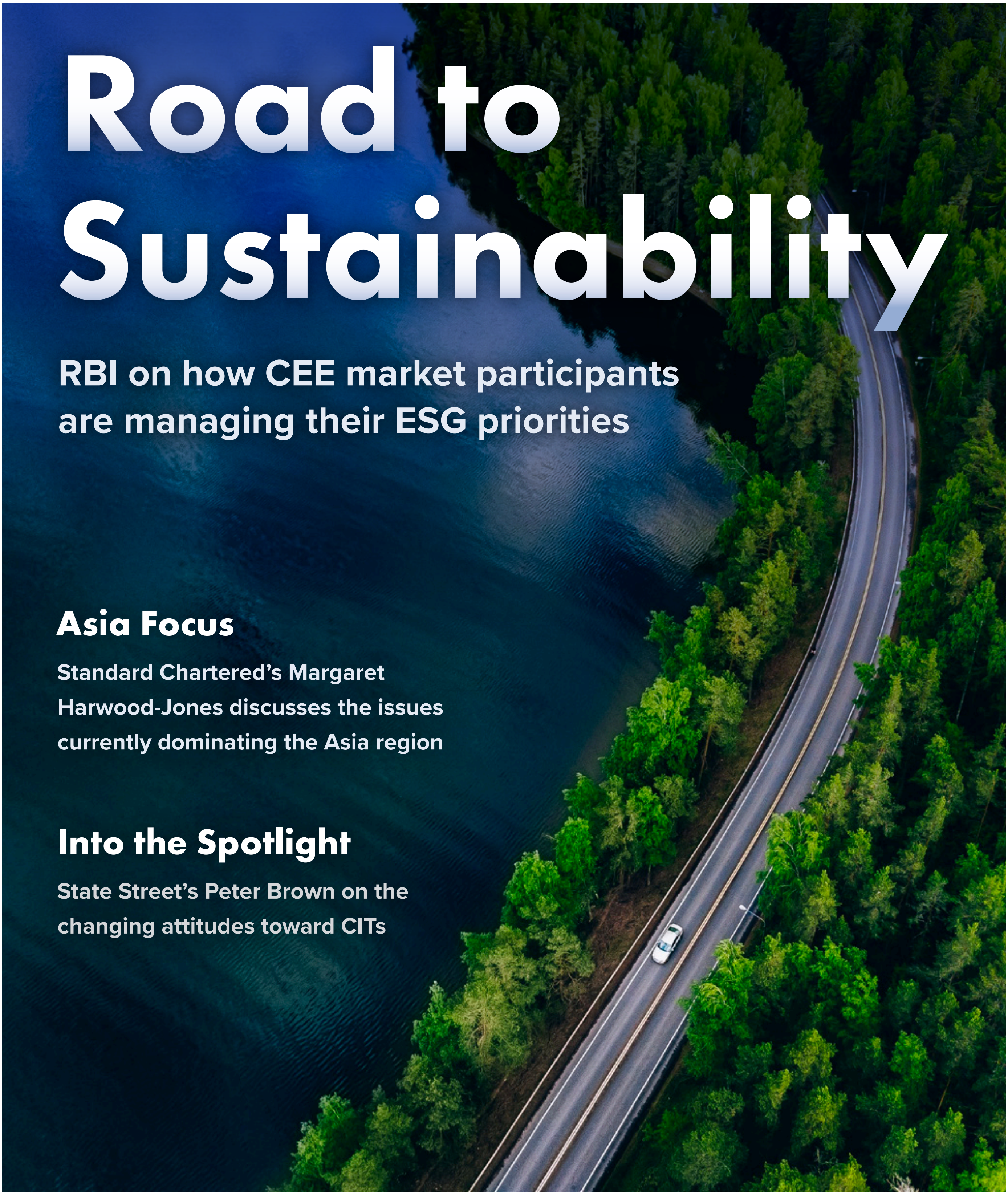
asset servicing times

The primary source of global asset servicing news and analysis

ISSUE 294 06 July 2022



Road to Sustainability

RBI on how CEE market participants are managing their ESG priorities

Asia Focus

Standard Chartered's Margaret Harwood-Jones discusses the issues currently dominating the Asia region

Into the Spotlight

State Street's Peter Brown on the changing attitudes toward CITs

Broadridge®

Facing new obligations under the Shareholder Rights Directive?

We’ve got you covered.

Our innovative solution for SRD II connects every market and intermediary—providing a single communication chain for all your proxy voting and disclosure requirements.

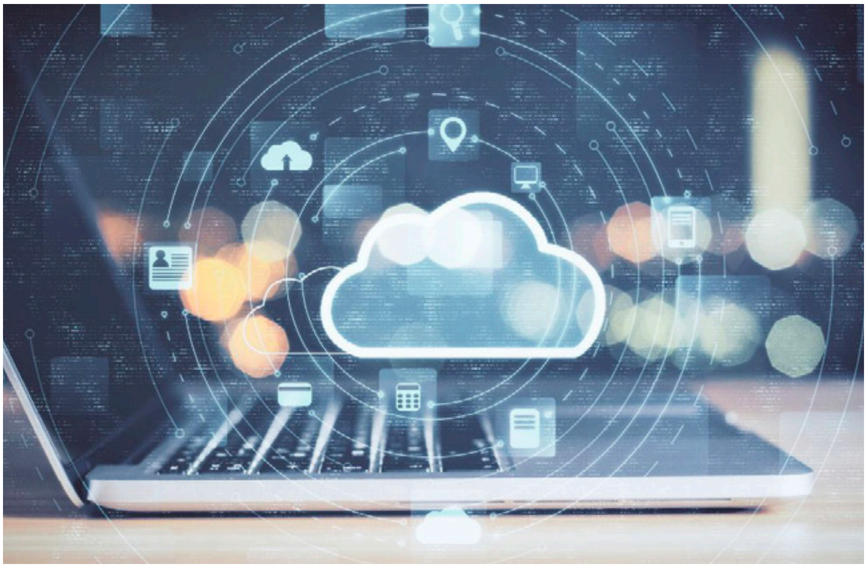
Deliver a seamless shareholder experience. Take advantage of the most advanced mobile apps, dashboards and technologies to achieve unrivalled economies of scale.

Transform shareholder communications and comply with confidence.

Communications
Technology
Data and Analytics

Broadridge.com/SRD

Ready for Next



DTCC's Report Hub service grows to more than 70 firms

DTCC's Report Hub service has grown to more than 70 firms as the industry prepares for forthcoming regulatory changes in global derivatives trade reporting.

The members of the hub include leading banks, major swap dealers, and some of the largest custodians, clearing houses and buy-side firms across the globe.

DTCC Report Hub is designed to assist firms with managing their pre- and post-reporting needs across 14 jurisdictions, covering global derivatives, the Securities Financing Transactions Regulation and the second Markets in Financial Instruments Directive.

The cloud-hosted service helps clients increase efficiency, certainty and control over their reporting process while lowering risk.

The solution also helps reduce costs for enhancements related to future regulatory changes, as there are no additional licence fees for regulatory upgrades, including the upcoming global regulatory trade reporting rewrites.

Combining DTCC Report Hub with DTCC's Global Trade Repository (GTR) assists clients with tasks throughout the reporting lifecycle — from data extraction, to reporting to the trade repository, to post reporting quality assurance tools.

Commenting on the milestone, Chris Childs, managing director, head of repository and derivatives services, DTCC, says: "As local and global regulatory demands increase, firms are looking for solutions to address the complexities of trade reporting.

"Report Hub's growing community is testament to its unrivalled asset class and jurisdictional coverage as well as its robust capabilities.

"We look forward to welcoming new clients to the service and working with the industry to address evolving regulatory demands."

Group Editor: Bob Currie
bobcurrie@blackknightmedialtd.com
+44 (0) 208 075 0928

Senior Reporter: Jenna Lomax
jennalomax@blackknightmedialtd.com
+44 (0)208 075 0936

Reporter: Rebecca Delaney
rebeccadelaney@blackknightmedialtd.com

Reporter: Carmella Haswell
carmellahaswell@securitiesfinancetimes.com

Lead Designer: James Hickman
jameshickman@blackknightmedialtd.com

Associate Publisher: John Savage
johnsavage@assetservicingtimes.com
+44 (0) 208 075 0931

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

Published by Black Knight Media Ltd

Contents

06 **News Focus**
Clearstream selects Proxymity

06 **News Focus**
Industry collaboration achieves operational efficiencies

08 **News Focus**
CACEIS picks Taurus’ solution

10 **News Focus**
Celent: The road to ISO 20022 migration

12 **News Focus**
Linedata launches Linedata Accumen

14 **RBI Bank**
Providing a key pathway for more ESG initiatives in CEE

20 **State Street Interview**
Peter Brown on how CITs are making their way to centre stage

24 **Returning East**
Brian Bollen talks to Margaret Harwood-Jones

28 **Industry Appointments**
EDB appoints David Claus as CEO

Clearstream selects Proxymity's Shareholder Disclosure Solution

Clearstream has selected Proxymity's Shareholder Disclosure Solution to further digitise its disclosure services, in compliance with the EU's Shareholder Rights Directive II (SRD II). The mandate will allow Clearstream clients to validate and automate shareholder ID requests from trusted sources in industry compliant formats, eliminating the need for manual intervention. In recent months, the Shareholder Disclosure Solution has also been adopted by banks including HSBC. Proxymity's solutions ensure that investors receive "golden source" meeting announcements in real-time and are able to vote up until the market deadline.

SRD II has been implemented to strengthen the position of shareholders and to reduce short termism and excessive risk taking within companies traded on EU regulated markets.

Sam Riley, head of investor services and financing at Clearstream, comments: "At Clearstream, we always seek to optimise our clients' experience throughout the whole securities life cycle. Together with our partner Proxymity, we are providing the best in digital disclosure solutions, driving transparency and efficiency in the European capital markets."

Jonathan Smalley, co-founder and chief operating officer at Proxymity, says: "The launch of this service is a specific example of how we are working together to deliver services that improve the speed and quality of shareholder disclosure systems." ■

Citi, J.P. Morgan and AccessFintech collaboration achieves operational efficiencies

AccessFintech's 12-month collaboration with Citi and J.P. Morgan has achieved significant operational efficiency enhancements based on internal reviews.

A data and workflow collaboration on AccessFintech's Synergy Network saw Citi and J.P. Morgan complete an analysis of performance improvements achieved over the past year.

Their initiatives focused on securities settlements between the two dealers, with emphasis on European markets as a prelude to the recently implemented Central Securities Depository Regulation (CSDR).

Continuous access to enriched and linked real-time data resulted in a 30 per cent reduction in trade fails, according to AccessFintech.

It also led to an average of 76 per cent reduction in email traffic for operational processes for trades between Citi and J.P. Morgan across securities asset classes over this period.

CACEIS picks Taurus' solution to enhance digital asset offering

CACEIS has selected Taurus' solution to enhance its digital asset offering with services that meet clients' growing demand. CACEIS will utilise Taurus' solution to offer secure custody of digital assets using Taurus-PROTECT.

Taurus-PROTECT includes automated corporate action processing, dividend payments and smart contract management as well as digital asset issuance and tokenisation on blockchain using Taurus-CAPITAL.

Taurus also connects with global blockchains using its platform Taurus-EXPLORER.

Arnaud Misset, chief digital officer of CACEIS, says: "In addition to our traditional asset servicing, CACEIS aims to gradually extend its offering to all digital assets and provide support for clients on blockchains.

"Taurus is a recognised expert in the field, and the integration of its platform is a major step in CACEIS innovation strategy."

Sébastien Dessimoz, co-founder of Taurus, adds: "We are very proud to be able to support CACEIS in the deployment of its digital asset offering. The digitisation of financial instruments is the next wave of growth in digital assets and requires state-of-the-art technology to automate and simplify their processing.

"That is why Taurus has built an integrated platform capable of providing comprehensive solutions to the most innovative players in the banking sector." ■

AccessFintech launched the Synergy Network three years ago and has worked with both dealers to establish an ecosystem of connected firms including buy-side, sell-side, custodians and vendors.

Citi and J.P. Morgan are addressing the challenge of reducing fails with rapid investigation times and are achieving results using predictive analysis during the pre-settlement transaction window, says AccessFintech.

With the Synergy Network's pairing logic, users can view cross-market mismatches side-by-side and act directly within a single user interface. This addresses transaction cost compression, elimination of capital requirements, and lack of return on investment.

Roy Saadon, CEO of AccessFintech, says: "The Synergy Network has surpassed critical mass in both the number of its participants and available transaction volume.

"Our partners recognise that having a data and workflow normalisation and collaboration strategy is critical, particularly as the industry adapts to CSDR regulation and when considering the impending move to T+1 settlement.

"They have the foresight and client focus to see the benefits of having a meaningful increase in the number of Synergy participants, which now enables dramatically bigger cost, capital and operational savings."

Celent: The road to ISO 20022 migration

47 per cent of banks say they strongly agree that technology constraints within the bank limit their ability to do more with their migration to ISO 20022, according to a payments survey by Celent. In the survey focused on the European banking industry, Celent interviewed 51 banks from 11 countries, with the majority of banks based in the six largest payments markets — France, Germany, Italy, Netherlands, Spain and the UK.

The survey also investigated the impact of the COVID-19 pandemic on banks' IT budgets, with a massive 71 per cent reporting that spending was put on hold at some point during the pandemic. Of this, 37 per cent say that when spending resumed, priorities had changed, while 16 per cent say budgets remained on hold.

Celent highlights that this presented concerns, as banks were already struggling to meet the ISO 20022 deadlines, and this created a backlog of work with less time to deliver. Other pressures on banks' plans include the global decline in cash management revenues in 2020.

A further 42 per cent of respondents say they agree that budget or resource constraints limit their ability to do more with their ISO 20022 migration.

Discussing the drivers for payments infrastructure investments in 2020 and 2021, 72 per cent of respondents say spending methods were directly influenced by the pandemic, such as a shift to electronic payments and away from cash and cheques.

More than half cite regulatory changes and cost reduction as a key focus (60 per cent and 55 per cent respectively), with only 36 per cent saying customer expectations and requirements impacted their payments infrastructure investments.

In Europe, 45 per cent of low-value and instant payments say they already use ISO 20022 in their home market, compared to a similar 47 per cent of real-time gross settlement, wire and SWIFT payments.

In addition, one-third of the latter types of payments firms say they are currently working towards the migration, or have only done the minimum required.

Celent notes that this is somewhat in contrast to the expectation that European banks would find the migration to ISO 20022 easier, given that the institutions adopted the standard for Single Euro Payments Area payments more than a decade ago.

Looking forward to the next five years, most banks say they expect to look for a partner to either deliver a managed payments service, or to fully manage payments on their behalf.

Following the results of the survey, Celent anticipates that the majority of banks will do just enough and be largely on time for the deadline.

With the industry at a critical point in the migration, Celent highlights the importance of banks conducting a detailed, honest review of the stage they are at so regulators and partners can understand their risks.

This includes a broad review of what banks have done so far to be compliant, considering whether solutions are future-proofed, or by simply implementing a point solution that moves the problem into the future.

Linedata launches Linedata Accumen for portfolio management

Data technology provider Linedata has launched Linedata Accumen, a suite of new web-based features powered by Linedata's Asset Management Platform (AMP) for portfolio management.

Built to work seamlessly alongside the Linedata longview trade order management system, Linedata Accumen ensures that asset managers can quickly monitor, organise and manage their growing portfolio from any location or device.

As asset managers are under increased pressure to grow their book of business, they often struggle with the challenges that come with managing a larger number of portfolios, such as inefficient individual reviews and manual processes, says Linedata.

To alleviate the pressure associated with this, Linedata Accumen provides interactive dashboards and summaries that enable investment teams to continuously monitor their portfolios.

Linedata Accumen gives clients a holistic view across their entire book of business and investment activity, while receiving automatic notifications when action is needed.

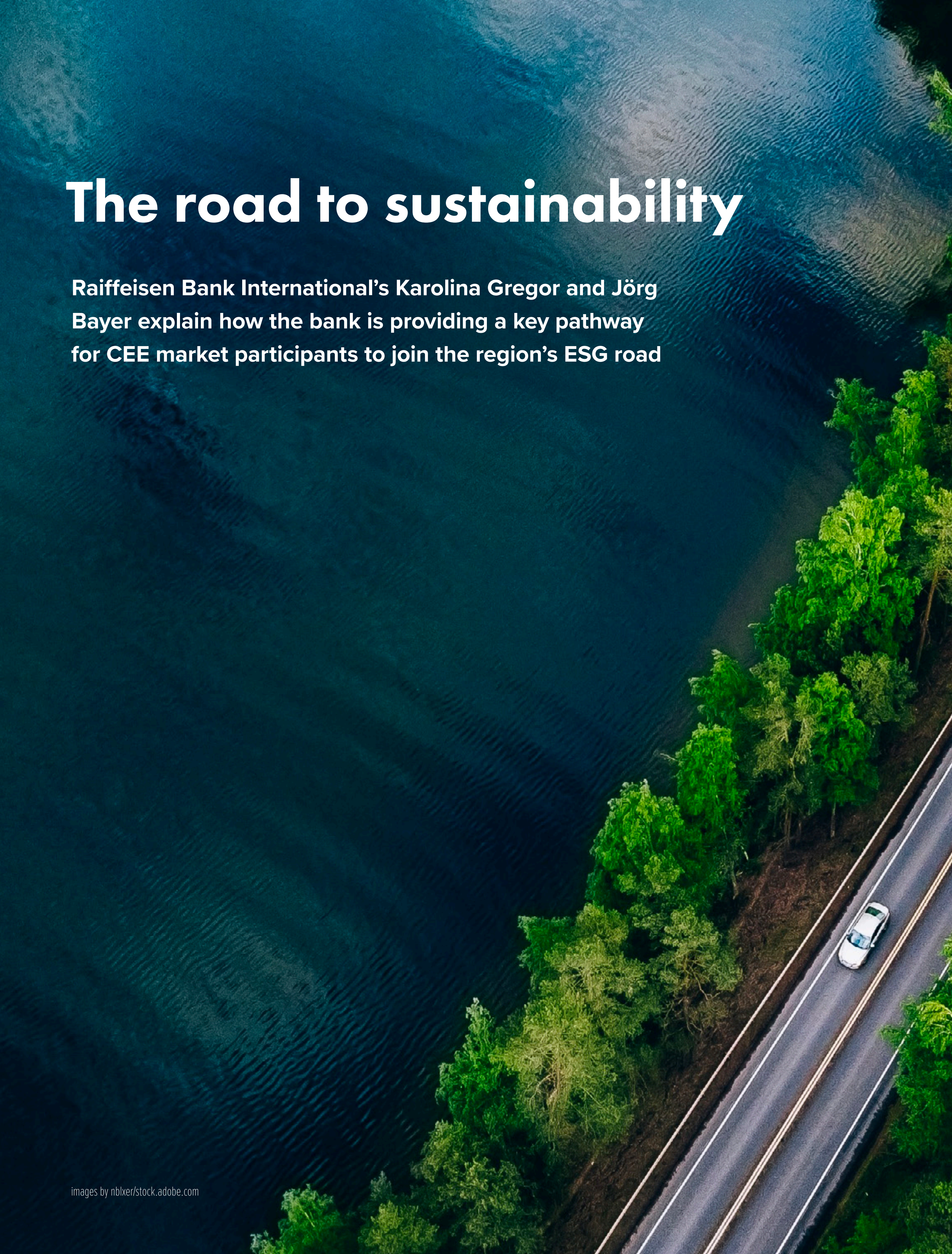
Linedata Accumen also allows for remote access to portfolios and core functions such as rebalancing, pre-trade compliance and trade approval, so investment decisions can be made in an office or remotely.

Timothée Raymond, global head of innovation and technology at Linedata, says: "We know asset managers are under constant pressure to meet sales objectives, which is why we developed Accumen to provide asset managers with a bird's-eye view of every portfolio to pinpoint where attention is necessary, delivering real-time alerts with meaningful insights of both overall and individual accounts." ■

www.assetservicingtimes.com

The road to sustainability

Raiffeisen Bank International's Karolina Gregor and Jörg Bayer explain how the bank is providing a key pathway for CEE market participants to join the region's ESG road



images by nblxer/stock.adobe.com

In the early years of the ESG movement on the capital market, it was mainly the country of Poland and various Baltic companies that were present in the ESG bond market. Since 2016, the development of the Central and Eastern Europe (CEE) ESG market has been slow-moving.

While the share of new issuers in the Euro bond market is now well above 10 per cent, with a clear upward trend close to 20 per cent, the CEE ESG market has developed sluggishly in recent years.

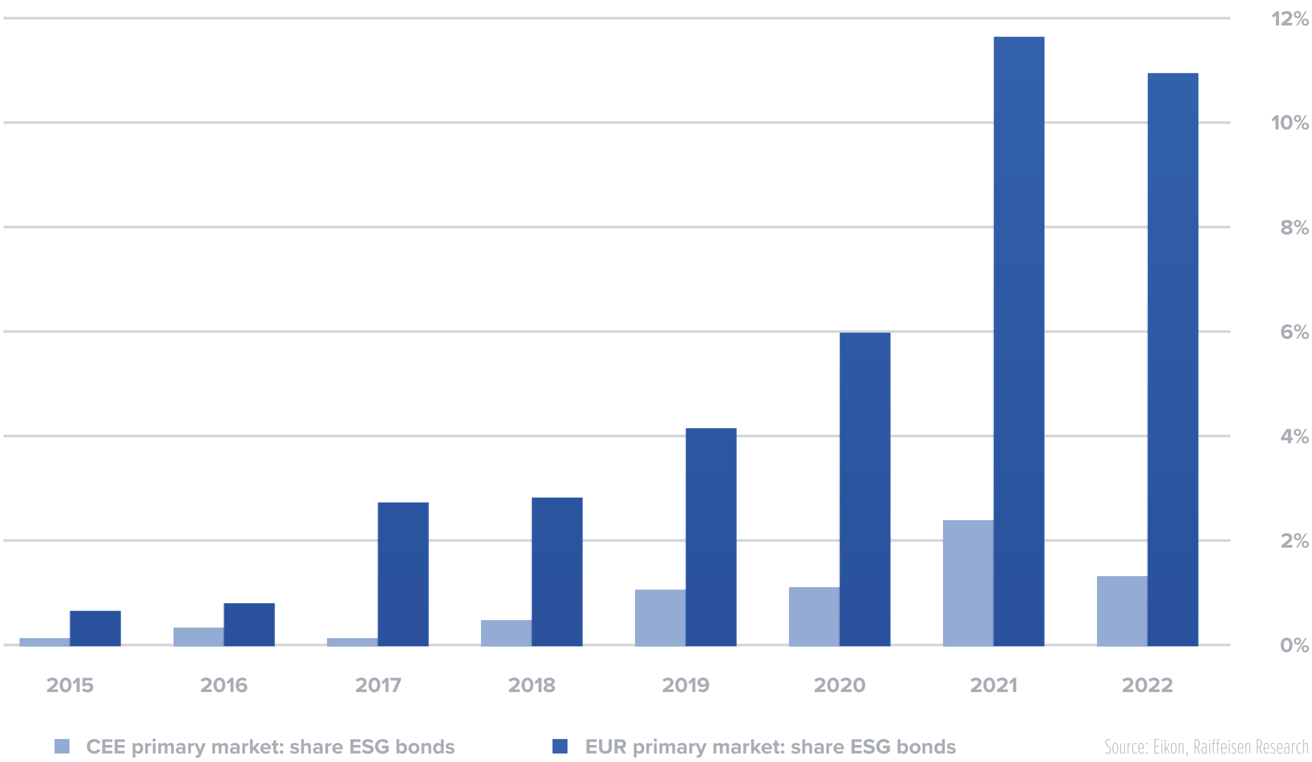
Last year, a new record was set with a share of 2.4 per cent of the primary market offer from the ESG segment, but this is far behind the market dynamics in both international and European comparison.

The Ukraine war continues to weigh in on the development of the sustainable capital market in the region. In 2022, the share fell again to 1.3 per cent, while Raiffeisen Bank International (RBI) recorded significant growth worldwide.

Karolina Gregor
GIS Senior Sales and Relationship Manager
Raiffeisen Bank International

Jörg Bayer
Head of fixed income and ESG research
Raiffeisen Bank International

CEE: ESG bonds market lacking



The fact that ESG development has stagnated in CEE is likely to be for many reasons, most of all the ongoing conflict in Ukraine.

However, the countries from the CEE region are among the "beneficiaries" of the Next Generation EU programme. From the funds of this programme, at least 37 per cent of the investments will go into "green" investments.

This is despite the fact that the CEE industrial landscape is still strongly characterised by "brown" industries and, as an above-average number of jobs depend on these industries, they represent a certain lobby.

In addition, the political will, as well as the pressure from the population for ecological change, is still behind the current level in Western Europe and even more so behind current Northern European levels.

The CEE corporate structure, which is heavily weighted towards small- to medium-sized companies (SMEs), also contributes to the fact that ESG transparency is not yet in focus. However, this can also be seen in a positive light: in no other region can just €1 do more to mitigate carbon dioxide levels rising.

There are also positive trends on the market side, especially within the new ESG government bond programmes in Slovenia and Serbia. There is also a significant increase in sustainable bond financing in the corporate and banking sectors, especially in Poland, the Czech Republic and Romania.

One of the biggest challenges in the field of ESG for the CEE region, however, is data quality and data transparency. Broadly speaking, the SME structure and limited capital market presence contributes to delays in ESG initiatives, and also makes it much more complicated for investors and asset managers to invest in the region.

ESG Scoring Tool

Raiffeisen Research has developed an ESG Scoring Tool, which makes it possible to gain comparable ESG Scorings for all companies or to calculate them based on basic information. The application allows users to make various peer comparisons, for example with a country peer group, industry peer group, or with a global peer group.

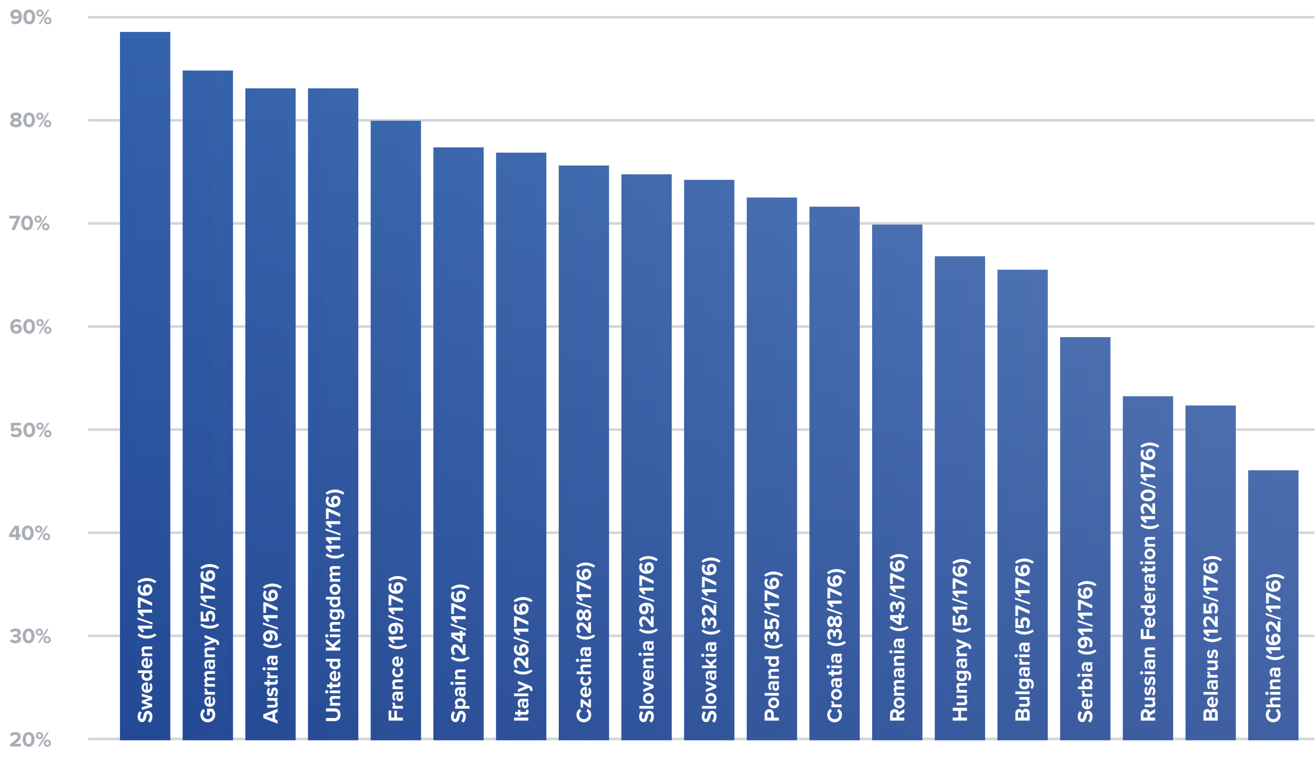
The key advantages of the tool are its ease of use, its capability to integrate smaller companies, as well as its power to mitigate the existing bias towards large companies in the field of ESG.

Furthermore, the model already takes into account the factor of "country of risk", which is not the case with many models. Since the war in Ukraine began, Raiffeisen Research has played a decisive role in the topic of sustainable investments.

It is also possible to set and monitor targets with the application, and to also evaluate differing models.

In addition to the total ESG score, the individual scores of "E", "S" and "G" are also available.

Country ESG scores



Source: Raiffeisen Research

> *"As the first Austrian bank to sign the UN Principles of Responsible Banking, RBI strives to not only offer sustainable financial services to its customers in Austria and CEE, but also to support them as they transition to sustainable business models"*

UN Principles for Responsible Banking

RBI continues to be a pioneer in the area of sustainability in its core markets. As the first Austrian bank to sign the UN Principles of Responsible Banking, RBI strives to not only offer sustainable financial services to its customers in Austria and CEE, but also to support them as they transition to sustainable business models.

RBI adopts a holistic approach across all customer groups — this means implementing ESG product solutions within the markets and investment banking area for institutional clients.

The sustainable orientation is defined in line with the European regulations, and in particular the EU Taxonomy Regulation. Within markets and investment banking, an ESG working group was set up to cooperate on ESG implementation in various products and support knowledge transfer.

The following product lines have fully implemented ESG criteria in their products:

- Raiffeisen Capital Management is applying ESG criteria in their entire investment fund universe
- Raiffeisen Centro Bank is a leading issuer of sustainable certificates
- RBI acts as leading issuer of green bonds in Austria but also throughout its network in CEE countries
- Raiffeisen Research has a dedicated ESG research team to keep its clients up-to-date, expanding its sustainable banking approach throughout the CEE region.

Within its global investor services (GIS) business line, RBI focuses on asset servicing for its clients. There is currently a major focus on governance within post-trade services, particularly to provide easy access possibilities to voting rights execution. EU regulations, primarily the Shareholders Rights Directive II, outlines the industry standards which RBI GIS has strictly implemented.

On top of its sustainable GIS product framework, RBI has developed the Global Investor Gate, a unique client portal for investor services where clients can identify sustainable investment funds.

RBI is in close cooperation with its research colleagues to market their ESG know-how to its customers. Its unique ESG scoring tool provides a competitive advantage to score clients' portfolios according to specific criteria.

"S" and "G"

The societal and governance aspect of ESG has just as much significance as the environmental part. Today's geopolitical situation has proven how crucial an understanding of your client and product portfolio is for a long-term sustainable business model — the societal aspect naturally goes hand in hand with this.

RBI pays close attention to its employees' welfare throughout the whole network, but of course, in particular, to the colleagues impacted directly by the war in Ukraine.

As circumstances are particularly challenging in all three aspects of ESG at the moment, RBI's ESG goals are now more important than ever. ■

Into the spotlight

Peter Brown talks to Jenna Lomax about the historic misunderstanding and stigmas surrounding Collective Investment Trusts, and why the current market provides the perfect backdrop to bring them to the fore

images by travel_man/stock.adobe.com

CITs are tax-exempt pooled investments. Can you explain a little more about them and their history?

Collective Investment Trust (CITs) date back to 1927 and can be treated as a peer of mutual funds, as far as their history, longevity and durability as an infrastructure is concerned. However, throughout their history, they have been hindered by some misunderstanding, stigmas and restrictions that have really not allowed them to grow as much as the traditional mutual fund has.

As a structure, CITs are very similar to mutual funds. The contemporary CIT is a lot closer to the definition of a mutual fund than a CIT of generations ago. They can offer daily valuation, ticker symbols and are undergoing a lot of the same financial rigorous audit and disclosure that a mutual fund does under the 1940 Investment Company Act. The contemporary CIT consists of what a contemporary shareholder is looking for and is now the right offering for a lot of retirement plan assets.

The mutual fund has become the default option for a lot of retirement plans and accounts. This has grown the mutual fund industry to somewhere in the neighbourhood of US$25 trillion. CITs are currently about a fifth of that size, and it is because of these restrictions that they have not been offered up for certain types of accounts and plans. For that reason, they have not grown as quickly. A lot of their restrictions, stigmas and misunderstandings are thankfully changing — CITs are levelling up to par with mutual funds in terms of transparency. They are currently adopting certain features and functions that the mutual fund boasts.

What benefits do self-trustee operators gain by using their own CITs? And what can be gained by third-party trustees providing CIT-related services to other groups?

The decision on whether an asset manager would want a self-trustee or a third-party trustee often comes down to scale and size. However, this understanding is changing. Historically, asset managers that are essentially "self-trusteed" are now contemplating whether being a trustee is a differentiator and whether they can gain benefits by going with a third-party trustee.

We have seen a number of our clients decide that it is cost-efficient to use a third-party trustee, with a shift in the asset management's focus on what their strengths are — which is growing assets and beating benchmarks.

“We are one of the largest operations services for what CITs require, whether it be custody, accounting, fund administration, transfer agency or financial reporting for CITs in the US market”

We support the operations of asset managers and the trustees, and we partner with some of the largest independent trustees that specialise in the fiduciary governance that CITs require. We are one of the largest operations services for what CITs require, whether it be custody, accounting, fund administration, transfer agency or financial reporting for CITs in the US market.

We also support a wide range of asset classes that the CITs wrappers use, including equities, fixed income and alternatives, including money market funds and even collateralised loan obligations.

What are the biggest challenges that trustees face concerning CITs today? How can State Street help a trustee of a CIT with the management of a trust, and the reporting requirements that responsibility entails?

As the largest servicer of CIT assets, we are consistently refining our operational workflow to meet the needs of this ever-evolving industry, and we have that connectivity throughout each step of the process — from the investment decision through to the safekeeping — providing operational efficiencies throughout the end-to-end ecosystem.

Asset managers in particular can rely on us to not only service their CITs, but also their other products, such as exchange-traded funds. That same operational framework that we provide for their CITs is going to be consistent with any other products that asset managers have, and that seamless integration of data and operations solves a significant problem for our clients. It provides a higher level of reporting — a level of automation and standardisation that is now expected in the market.

Given the current regulatory climate, are trustees facing more regulatory hurdles than they were perhaps two to five years ago? Given the backdrop of the last two years, what has changed?

Regulation is an interesting element for CITs. Mutual funds, money market funds and hedge funds are under more scrutiny than ever before. The regulatory components of most interest for CITs is regulation and the regulatory tailwind that is coming up later this year.

The Setting Every Community Up for Retirement Enhancement (SECURE Act 2.0) is a pending regulation in the US designed to significantly increase the size of the current CIT market, permitting CITs to be offered to 403(b) plans — a significant retirement vehicle that has historically not been allowed to offer CITs in the US. This change in regulation presents an opportunity of around $1 trillion for assets.

Asset managers that offer CITs can now go after these assets that historically could not offer a CIT. That expanded access to CITs will benefit the CIT as a product and will also benefit the end shareholder who can now get access to a product that other retirement plan assets have already been able to leverage for generations.

The aforementioned regulatory tailwind is really a once-in-a-generation opportunity for CITs to capture an additional trillion dollars in new assets. For any of the asset management clients considering a CIT, now is the best time to start considering launching a CIT.

The asset manager is responsible for the investment strategy and the efficient execution of the investment decision. How do State Street’s fund administration and transfer agency teams meet these challenges?

We maintain strong relationships across participant record keepers, broker-dealer counterparties, transfer agents and consultants, providing our clients every opportunity to leverage our State Street relationships. We are a strategic partner and we want to drive the success for our CIT clients to the extent that if a client wishes to incorporate other third-party solutions or data, they can make it possible with our offering. In addition, if a trustee wishes to provide transfer agent data, they can aggregate the data into State Street’s Alpha Data Service solutions to allow a comprehensive view across the asset manager and the trustee. We support our trustee and client with custody and accounting, full fund administration and transfer agency services.

A CIT is seen as a less expensive structure than other investment vehicles, due to fewer administrative, legal, and regulatory requirements. But what other challenges can CITs sometimes face?

It is often cited that CITs have less regulatory burden, but they are still assets and are held to a very high standard. With this in mind, it is important to work with a team that is used to servicing them and a team that is used to understanding some of the unique assets of the operations and trading of a CIT.

State Street has decades of experience working with asset managers who have CITs under their trust's arm, as well as third-party trustees who work with the various asset managers. Regardless of the relationship, our service model is built around servicing the client and making the best experience for them.

ESG is becoming a widening consideration across many facets of asset management and servicing. What kind of compliance challenges and opportunities are CITs facing, when it comes to ESG considerations?

ESG reporting for CITs leverages the same framework of products that other structures utilise. Our ESG and compliance analytics service is something that CITs can leverage. There is a significant benefit to clients in that they have a consistent set of tools that are deployed across all their products, all their managers and all their trusts.

Interestingly, CITs have usually lagged ESG usage, due to some hesitancy of defined contribution (DC) plans to offer ESG products, but the nature of this is shifting. A recent study showed that about two thirds of retirement specialists believe ESG products will gain broader adoption in the DC market.

Firms are also assessing how the measurement of CITs in the DC space can help with the materiality that is needed. Through the understanding that these assets need to be around for a long time, asset managers are now using ESG frameworks to understand climate-related risks — understanding that climate action is part of the fiduciary responsibility, the decision making, and portfolio construction.

What would you say to a company considering State Street's CIT options? How do State Street's CIT offerings differ from others provided by similar scaled financial institutions?

State Street has built a client-centric experience to support the asset managers and the trustee, and we have a relationship with the largest third-party trustees, as well as with the clients that want to leverage a third-party trustee. For clients that are thinking about launching a CIT there are many factors to weigh — the legal, the financial and regulatory implications, whether to perform the trustee functions in-house or outsource it, and which model best aligns with CIT objectives and goals.

State Street can guide a client through each milestone in the CIT journey. Asset managers can benefit from our scale, expertise and ecosystem of CIT experts and market participants who have the insight that they need, as asset managers try to evaluate the fund or structure that they are looking to launch. We equip the trustee and asset manager with tools and capabilities they need to meet their client's investment objectives and then grow those retirement plan assets.

Through its front-to-back platform, as well as its ecosystem market specialists, regulatory experts consultants and trustee partners, State Street CIT solutions support its partners wherever they are in the CIT market. ■

Peter Brown
Product manager and head of North America Industry Intelligence
State Street Collective Investment Trust

Returning East

Following on from the Asia custody market feature in the previous issue of Asset Servicing Times, Standard Chartered's Margaret Harwood-Jones discusses the topic at greater length with Brian Bollen

What are the main themes and issues currently dominating the Asia region that affect custodians and their clients?

We see the next wave of capital market regulators and exchanges in Bangladesh, Sri Lanka and Vietnam taking reference from markets with a central counterparty (CCP) model, and the benefits in mitigating credit and liquidity risks in the settlement process, by establishing their own CCPs in their home markets.

Standard Chartered, through its experience with other CCP setups and settlement processes, has been working closely with these local market infrastructures and regulators in sharing best practices and recommendations.

While this is happening, the Philippines, India, and Bangladesh are all looking at changing their settlement cycles this year. In India, the rapid introduction of a new T+1 settlement cycle raised concerns over operational deadlines and foreign exchange (FX) liquidity among international investors.

Market custodians, including Standard Chartered, have been in conversations with market regulators and infrastructure to collectively voice clients' concerns, proposing an extension in custodial confirmation deadline to allow for more settlement processing time.

As markets emerge from the shadow of the COVID-19 pandemic, there is a concerted effort in the markets to simplify and encourage foreign investor market access.

Foreign investors' corporate documentation and account opening requirements were relaxed following a series of custodian advocacy to the Thai and Malaysian depositories.

Foreign investment limits were loosened when the Reserve Bank of India (RBI) changed investment limits applicable to foreign portfolio investors for investment in debt securities, and in the Philippines where the amended Foreign Investment Act now allows qualified foreign investors to do business with or invest in a domestic enterprise.

Increasingly, post-trade service providers are receiving questions around Standard Chartered's ESG and sustainability strategy as part of our clients' due diligence assessments, which reflects the growing importance and focus that investors in Asia are placing on the alignment of their providers' ESG performance against their own ESG objectives.

“Market infrastructures recognise the importance of ESG and are driving an industry movement across Asia to ensure greater transparency, governance and accountability”

What more can you tell us about Asia’s ESG initiatives?

The prioritisation of ESG and sustainability goals is aligned to the urgency of managing climate change and delivering net zero by 2050. With the growing emphasis in Asia, regulators and exchanges are also beginning to enforce requirements around ESG data disclosures and minimum standards for listings.

In December 2020, Hong Kong’s Green and Sustainable Finance Cross-Agency Steering Group announced plans for its climate-related disclosures to become mandatory by 2025. In Taiwan, the Financial Supervisory Commission has mandated ESG-related data disclosure from 2022 by size and industry of a company.

This growing focus on regulatory reporting is apparent as we see the Singapore Exchange mandate climate and board diversity disclosures to be made based on Task Force on Climate-Related Financial Disclosures recommendations.

In neighbouring Malaysia, Bank Negara has identified climate risk among its top five priorities for its work to 2026, with plans for mandatory climate related disclosures, a climate stress test, and a pledge to consider capital requirements to factor in climate risks.

The Philippine Securities and Exchange Commission is seeking feedback on an upcoming regional standard for sustainability-focused investment funds in Southeast Asia, while China has made some strong moves to drive its ESG agenda. These moves are particularly focused on the transparency of data and the ability to recognise ownership throughout the transaction chain.

Market infrastructures recognise the importance of ESG and are driving an industry movement across Asia to ensure greater transparency, governance and accountability. Market regulators and infrastructure in Singapore, Hong Kong, Korea, Philippines, Thailand, China, Malaysia and Indonesia are advancing in areas of driving data transparency, sustainable financing and trading, and investor confidence through mandated ESG reporting, ESG taxonomies and voluntary carbon trading exchanges.

And what can you tell us about the growing digital asset space in Asia?

Asia has an exceptionally keen interest in digital assets as markets and participants establish themselves as key players in the digital asset financial hubs.

While we have seen fintechs dominate this space in recent years, traditional exchanges have also begun to develop their own digital assets exchanges and expand their digital assets-related service offerings.

Market infrastructures are pushing ahead with initiatives that capture the growing investment interest or leverage on distributed ledger technology (DLT), such as The Stock Exchange of Hong Kong’s Synapse and SGX’s Market Node.

DLT also offers banks the opportunity to explore different data solutions. Post-trade solutions that require multiple parties to have access to the same data offer a good use case for DLT technology.

At Standard Chartered, we are partnering with FundDLT on a pilot programme to create a transfer agency ecosystem where all participants in the chain are on a single DLT-based platform. Eventually, having every participant on the same platform would benefit our clients with easily accessible market data and frictionless operations processes.

How did the COVID-19 pandemic affect Asia-based asset servicing?

Relating to market access, the COVID-19 pandemic forced a move towards digitalisation. While some of this was rescinded with markets re-opening, it showed market infrastructures and participants what is possible.

It has started a move towards automation and digitalisation of processes, which will ultimately make it easier for investors to access markets.

In the digital assets niche, regulators are competing to set rules that are effective enough to establish their jurisdictions as responsible hubs for digital finance, but not so onerous that they strangle the market for innovations like cryptocurrencies, stablecoins and non-fungible tokens.

Is the region seen as an attractive place to invest? If so, why is that the case?

From a mid- to long-term perspective, the region is still experiencing growth, and governments are stimulating post-pandemic recoveries, even if it is currently somewhat stalled by geopolitical tensions and global commodities costs.

From a securities services perspective, we are seeing regulatory policies and trading guidelines to attract foreign investors flows through streamlined market access and market listings in Philippines, India, Thailand, China and Taiwan.

There is a momentum in implementing delivery versus payment reforms in China that aim to enhance the security of the settlement system and further attract overseas investors to China. There is also an expansion of investible traditional and digital assets products for foreign investors in Taiwan, as well as a relaxation in foreign investors investment limits in India and Thailand.

Added to this is a promotion of economic recovery through adjustments of interest rates and relaxation of support measures in Malaysia and Korea, as well as a sovereign ratings upgrade in Vietnam — one indicator of the country's strong growth prospects.

As a reflection of the continuing investor interest in Asia, Standard Chartered has seen positive growth with its custody and securities services business in Asia and with its Asia-based clients.

What are the main concerns for Asia-based custodians at the moment?

Global custodians, such as State Street and BNY Mellon, and international custodians with a global sub-custody network, such as Standard Chartered, remain the main providers in the custody and securities services space in the region. While there has been some consolidation and refocusing of coverage strategy for the industry players post-financial crisis, the main players continue to evolve and differentiate by investing in technology to automate and scale processes, and to analyse client data and behaviours. The aforementioned is all carried out to adapt more quickly and efficiently to clients' increasing demand for faster settlements, connectivity, and access to information.

Some domestic providers in the region (notably China, Thailand and Indonesia) may have certain advantages through their local funds distribution network to support their capture of the funds segment market share. While some providers may have exited the market, there are also opportunities for incumbents, such as Standard Chartered, to grow its business through strategic acquisitions.

Through a combination of domestic and international footprint expertise and network, international incumbents serve as gateways that support a two-way investment flow, in and out of the regional markets, from both domestic and international clients. ■

Margaret Harwood-Jones
Global head of securities finance
Standard Chartered

EDB appoints David Claus as CEO

The European Depositary Bank (EDB), a Luxembourg-based provider of banking, depositary and custody solutions, has appointed David Claus as CEO and as a member of the board of directors.

Claus brings more than two decades of asset servicing and asset management experience from a career spent working in Luxembourg, London and Brussels.

He started his career in 1994 as a fund accountant in Luxembourg and has been with EDB since April 2022.

Prior to EDB, Claus was Luxembourg country head for BNY Mellon, serving as manager of the Luxembourg branch and chair of its management committee.

Before that, he held senior management roles in BNY Mellon's asset servicing business and was a member of the management committee of the BNY Mellon Brussels branch.

He first joined BNY Mellon in London in 2000 and held various management positions in asset servicing and client management.

EDB was originally established as a subsidiary of Hamburg based private bank M.M.Warburg & CO and was acquired by Apex in 2019.

Commenting on his new role, Claus says: "I am excited to be joining EDB, a bank with a rich history of enabling institutional investors to directly access the Luxembourg financial market. As an independent provider, EDB has an important role to play in offering our clients an agile and responsive cross-jurisdictional service in an ever-changing regulatory environment." ■

State Street has expanded its global markets team with two new appointments.

Joe Martinez and Sarah Kirschbaum have both been appointed portfolio solutions senior sales managers for North America. In this role, Martinez and Kirschbaum will be responsible for institutional client sales across all portfolio solutions capabilities, including transition management, outsourced trading, currency management and exposure solutions.

Martinez previously served as senior transition strategist at Northern Trust's company transition management group, where he was responsible for developing trading and risk mitigation strategies, as well as managing the implementation of institutional client asset restructures.

Before joining State Street, Kirschbaum held a variety of senior roles, most recently director and product specialist at BNY Mellon.

Before this, she served as director, head of sales and relationship management for Americas transition management at Citi for more than 12 years.

BNP Paribas has appointed Jen-Thai Ewe as head of client development for Securities Services in Southeast Asia.

Based in Singapore, Ewe will be responsible for Securities Services sales, client relationship management and client services across Southeast Asia.

Ewe will drive the bank's expansion plans in the securities services industry, including global custody, fund administration and other post-trade services, across all client segments such as asset managers, asset owners, financial intermediaries and alternative fund managers.

Libby Roy set to replace Nick Parsons at Bravura

Bravura has appointed Libby Roy as CEO, replacing Nick Parsons.

Currently non-executive director of Bravura, Roy will become CEO on 22 August 2022.

Roy has more than 20 years' experience in global financial services, and joined Bravura from Australia-based Optus Business where she was managing director.

Roy has also held several senior executive positions with AMP and AXA, as well as serving as managing director of PayPal at the Australia and New Zealand Banking Group.

Peter Mann, former CEO of Skandia and long-standing non-executive director of Bravura, will be Bravura's interim CEO until 22 August.

After 22 August, Mann will take on the role as chairman for Europe, Middle East and Africa to bring additional support and focus to Bravura's growth plans in the region.

Outgoing CEO Parsons has served at Bravura for 15 years, first joining as chief technology officer to work on the development of Bravura's Sonata programme.

He was chief operating officer at the firm for 10 months before becoming CEO in September 2021.

Commenting on her new role, Roy says: "Bravura has been experiencing a transition in its markets and has been developing its offering accordingly. I am very excited to have been given the opportunity to capitalise on this." ■

Ewe has 20 years of experience working with clients across multiple sectors. Prior to BNP Paribas, he served in senior client management, client solutions and operations roles at HSBC and State Street.

Goal Group has appointed John Sanchez to its class actions team as an operations analyst.

Sanchez will contribute to the operational delivery of Goal's securities class action services across the globe, while liaising with administrators and law firms.

He will report to Caroline Catt, Goal Group's class actions operations manager.

Based in New York, Sanchez recently graduated with a mathematics degree from Villanova University, Philadelphia.

Citi has appointed Joe Bonanno as global head of data, digital and innovation for Securities Services.

Reporting to Okan Pekin, global head of Securities Services, Bonanno will begin his new role at Citi on 15 September, splitting his time between New York and London.

Bonanno will be responsible for overseeing client data services, driving Citi's innovation efforts and digital investment strategy, focusing on identifying strategic emerging technologies, leading fintech proponents, and selecting the correct engagement models.

Prior to Citi, Bonanno served at Morgan Stanley as head of analytics and data strategy, architecture, and platforms for its wealth management division. In this role, he managed cloud, data, visualisation, advanced analytics, digital, and machine learning platform strategies. ■