help reduce risk and cost, and ultimately enhance the overall quality of corporate actions services.

Technological advancements can also help provide service providers with the ability for straight-through processing. This can support real-time critical, time-sensitive updates to clients. The same connectivity can offer a view to the current status when issues arise, typically within the same day, setting the stage for speedy resolution. Technology can also offer flexibility by providing clients with the ability to receive communications according to the client's preference, whether it be by SWIFT, fax or online.

All in all, technology facilitates the standardisation of corporate action messages, the streamlining of corporate action information, the electronic delivery of the information to stakeholders and the speedy identification and resolution of issues.

Harris: Applied technology is key here – specifically that which can be used to deal with real-world problems when processing events. Within

Within the end-to-end corporate actions life cycle, technology must be able to deal with everything from announcement capture and entitlement, reconciliation and settlement, with appropriate oversight and reporting tools

George Harris
Senior director, master data services, product management for asset management and alternatives
FIS

The technology is there to help and simplify these and many more aspects of the corporate action

David Baxter

the end-to-end corporate actions life cycle, technology must be able to deal with everything from announcement capture and entitlement, reconciliation and settlement, with appropriate oversight and reporting tools. However, this can't be dealt in isolation: corporate actions is just one facet of post-trade management and is inherently relied upon by other parts of a client's organisation, such as investment of book of records/accounting book of records, reconciliations, post-trade compliance, collateral management or client reporting. Integrated real-time solution suites are key to satisfying the overall product offering and aren't just restricted to corporate actions.

Baxter: Technology provides a framework within which we can exchange information in structured format across networks. It enables us to develop solutions that can consume and process that data and provides us with an ability to automate and simplify many of the processes that otherwise would remain manual. From master record definition, option mapping and data cleansing right through position reconciliation, election management and the complete management of instructions from generation to status updates and beyond into entitlement calculation and settlement. The technology is there to help and simplify these and many more aspects of the corporate action process.

The efficiency of the market though is dependent upon who can access the technology. As mentioned we still have a raft of players that rely on email, spreadsheet and fax. With regard to the technology itself, it is also worth remembering that it is entirely dependent upon the data that feeds it. ISO 15022 has been around for some time now and continues to be the dominant standard used by the volume players. But it too has its limitations and remains open to interpretation.

We also have ISO 20022 and can see divergence between market participants with DTCC on an ISO 20022 path and the global custodians sticking with ISO 15022. But the divergence doesn't stop there. Look at the European directive that is SRD II. With ISO 20022 the regulator's choice for voting and shareholder disclosures, we now have a split at the corporate action level. Manually coping with this would be incredibly painful. It is the technologists, and the technology being provided, that cater for the many nuances that exist in the corporate actions world shielding end-users from such complexities to ensure the process is as simple and efficient as can be.

Zutshi: Technology is a significant contributor to the simplification of corporate actions. In response to all the challenges in corporate actions processing financial institutions have focused upon the need to continuously improve efficiency and reduce risk by investing in rules-based workflow automation technology and digitalisation tools, either building or buying market leading asset servicing solutions. These solutions facilitate increased efficiency and risk reduction by automating the end to end workflow with the aim to increase STP rates. This creates time and resources to focus upon the identification and resolution of exceptions.

Firms are increasingly leveraging cloud to lower total cost of ownership (TCO) and simplify implementation and maintenance of solutions compared to the traditional model of on-premise deployment and upfront licensing costs. The compelling economics of cloud is especially very valuable to custodians who were earlier struggling to replace their legacy technology platforms that were hindering the digital transformation efforts as it is much easier for them to now implement modern technology solutions in the market.

The increasing demand from buy side clients on self-servicing, real time information access and modern digital tools provide opportunities for custodians to leverage technologies such as APIs and open platforms. The API adoption is increasing at a rapid pace and their adoption can improve the efficiency not only around client communication but also interactions with the street including counterparties, market infrastructures and solution providers.

Given the reliance on manual touchpoints and processes, developments in new technologies such robotic process automation can help increase operational efficiencies by automating the basic repetitive tasks without impacting the technology infrastructure. Using robotics, web scraping and artificial intelligence techniques to source corporate action data directly from newswires, the web, vendors and other providers and then analyse the unstructured data in disparate formats using AI and machine learning, to normalise can help reduce the manual validation efforts and timeliness issue for corporate actions.

Intelligent automation can also be used to analyse reconciliation breaks and patterns at different steps in the corporate action lifecycle around to help operations in faster resolution of such breaks. Modern tools like natural language processing-based chatbots can assist in client servicing for basic corporate action information queries and also assist in the decision-making process with additional information.

How different do you think the corporate actions space will be in five years' time?

Vivian Petiza

I believe we are already starting to see a preview of what is yet to come in the next few years for corporate actions. Industry participants are closely collaborating to harmonise market practices and adopt standards for processing corporate actions events. The issuer community is becoming more engaged around potential changes that could facilitate corporate reorganisations in a more streamlined manner. Firms are continuing to pursue automation and the streamlining of their processes, such as through STP, and they are also improving corporate action communication, all of which is expected to continue in this direction.

Many industry participants will benefit from these enhancements, both the consumers of the corporate action information and recipients of the corporate action entitlements. With STP, recipients would receive corporate actions in close to real-time, allowing them to make decisions more quickly, while service providers can mitigate operational and reputational risks and operate in a more cost-effective manner.

Further, corporate issuers can benefit from more timely and accurate communications to their stakeholders, which may help them avoid or reduce the occurrence of residual issues. The Canadian industry as a whole can benefit from higher STP rates and a more efficient flow of information, which we are on track to achieve.

Zutshi: Financial institutions are already looking at newer and nimble operating models while learning to operate within the new 'abnormal'. We believe the next five years would not only see a much higher volume of corporate actions coming from emerging markets but also bring about a significant transformation of the current technology landscape and operating models.

We would witness a lot more RPA, optical character recognition, AI, and machine learning-enabled solutions automating many manual processes for operations teams. Cloud-based corporate actions workflow solutions, leveraging intelligent automation and open APIs frameworks, with lower total cost of ownership would have proliferated into financial institutions globally, even in geographies where the adoption today is low. Many of these solutions would be integrated with an ecosystem of other best in breed technology solutions where these ecosystems would be offered by today's securities services providers and new fintech.

The managed services model for the corporate actions process would have been well established where some parts of the corporate actions process would be mutualised and outsourced to managed service providers covering those specific areas.

We hope that in the next five years we can see the epitome of outsourcing evolution with mutualisation and multi-tenant models whereby multiple financial institutions are able to outsource technology and operations for the end to end corporate actions operations process to an external provider in a business process-as-a-service (BPaaS) basis model.

> *Regulatory changes and prescribed conversion path will foster moving towards ISO 20022 as an information carrier*

Radoslaw Ignatowicz
Product owner custody
Raiffeisen Bank International

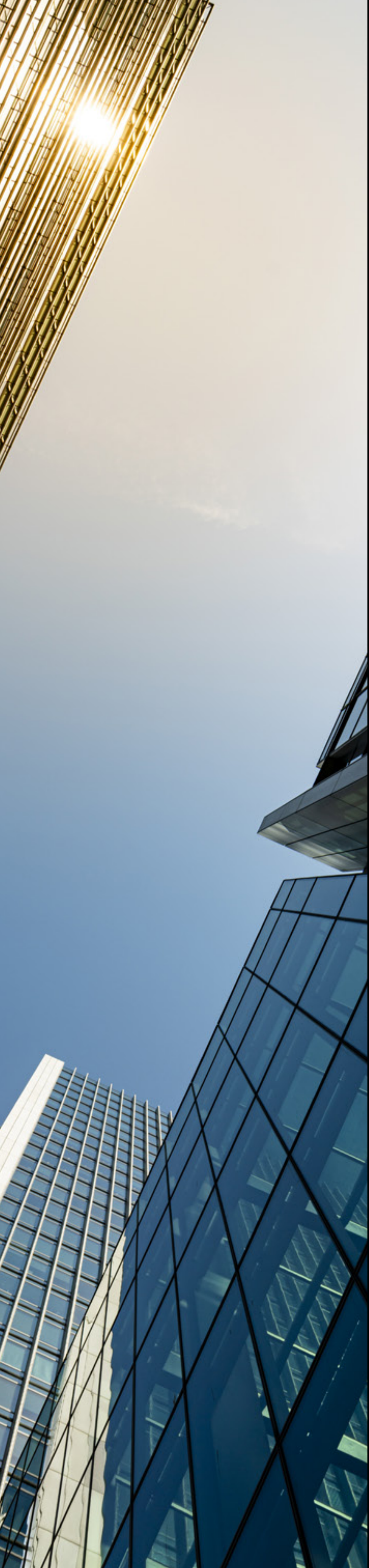
Harris: Changes are going to be orientated around technologies that support industry normalisation and benefit all intermediaries. Breaking down traditional roles within the event life cycle is key to ensuring appropriate ownership. This could include relying on the issuer to present the de-facto announcement record, eradicating the need for intermediaries to interpret variations of the truth. In the future, custodians may only be responsible for managing the position dictating entitlement, i.e. safekeeping. Beneficial owners, meanwhile, could depend on artificial intelligence for decision making, for example, factoring market conditions into rights issues when making a choice. After all, the economics of a corporate action event are here to stay.

Baxter: I'd very much like to say that things will be significantly different and far more efficient than they are today, but experience tells me that it is unlikely to be the case. Of course technology will continue evolving at a rapid pace, but it seems the best we can offer to improve corporate actions is 'the cloud'. Which is just a variation on a theme, i.e. the same process requiring all the same touch points, the difference being you've put your data in somebody else's environment — it doesn't actually address any corporate action processing inefficiencies. Maybe we will have more success with respect to engaging with companies about issuing corporate action announcements in a way that makes for easier dissemination down the chain. I know great strides have been made in this area and it feels like we're almost there. It will certainly bring greater efficiencies across the market as a whole.

Interestingly, the SRD II is all about delivering better engagement between a company and its shareholders, which can only help the cause. To make this work though it really needs the entire market to embrace and drive such a change. From a T-Scape perspective we are pushing as hard as we can to improve things at both a client level but also for the wider market. A few years back we felt there was a need to provide a simple user friendly interface that portfolio managers, traders, credit analysts and other front-office participants could use that would provide a window through which they could view ongoing corporate actions, deliver recommendations, and ultimately make elections. We were told early on that it would be difficult to convince the front office that they should take an active role in the corporate action process. But provide them with the right application and show them the benefits of using it and all of that goes away. Which brings us to today and our latest client about to introduce another couple of hundred front office users onto iActs.

There are reasons to be bullish — ISO 15022 was released in 1999 and here we are 21 years later and still talking about how we can improve things.

Taliaferro: In five years' time, we imagine that the corporate actions space will be radically



different. We believe that the industry is at the final frontier to achieve significant STP, and in the next few years, we expect to see massive adoption in the use of cloud and AI, which will provide a strong basis from which to further automate routine human functions. As new technology is implemented, we expect that the industry will pivot from a focus on exception handling, to risk management and end-client differentiation.

Ignatowicz: We will definitely experience major changes in the messaging standard, impacting the corporate action domain toward data richer ISO 20022 format. Regulatory changes and prescribed conversion path will foster moving towards ISO 20022 as an information carrier. The final give up of 15022 standard, however, is expected no sooner than in 2028 following three years coexistence period after planned migration of majority of market players to ISO 20022 format at the end of 2025.

We will also see further digitalisation of corporate action data provision combined with official sources centralisation at least on market level, what should improve reliability, speed and accuracy of corporate action information.

In my opinion, apart from gradual transition towards a new messaging format, we will see on a larger scale another process that has been noticeable in the corporate action space already before, but it might grow in importance — outsourcing. Along with SRD II implementation we could observe a growing number of custodians outsourcing these services to third party providers specialising in proxy voting areas as well as shareholders identification.

There are anumber of potential advantages of such an approach starting from overall cost, convenience and risk reduction. Such entities can provide a full product suite accompanied by on-line applications enabling monitoring of the

> *I'd very much like to say that things will be significantly different and far more efficient than they are today, but experience tells me that it is unlikely to be the case*
>
> **David Baxter**

process. It means that you not only sort out the issue of managing information in the chain, but you may enrich your product offering with extra features to your clients, sharing the development costs of it with other users. Moreover, the more entities use it, there is a greater possibility of internalisation of information flows, what cuts the length of the processing chain and increases flow speed along with data accuracy. Variety of communication standards offered enables users to mitigate format conflicts, thus reducing cost and effort.

The same principles fostering outsourcing in proxy voting services may drive custodians' decision-making process in corporate action handling. Especially that such outsourcing entities may deliver technical solutions disrupting the way corporate actions are handled. On one hand this may pose a risk of disintermediating sub-custodians, on the other hand it is likely that banks will see opportunity in participating in those efforts as investors create completely new corporate action ecosystem. It is maybe a futuristic view for the five-year horizon, but definitely we will see more disruption in the asset servicing area going forward.

BECAUSE TIME DOESN'T STAND STILL, EVEN IN CORPORATE ACTIONS

Automated solutions in business continuity planning tells the story

During FIS' recent webinar, **"Looking Beyond 2020: A Reality Check for Corporate Actions,"** the question was asked, "Who will be chosen as the sacrificial lamb to go into the office and retrieve the fax notifications during the next wave of pandemic?"

A telling question if there ever was. The very pandemic that pushed modern corporations into adopting work-from-home policies is now driving the financial world at large to embrace the new digital norm – or fade quietly into the sunset.

Three inescapable developments

During the COVID lockdown, logistics became vital to ensuring the uninterrupted flow of business. With staffers working from home and access to on-premise resources limited, corporate actions teams managed to function well enough, thanks in no small part to smart business continuity planning in advance. However, now that the dust has settled, the back office needs to focus on some key areas to move beyond 2020 confidently.

1. Communication is key

Corporate financial data must be made accessible across the organization, to accommodate anywhere-anytime account services. The ability to move work on short notice must be bridged, outfitting employees to communicate over consumer grade networks in any geography at will. Bank-to-bank communications, such as SWIFT messaging, must also be embraced. Regulators have set the stage for transformation with legislation such as SRD II (in Europe), but COVID now makes modernization non-negotiable.

2. Online resources are vital

While on-premise infrastructures provide a high degree of security and control, they also demand great wherewithal to duplicate operations for reliable business continuity. The cloud levels the playing field by making secure resources available from anywhere. What's more, browser-based tools, advanced data management capabilities and cutting-edge AI, ML and analytics on the cloud make it the preferred deployment for business continuity moving forward.

3. Staff knowledge must be democratized

Managing corporate actions is a complex business. It can take years for operations staff to learn the ropes and make right decisions based on experience and in-depth knowledge of rules and procedures. When COVID effectively separated junior staff from senior peers, mistakes were made. Connecting junior employees with expert resources across the enterprise will become more important than ever in the post-COVID world of corporate actions.

FIS Empowers Corporate Actions Processing

FIS™ XSP is a SWIFT-accredited, highly configurable solution that offers end-to-end management of corporate action event activity. XSP uses emerging technologies such as robotic process automation to help users target, identify and manage corporate action data, positions and election risk throughout the event life cycle.

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ADVANCING THE WAY THE WORLD PAYS, BANKS AND INVESTS™

Time to accelerate

The COVID-19 pandemic is pushing Switzerland to further accelerate towards digitalisation and innovation. Northern Trust's Wim van Ooijen explains more

Maddie Saghir reports

A landlocked country surrounded by beautiful mountains, valleys and deep Alpine lakes, Switzerland is dotted with farms and small villages as well as cities merging the old with the new.

The country has also maintained its status as a leading global financial services centre. In recent years, Switzerland's financial services industry has seen a boost in innovation and a growth of enhanced technology, while cost pressures and regulations are some of the areas that pose challenges. As such, Switzerland needs to continue its focus on regulatory flexibility in order to continue its momentum.

Speaking with Asset Servicing Times, Wim van Ooijen, country head of Switzerland, Northern Trust, tells us more about some of the trends and interesting themes in Switzerland.

images by robertdering/adobe.stock.com

To ensure Switzerland maintains and develops its status as a leading global financial services centre it needs to focus on a combination of regulatory flexibility, market competitiveness, and asset servicing capabilities to accommodate a spectrum of requirements

What are some of the trends you are seeing in Switzerland's asset servicing space?

We see investment managers being concerned about controlling costs in volatile markets, followed closely by a focus on risk and compliance challenges, as well as support for expansion into markets beyond their home country. These were among the key findings from research Northern Trust commissioned earlier this year surveying 300 heads of investment operations from asset management firms across Asia Pacific, North America, Europe, the Middle East and Africa.

In response to this, we see increased interest in asset managers working with their asset servicers to outsource certain functions to help drive efficient growth and strengthen key processes. For example, our survey indicated that 85 percent of respondents have either already outsourced their trading desk or are interested in doing so in the future. Nearly half (45 percent) are considering outsourcing data management in the next two years, while approximately one third are considering outsourcing foreign exchange and middle office functions.

Outsourcing remains a key way through which small- to mid-size managers can achieve operational scale and gain access to capabilities usually only available to the largest players – aiding efforts to maximise efficiency, realise cost savings and improve margins.

Our experience is also that by identifying functions that are 'non-core', for example, not of intrinsic value to their businesses, and outsourcing these to a third-party provider, managers often gain greater focus on the areas where they can add real value. In this way, outsourcing can aid managers' focus on activities such as portfolio management and client service, and avoid being distracted by activities at which others may be more expert, such as trading.

How is Switzerland's financial services working to keep up with the latest technology? What initiatives are you working on in this space?

As a jurisdiction, Switzerland can demonstrate close collaboration between government, regulators and financial sector firms to foster innovations in fintech.

Swiss-specific solutions in the financial industry, such as electronic payments, are in strong competition with solutions provided by global technology companies. We expect similar growth opportunities for global solutions in asset servicing and believe a combination of local presence in Switzerland with a global asset servicing platform provides the best value for clients.

There is no question that artificial intelligence (AI) and its variants are going to dramatically change the industry. Our market advocacy and innovation research team actively focuses on AI, distributed ledger technology, robotics, and other technologies to determine the best and most beneficial ways they can be woven into our business.

We believe industry practitioners and regulators themselves will begin to adopt live auditing in the coming period. We also believe that in the future, markets will regulate themselves based on algorithmic updates. The use of robo auditors will make the market safer, even for complex assets, which in turn will further drive the widening of access to the market.

What challenges is Switzerland currently facing within its asset servicing market?

The material growth of the Swiss financial technology sector we have witnessed over the last few years has increased the necessity for asset servicing providers to adopt these innovations for the benefit of their clients and the asset servicing industry as a whole. Fintechs have also in the last few years increased the pace of innovation in Switzerland, which is bringing structural challenges to the industry.

It would be also beneficial for Switzerland to maintain a favourable regulatory environment enabling and encouraging partnerships between asset service providers and fintechs. Such collaborations would ultimately benefit the end clients passing on new efficiencies and cost savings.

To what extent is data an opportunity for Switzerland's asset servicing industry and its whole financial sector in general?

There is no shortage of data available to investment managers, and in our recent survey, the task of managing changes to existing data sources or providers was ranked as the biggest challenge for asset managers when evaluating their data management. Consolidating data from multiple disparate internal and external sources was ranked second.

Firms that fail to focus on incorporating data management into their operating models, are at risk of falling behind their competitors. Implementing next-generation technology internally is an effective way to build on a pre-existing data strategy and IT infrastructure. However, before going down this road, decision-makers should have a clear understanding of how this could impact their current technology commitments and operating model and how it can specifically help them to achieve their business goals.

In today's environment, we see availability of this data – for example, on managers' fund flows or investor on-boarding – as being crucial to supporting strategic decision-making. It will help managers more closely with key challenges such as growing assets, meeting regulatory obligations and controlling costs.

How could Switzerland further bolster its asset servicing industry?

To ensure Switzerland maintains and develops its status as a leading global financial services centre it needs to focus on a combination of regulatory flexibility, market competitiveness and asset servicing capabilities to accommodate a spectrum of requirements.

From a regulatory perspective, Switzerland needs to continue its focus on ensuring a pragmatic regulatory infrastructure to meet the broad-ranging needs of its diverse asset manager and asset owner clients. This entails continued focus on supportive regulations, including the ability for asset servicing providers to offer services to meet UCITS and Alternative Investment Fund Managers Directive (AIFMD) needs of non-Swiss clients as well as local clients in cooperation with the regulator.

It is important the industry continues to maintain its global competitiveness. Switzerland's asset servicing industry supports a comprehensive range of funds which historically looked for a provider that could offer depositary banking, custody, fund administration and management company services as a package. Going forward, clients may look to break open this value chain and find 'best of breed solutions' for various components.

These trends and developments can be addressed by a focus on partnership models and joint solutions to bolster non-core elements and drive the Swiss asset servicing industry forward. A combination of local Swiss understanding of client needs plus a global asset servicing platform should benefit clients, as well as local and international asset servicing providers.

What do you expect to see over the next 12 months? What do you think will be the hot topics this time next year?

The impact of COVID-19 is accelerating the digitisation of the financial industry and asset servicing is no exception to this trend. Asset servicers, in providing fund administration, global custody and data-orientated services to investment managers, have seen how current conditions create new challenges for the industry. The need for digitised investor communications, real-time, high-quality data and tools to help users make sense of it is more relevant than ever. We expect this topic to rise further up the industry's agenda in the coming months.

> *Swiss specific solutions in the financial industry, such as electronic payments, are in strong competition with solutions provided by global technology companies*

There has also been a strong focus from our clients on regulatory compliance and how we can support new ways of managing and delivering data to enable them to focus on what is important to them – for example, fund performance and distribution growth.

In addition, technological innovation continues to play an increasingly decisive role in separating the 'winners' from the 'losers' in asset management. We expect to see firms continuously evaluating the role of technology in their operating models to create integrated, holistic cross-platform solutions that support their strategic objectives. Asset managers will continue to identify disruptive technologies for use in their businesses and look to re-design long-standing processes to help provide them with a competitive edge.

A new way of thinking

Maddie Saghir reports

As the selection of funds continues to grow, the fund services space is continuing to evolve as client expectations change, especially given the current pandemic

Like a child in a candy shop with lots of sweets, an investor has a wide selection of funds to choose from. There is a wide range of funds in the market including hedge, private equity, real estate, venture capital, and digital assets. Once an investor has chosen an investment fund and listed its goals, risk, and fees, a fund servicer oversees the fund and decides which securities it should hold, in what quantities, and when the securities should be bought and sold. While trends in fund servicing are very much business as usual (BAU), according to experts, the future of fund servicing will be based around reimagining the way fund service providers work in light of the ongoing pandemic. This comes as the lockdown at the start of the year forced a lot of people into working from home.

In terms of clients, experts say their expectations are changing. In addition to this, the ongoing pandemic has shifted their way of thinking; with new factors stepping in influencing their decision for selecting fund and asset services providers. Indeed, resilience has become a key factor in this sense.

Rob Lowe, head of business development UK at Pictet Asset Services, says: "In terms of investments, we are seeing a continued shift towards other asset classes: clients are moving away from plain vanilla securities towards private assets, typically illiquid, which offer a longer investment time horizon and decorrelation with traditional indices."

"Low or negative interest rates on cash and fixed income also favour private asset allocation for cash-rich investors, and now private equity or real estate have become part of a standard asset allocation for institutional who are more relaxed about lock-up clauses, reduced redemption frequency and gating," Lowe says.

However, Lowe points out that small size or first-time funds are struggling to raise money. In times of uncertainty, investors feel more comfortable with well-established brand names and the safety of large assets under management (AUMs).

Christina McCarthy, regional head of fund services, Europe, Maples Group, observes that in general, established managers are able to continue to attract new capital as investors seek proven players, and as investors have greater limitations in performing diligence on new managers as a result of the COVID-19 pandemic.

McCarthy explains that a continued influx of new or amended regulations — including the Cayman Islands Private Funds Law, the multi-jurisdictional expansion of anti-money laundering/know-your-customer requirements, and the evolution of Alternative Investment Fund Managers Directive, UCITS and Markets in Financial Instruments Directive regulations, among others — have created a challenging environment for managers.

"Given these dynamics, it is clear that fund servicing is expanding even more beyond traditional administration as managers review their operations and seek providers with operational, compliance and technology capabilities that are on-par with or exceed the capabilities of their existing in-house solutions," McCarthy says.

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An administrator with a commoditised service offering won't be successful in this type of environment, according to McCarthy.

She says: "Good administrators will provide the operational backbone that enables an investment manager to succeed, adding value as they integrate with and play a pivotal role in the manager's overall operational function. This approach, however, can often be difficult to find and managers are becoming more discerning; they are now more prepared than ever to engage with new providers who are willing to tailor their solutions to their needs."

With this backdrop in fund servicing, industry experts explain more about client trends and how the pandemic is impacting this space.

Consolidation

One prominent trend is the consolidation of fund service providers, which relates to the merger and acquisition of many smaller companies into a few much larger ones. While some experts say there is a pattern of consolidation across the market, others say this is happening less frequently.

Patric Foley-Brickley, managing director, fund services, Maitland, stipulates that consolidation will most likely happen around the edges, potentially where the larger providers want access to a particular market sector, and they can either buy it or build it.

He explains: "Often it will be much easier to buy into a smaller operation with established critical mass and associated profitability, than it is for them to build it themselves. There is likely to be some consolidation on the periphery involving mergers and takeovers of the smaller providers. Smaller providers will either grow to the point where they are substantial enough to acquire, or not so successful in which case they may get acquired." It has been observed that consolidation has been driven by the influx of private capital, as record amounts of dry powder seek investments.

"Over the last six to eight years the industry has witnessed steady stream corporate consolidation and divestment activity and even in this environment we see pockets of activity though the volume of such activities has slowed down this year"

While an acquisition or merger may create synergies or economies of scale, one potential consequence may be a drop off in service standards, cautions Mark Weir, regional head of fund services, Americas, Maples Group.

Weir says: "In these scenarios, staff — typically at a reduced number — are tasked with trying to effectively transition all functional and operational areas of the business in addition to continuing to service clients."

Generally speaking, this is not an environment that is conducive to success and takes significant time and resources to achieve, according to Weir.

"In other cases, some providers don't even bother trying to homogenize services and systems, instead keeping them very siloed. Either way, it can result in inefficiencies for the client," he adds.

Also weighing in on this, Srikumar Te, global head of fund solutions, Apex comments: "Over the last six to eight years the industry has witnessed steady stream corporate consolidation and divestment activity and even in this environment we see pockets of activity though the volume of such activities has slowed down this year. However, we continue to see new entrants into the market who seek to carve out a single market niche for themselves."

More for less?

Evolving client expectations is another prominent trend in this area, with some clients wanting more for less.

Clients will always expect more for less, according to Foley-Brickley because of the constant build-out of features, functions and capabilities. He explains: "Rarely are we able to monetise these developments directly."

Foley-Brickley notes that the majority of enhanced functionality and the related technology development necessary to support this enables providers to keep fees broadly the same.

He adds: "As in any industry, as products become more commoditised, providers are able to command less of a premium and prices will fall. Therefore, you must keep developing your product to continuously add value to maintain competitiveness and revenue margins."

Pictet's Lowe says clients expect providers to offer solid digital capabilities, improved data analytics (especially for fund distribution), to provide or enable regulatory assistance and to offer support on new products and services, for example, environmental, social, and corporate governance (ESG).

The market has evolved to a point where managers see asset servicers as an extension of their business that covers trading, middle office etc.

Lowe suggests clients also expect more tailored options to fit their needs, and in some cases unbundled services.

He says: "As per the general trend between clients and providers, transparency continues to be important; for example, regulatory costs on the provider should be openly discussed with the manager as this impacts investors."

Weighing in on this, James Ferguson, head of Americas at Intertrust, notes that clients have more time to think at the moment and that while there's more communication, not necessarily more demands.

Ferguson observes that the services business is seeing requests for new products. He says: "It's as if the pandemic has allowed for more creative thinking, and Intertrust is working on new services and new ideas."

Similarly, Srikumar Te, global head of fund solutions, Apex, also says that he has not seen a major change in client expectations.

"While clients have been very understanding given this pandemic has impacted everyone alike – we have not seen a major change in their expectations."

However, Te explains in some instances, clients have requested an increased level of support and reporting especially around business continuity planning/disaster recovery plan, controls framework as they themselves build confidence with their investor base.

He comments: "As we have a presence in Asia, we were able to learn from their early experience of the pandemic and implement business continuity planning for clients in the rest of t he world."

"We created support centres covering various time zones across the globe to effectively support our client service offices which have worked to our advantage."

Fund service providers learned an important lesson around procurement and deployment of technology is in its adoption rate, not deployment success

Effects from the pandemic

The pandemic has caused clients to place more trust in their fund services providers.

Lionel Nicolas, partner PwC Luxembourg, explains that PwC engaged in a 'conversation with the industry' in April and May this year, to assess that very question, told through the eyes of those CEO's at the 'front line' of the crisis.

Nicolas notes: "The report identified that the service provider/client relationship is a partnership in a crisis, and a 'master/slave' relationship just does not work. That can become a permanent realisation, with clients more trusting and respectful of what their service providers delivered in such a difficult circumstance."

For people, it was observed that productivity levels remained at similar levels to office-based working, but perhaps more because of adrenaline and confinement allowing people to work more hours.

Regarding technology, the PwC report identifies that much of the technology supporting a rapid shift to home-based working already existed within the firms but was under-utilised. Nicolas comments: "Fund service providers learned an important lesson around procurement and deployment of technology is in its adoption rate, not deployment success."

In addition, many reflected on how they may rapidly switch to cloud-based platforms, with its computing power, capacity, and variable cost benefits compelling.

Looking at the operating model, key findings from the report indicates the old notion of a business continuity planning recovery site is now redundant and rewritten around home-based working.

Also looking at the pandemic impact, Intertrust's Ferguson identifies that stability and even extreme trading in utilities, technology and bio sectors increased.

"Funds in these sectors have done well, compared to those in the fixed income space. Resilient companies with the work from home ability, the workflow and the client service mentality have persevered well. Clients will pay for quality if they see it."

"At Intertrust we're working hard on global clients' needs given the volatility in different regions, offering bundling of services, simplified reporting and synergies where possible," he concludes.

Mainstream Fund Services has bolstered its services by bringing its US private equity solution to Asia Pacific (APAC).

This will allow general partners to benefit from one complete system for accounting, customer relationship management (CRM), investment, and a configurable limited partner (LP) investor portal.

The group has signed Korea Development Bank Asia (KDBA) as its first APAC-based client to be administered on Allvue (formerly AltaReturn).

Mainstream will administer KDBA's Cayman fund in Hong Kong, with scope to extend the solution to other clients in the region.

Funds in Hong Kong, Australia and Singapore can now access the same cloud-based back-office solution used by Mainstream's US clients.

Amber Lo, head of fund services, Mainstream, Hong Kong, said: "Mainstream's investor portal includes all ILPA standard reporting and a robust platform with drill-down capabilities included. This gives transparency to LPs who increasingly want to work with general partners that focus on investment decisions and leave their back-office operations to third party experts, like Mainstream."

Intertrust has appointed Nick Maton as managing director and country head for Luxembourg.

In his new role, Maton will assume responsibility for the leadership and growth of the firm's Luxembourg-based team.

Milestone Group has appointed Marian Azar to the newly-created role of managing director for Asia Pacific (APAC), based in Sydney.

In her new role, Azar will be responsible for market engagement, client success and market strategy across the region, with a particular focus on Australia and New Zealand, while reporting to CEO Paul Roberts, based in London.

Azar previously served as managing director at RBC Investor & Treasury Services for APAC and global middle-office product functions, and chief operating officer of global client coverage for Australia.

Before that, she held the position of head of product and investor services for Australia and New Zealand at J.P. Morgan Chase.

Roberts commented: "We have created this role as a key element of our refreshed global strategy, which puts additional weight and attention on the APAC markets."

"Marian Azar's background and commitment to innovation is ideally suited to our agenda, making it an exciting time to lead our APAC and Australian business as we begin this chapter of sharing international capabilities and solutions with the market for the benefit of our clients and their investors."

Azar added: "I see a real opportunity to add value at a time asset owners, managers and servicers are seeking fresh ideas and approaches and I am personally delighted to be leading that effort."

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He previously served as managing director and head of securities services at HSBC Luxembourg, as well as being a member of the European executive team responsible for leading and executing business strategy.

Lee Godfrey, managing director, Western Europe, Intertrust, commented: "We are delighted to welcome Nick Maton to the team."

"He is a highly experienced and respected specialist and will play an invaluable role in expanding our presence Luxembourg."

"There is considerable potential for Maton and the team to apply our tech-enabled product suite to help address the fast-changing needs of the most complex private capital funds and managers."

Maton added: "At a time when the industry is facing numerous challenges in the form of new regulations, technology and client requirements, I am delighted to be joining a market leader such as Intertrust in delivering first class support to its growing client base."

Robin Vince has been appointed to the role of vice chair and CEO of global market infrastructure at BNY Mellon, effective 1 October.

Reporting to Todd Gibbons, CEO of BNY Mellon, Vince will have oversight of BNY Mellon's clearance and collateral management, treasury services, markets and pershing businesses.

In addition, Vince will join the bank's executive committee.

Northern Trust has bolstered its Middle East and Africa senior management team in the Kingdom of Saudi Arabia.

Areej Al-Mokbel has been appointed chief operating officer for the Middle East and Africa, responsible for overseeing business operations for Northern Trust's offices in Riyadh, Saudi Arabia and Abu Dhabi, United Arab Emirates.

She will be tasked with the day-to-day and strategic management of Northern Trust's administrative and operational capabilities as it supports the evolving requirements of clients across the Middle East and Africa.

Al-Mokbel has more than 20 years of experience working in the financial services industry, including 12 years in asset management and asset servicing, holding senior management and business leadership positions with HSBC Saudi Arabia.

Prior to that, she held a number of technology management positions with SABB, formerly known as the Saudi British Bank.

Meanwhile, Effat Badeeb has been appointed as deputy country manager at Northern Trust Saudi Arabia, where she will oversee the day-to-day management of the business.

Her responsibilities include business management, talent development and exercising financial and regulatory oversight of business activities in the Kingdom of Saudi Arabia.

Additionally, she will lead strategic initiatives to deepen relationships with regulators and key stakeholders, and support the alignment of Northern Trust's business with the Kingdom's Vision 2030 strategic framework for the diversification and development of its economy.

Badeeb has 14 years of experience in the financial industry, having previously held senior positions with HSBC Saudi Arabia and BNP Paribas Investment Company. Most recently, she was Northern Trust's chief compliance officer for the Middle East.

Both Al-Mokbel and Badeeb will report to Michael Slater, head of Middle East and Africa at Northern Trust.

Commenting on the appointments, Slater said: "Financial services continue to develop in sophistication across the Middle East and Africa, and against this backdrop the addition of Areej and Effat further strengthens our management team with local industry leadership and expertise."

"Their appointment supports our clients' evolving requirements for asset servicing and asset management solutions that help them meet the challenges and capitalize on the opportunities of future technological and industry change," he added.

Vince joins BNY Mellon from Goldman Sachs, where he most recently served as chief risk officer and a member of the ~ management committee.

During his time at Goldman Sachs, Vince held various leadership positions, including treasurer, head of operations, head of global money markets, COO of the Europe, Middle East and Africa region and CEO of Goldman Sachs International Bank, among others.

Vince joined Goldman Sachs in 1994 and held many leadership roles. He also served on several key subsidiary boards and governance committees, and was named managing director in 2002 and partner in 2006.

Commenting on the appointment, Gibbons said: "In line with our growth agenda and our strategy to continue building platforms on which our clients can grow and drive profitability, we are pleased to appoint an executive of Robin Vince's calibre as vice chair of BNY Mellon and CEO of global market infrastructure."

He added: "By bringing these four complementary businesses together under his leadership, we are better positioned to become the central facilitator in our clients' capital markets ecosystems – across markets, asset classes and geographies."

"Vince is an accomplished and respected leader in the industry and will help us execute our strategy, which is centred on driving growth and creating differentiated value for our clients, digitising and optimising our operating model, and fostering a high-performance culture that is focused on delivering excellent client service in new and innovative ways."

Apex Group, a global financial services provider, has appointed Julie Ferguson as co-head of Throgmorton Compliance Solutions, working alongside previously announced co-head Mel Scotland.

Launched in July, Throgmorton Compliance Solutions delivers tailored services such as license applications to the Finacial Conduct Authority (FCA), the National Futures Association (NFA)/ Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission, compliance monitoring and management services. Further services include company health checks, regulatory audits, outsourced registered compliance and Money Laundering Reporting Officer functions, plus options for board liaison and training. Ferguson has a background in the traditional asset management space, including experience managing operational risk within a quantitative investment manager as well as an "excellent understanding of digital assets and the emerging cryptocurrency industry".

During her career, Ferguson has held senior operational and financial roles at firms including commodities trading house Vercer Capital Markets Trading and FCA regulated investment advisory company Ashenden Capital Management. She began her career in prime brokerage at Morgan Stanley, before joining Northern Trust Hedge Fund Services.

Apex noted that the appointment strengthens its single-source solution, with compliance solutions delivering new and complementary services to clients in addition to Throgmorton's well-established accounting, tax, HR, payroll and company secretarial services.

Matt Claxton, global head of corporate solutions, Apex Group, commented: "We have long sought to offer regulatory compliance advice to meet the evolving needs of our clients. Throgmorton Compliance Solutions under the leadership of Julie Ferguson and Mel Scotland is an exciting addition to our single-source offering. Ferguson brings extensive experience of the regulatory landscape and this hire is yet further evidence of our reputation as the home of market leading talent."

Ferguson, co-head of Throgmorton Compliance Solutions, added: "I am delighted to be joining Throgmorton and the Apex group during an exciting period of expansion following the launch of the compliance solutions offering. I look forward to working with Scotland to lead and grow the business as part of Apex's locally delivered, single-source solution for clients."