

The value of data in modern markets

Roy Saadon, CEO and co-founder at AccessFintech, considers the value of data and its critical role in AI



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Lead news story



FinTech companies sceptical of SEC's statement on T+1

A number of FinTech companies have raised potential issues ahead of the implementation of T+1 in North America.

Alex Knight, Head of EMEA at Baton Systems, and James Pike, interim CEO of Taskize, have concerns about the pressure a shorter settlement cycle will place on the industry.

Knight argues manual processing will struggle with the increased working hours. He states: "It's going to be a tough ride with a lot of stressed people working longer hours to meet these new, tighter timeframes. Overall, the market has been relying on post-trade processes that require manual intervention for way too long.

"While far from ideal from a cost and efficiency perspective, that worked when there was plenty of time to fix things, but now that we're moving to much shorter timelines, the pressure is well and truly on."

Pike believes the industry is unprepared for T+1. He explains: "I think industry participants are partially ready. They have addressed their technological challenges of moving from operational processes from T+2 to T+1, but have not prepared fully

for the increased number of exceptions likely to be generated through the shift, and therefore need to be better prepared around exception processing."

These concerns come amid the US Securities and Exchange Commission (SEC) releasing a statement that welcomes the transition set to come into force in the US on 28 May.

In the statement, SEC Chair Gary Gensler said: "For everyday investors who sell their stock on a Monday, shortening the settlement cycle will allow them to get their money on Tuesday.

"Shortening the settlement cycle also will help the markets because time is money and time is risk. It will make our market plumbing more resilient, timely, and orderly. Further, it addresses one of the four areas the staff recommended the Commission address in response to the GameStop stock events of 2021."

In 2017, the SEC successfully shortened the settlement cycle from T+3 to T+2. The agency admits that the movement to T+1 could create "a short-term uptick in settlement fails and challenges to a small segment of market participants." ■

asset servicing times

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Gryphon Fund Group selects FundGuard as ABOR

Gryphon Fund Group has selected FundGuard as its primary Accounting Book of Record (ABOR) for its open-end client base. The move aims to allow unparalleled transparency, scalability, and operational resilience in support of Gryphon's growth plan.

By implementing FundGuard's ABOR solution, Gryphon aims to optimise its accounting processes, scale operations, and deliver value to its clients.

FundGuard's SaaS platform aims to support the needs of today's

asset servicers, including real-time processing, all-in-one multi-book and multi-asset class capabilities, and compliance with evolving regulatory requirements.

Chris MacLaren, CEO of Gryphon, says: "We value long-term relationships, trust, accountability, and education, and our selection of FundGuard will [allow] us to streamline our operations while further enhancing our service offerings and bringing back a boutique approach to servicing clients." ■

Bloomberg makes BSM data analytics feeds available

Bloomberg has announced its proprietary Bloomberg Second Measure (BSM) transaction data analytics feeds will now be available via Bloomberg Data License.

The BSM data analytics feeds aim to deliver valuable insights into company performance and consumer trends in near-real-time.

The transaction data comes from a subset of a US consumer panel, which includes more than 20 million consumers, covering over 3,000 companies.

Tony McManus, global head of Enterprise Data at Bloomberg, says: "By continuing to build out our interconnected suite of company research products, Bloomberg is a catalyst for change to the typically complex quant workflow that requires sourcing and organising datasets from multiple providers.

"Delivering our proprietary alternative data directly alongside our traditional financial data through Data License, allows quants and research analysts to make efficient, better-informed market projections with unique insights." ■

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Nest appoints Northern Trust as custodian

Nest has appointed Northern Trust as fund administrator and custodian in an effort to help the pension scheme coordinate its investments across its diversified portfolio.

Northern Trust aims to provide key services for Nest's investment strategy, including custody, asset allocation and rebalancing, and performance measurement.

Mark Fawcett, CEO of Nest Invest, comments: "Northern Trust really impressed us in what was a competitive procurement. We have specific requirements for asset allocation and rebalancing, and their capability to manage sophisticated strategies is particularly strong. The flexibility they can offer, to evolve the services we need around our future growth, will be crucial."

Ian Hamilton, head of Asset Owners, UK at Northern Trust, says: "This mandate is testament to Northern Trust's track record in supporting complex asset owners deliver transformative change and we are thrilled to partner with the UK's largest defined contribution master trust and a leading innovator in the pension sector." ■



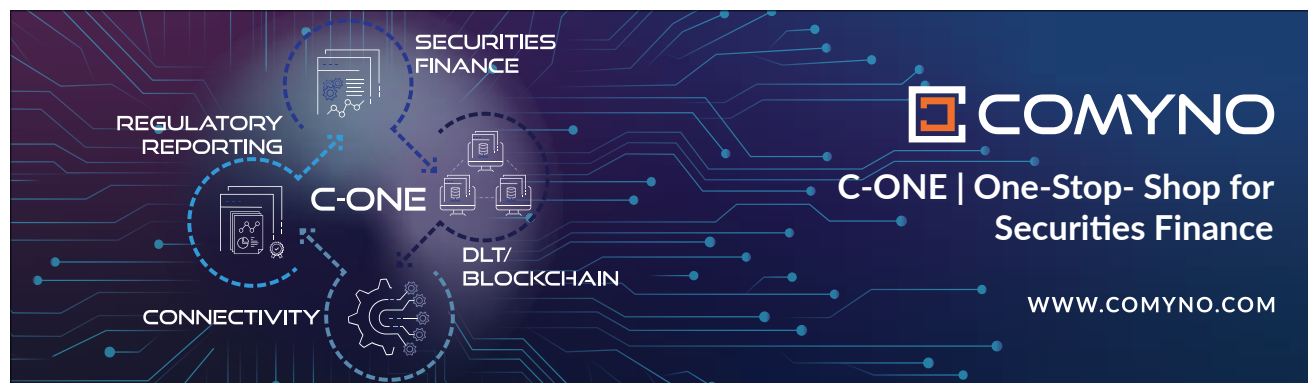
CACEIS launches digital assets business line

CACEIS has launched their digital assets business line in an effort to position itself as the benchmark for digital asset servicing in Europe, permitting clients to benefit from both its in-house digital expertise and the blockchain protocol, within a framework that is just as secure as that provided for traditional assets.

The launch of this new business line aims to demonstrate CACEIS's support for clients interested in digital assets

The offering includes digital asset custody and covers the entire value chain, from issuing tokenised financial instruments to the distribution of tokenised fund shares.

Jean-Pierre Michalowski, CEO of CACEIS, states: "We are delighted to be able to provide support for our clients by leveraging our expertise in asset servicing and digital innovation, along with our financial stability, to play a key role as a trusted third party operating within a highly secure environment." ■





SimCorp strengthens partnership with Alm. Brand Group

SimCorp has announced an expansion in its longstanding partnership with Alm. Brand Group. The expansion allows Alm. Brand Group to leverage SimCorp's innovative hybrid operating model that fuses technology with data, operations, and accounting business process services.

The strengthening of this collaboration aims to allow Alm. Brand Group access to SimCorp's combined Data Management,

Operations, and Investment Accounting Services.

Thorsten Meyer Larsen, chief investment officer at Alm. Brand Group, comments: "The adoption of [SimCorp's] new hybrid model will further streamline our processes, balancing automation with high quality service. Extending our cooperation with SimCorp was a straightforward decision that aligns with our ongoing pursuit of operational effectiveness." ■

FE fundinfo acquires Dericon

FE fundinfo has acquired Dericon in an effort to allow FE fundinfo's clients direct access to one of the largest distribution channels for asset managers in Germany, whilst growing its capabilities in the region.

Through its web based solution Dericon WMS, the business supports the compliant structuring of financial products, enabling clients to be better served with data while meeting the growing regulatory obligations in Germany and the EU. This acquisition connects FE fundinfo's asset management clients to Germany's largest distribution channel, via the Sparkassen Group.

Liam Healy, CEO at FE fundinfo, says:

"Through our partnership we bolster our commitment and capabilities in Germany by more clearly connecting investment product information to distributors such as banks and savings banks for our mutual and future clients.

"For Germany's 50 million individual investors, this will provide the best access to the broadest range of investment opportunities through Dericon's transparent and competitively differentiated solution powered by FE fundinfo." ■

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The value of data in the modern financial markets

Considering the value of data and its critical role in AI, Roy Saadon, CEO and co-founder at AccessFintech, sits down with Karl Loomes to discuss the interconnected relationship between the two, and the role it will play in the financial markets

I have seen you previously refer to data as “the new gold”. Has the value and importance of data changed over the last 10 years, or is this more to do with its dissemination and use in modern systems?

The value of data has changed by orders of magnitude, and there are different underlying reasons for that. It is the willingness of the industry to collaborate when it comes to data, which has not always been there. We are in a regulated market that historically was not focused on sharing data, but instead built walls around every organisation to protect access. But the willingness to share data is a fundamental mental-switch, or change in state of mind, which is important for the industry.

The technology has evolved dramatically over the last 10 years, with regards to handling large quantities of data, normalisation of data, and the governance of data. When we are talking about using artificial intelligence (AI), that is a data hungry environment. We have AI in an opaque market, so we are forced to use bad or limited datasets to try and build models.

The reason for using, and the availability of data, has changed, and what can be generated from that data has also changed. It is a completely different conversation now compared to how it was, and we just happen to be right in the eye of the storm. I would say we are lucky to be in a data age, and be a data company, right now.

Do you see the use and importance of data increasing even further in the future within the finance industry? What will be the factors that impact this?

Yes, certainly. Historically, data was used in a very myopic way. Access to data would lead to companies building pricing streams and front office strategies. That was basically what data was about — speed and pricing.

Today, companies look at data as a fundamental way of managing risk, driving the direction of travel, optimising efficiency or the use of capital etc. All of these things can be improved with data.

As you have more participants who know how to extract the value of data, its uses grow in scope. Now data has its uses in everything from operations and finances, to cybersecurity — companies wanting to understand how to protect themselves from cyber risk. Everyone is now making better decisions, and reducing effort, by looking at data.

What I think has really changed is that the industry focus has moved from a ‘let me fix my own data and use my own data to be better’ attitude, to a collaborative, ‘let me use industry or network data to be better’. It can be seen as a supply chain issue.

For a single transaction, there is a buy side, an executing broker, a prime broker, an agent bank, a custodian and outsourced middle offices — six different firms all having some role in the same transaction. They will all have their own ‘version’ of it, or opinion of it, and likewise have their own view of any issues that arise with the transaction. No single entity really has an ability to look across the lifecycle of the transaction, and they definitely do not have the ability to look at the trends over time. There comes a point where there is an actual reason for firms, even ones where there is potential competition, to collaborate, because they can help each other get better.

Because of that they are willing to share data, albeit with a lot of governance, control and security. But the principle is that by sharing data with each other, and so increasing the dataset they can use, both firms improve. In effect, they reach the ceiling of what they can do as a single entity in terms of advancing, so the next frontier is developing as an industry.

But for the industry to get better it has to look at these supply chain issues and ask ‘what is outside my wall?’, which is the area AccessFintech focuses on. It is the place that we find interesting because it is much more challenging, getting to consider the ownership and security of data. The quality of data means there is not a full dataset available, so firms have to somehow work with others to get this full problem set. The value is in getting significantly larger amounts of data, and correlated data, and therefore it has a direct impact on the value firms can get out of it.

AI is a hot topic across most industries in the past year or two, what value and use do you currently see AI having within your own, or clients’ businesses? How do you think this will change in the future?

I am old enough to have seen multiple hype-cycles come and go. Over time, you get a bit more experienced, and so I am trying to avoid that same hype now. It is fairly common when a new technology emerges, that there is a tendency to think this technology is going to fix everything. This means people throw the most complicated problems at it, rather than fixing what is obvious, which would build trust and momentum with the technology and actually create value.

"I think people understand the value of data and treat data as an asset, which is different to what in the past was perhaps seen more as a knock-on side effect of a product"

There are arguably two extremes. On the one hand, AI is being used to handle repetitive tasks. These can be areas where companies actually struggle to staff, because people do not want to do those roles. There is concern about AI taking the jobs of humans, but in these cases there is zero interest in the position.

On the other extreme is what I call 'the move from 98 to 100 per cent'. You can achieve 98 per cent efficiency with standard tooling, but it is the last two per cent that is really hard to crack. This is where the data may not be correlated, or the pattern recognition requires too much 'compute' power to do it in your head or on a spreadsheet.

These are the two areas of what AI does now, either high volume, repetitive tasks, or high-end, complicated scenarios.

There is a lot AI can do in the 'middle', but it is about building confidence and working on things that are not too controversial, and where immediate value can be had. This means the resistance to change is not as dramatic, because emotions and perceptions are less involved. The counter to this has always been using the technology for the more dramatic, big things — 'I've got this thing that I've been trying to solve for 30 years, and I couldn't, maybe AI is going to do it.' But I think we should focus on the thing that will return value.

The term 'AI' is a massive umbrella. Almost anything automated gets called AI these days. But it really means focusing on the things that get better with data and get better with pattern recognition. There is a lot happening around documentation conversion, extracting value out of contracts, for example.

There are a lot of new firms popping up in this space, because the technology is really suited for that, and it would be very difficult to hire, say fresh graduates, to do it.

Are there any notable relationships or potential impacts you see AI and data having on repo specifically?

At the highest level, we are moving a tonne of assets around the globe for no reason, because the tools available do not allow easy discovery of efficiencies. In the repo world, when you want to roll positions over, you have to roll them back and send back the assets. You can actually compress that into a pure cash movement, reducing about 90 per cent of the asset movement just by being more efficient.

No firm can do this alone though, they need the other side to agree for a 'coordinated dance' to happen, which can take time and is a manual process. We are now at a place where a machine can identify the opportunity, meaning repo compression is in a place where you can better manage inventory.

High interest rates are very painful. This was a quiet, dormant market, but now it is at the heart of so many things.

What, if any, do you think are or will be the limitations of AI within the industry?

I think there are two things. There is the socio-economic limitation, which is when, on a large scale, it does displace a human. This is not just about saving money though. These tasks are often fraught with human error, and these errors cost a lot of money — potentially more than the actual work itself.

I look at it as 'noise reduction'. If you reduce the amount of this noise, it can be worth pursuing. This then raises the question of job security and how do human workers and AI coexist together. Personally, I think there are ways to address this, and it may not be as great a concern as some think.

The other area is supervision, and what kind of data models are being trained on. There is a natural tendency to assume that if AI tells you something, it is the truth. If people assume this, it could then potentially become the 'truth'.

Questioning and challenging the model or results, agreeing or disagreeing with its conclusions, and when not to use it, will take human judgement. Of course there is plenty of bias in humans as well.

The barriers right now are more the social ones, as well as the access to data.

Think of the car industry as an example. AI and automation will design and build the car, and now we are at a point where it can drive it as well. You can explain all of the statistics about reducing accidents to people, but the moment an AI-driven car has an accident, it will be front page news, but all the other benefits would not be mentioned.

Consider innovations like 'assisted driving', where there is an attempt to address these fears. Again, we go back to what I said earlier, we should start with more accessible activities that bring immediate value and do not trigger this emotional resistance.

With this evolving relationship, and growing significance of AI and data, what do you believe are some of the concerns surrounding ownership, privacy and security for the industry.

I think people understand the value of data and treat data as an asset, which is different to what in the past was perhaps seen more as a knock-on side effect of a product.

Once that 'side effect' is actually a valuable asset, you have to treat it as such, which means you have to be very clear on ownership.

We position ourselves as custodians of data. My job is to help 'Bank A' be on the cloud, and be able to collaborate with other parties, while also maintaining ownership of the data, and total control of who has access to what. This enables them to make use of their data, whether it is for the benefit of clients, working collaboratively with competition, or for regulatory oversight.

If the infrastructure to manage your data like this does not exist, you end up back to being entrenched. When I talk about custody of data, I mean I am here to protect your data and make your data work for you, in a way that you are comfortable with and that you are not 'letting go' of it.

I use the idea that we are putting a GPS on a piece of data, meaning at any point in time you know where your data is, who does and does not have access to or permission for it.

That level of granularity is what we have built. It was less about understanding finances than about understanding data, and who has got ownership rights. There is also the question of who owns, or has control, in the transitional phase. That is really where the complexity lies.

Automation is another hot topic for many firms in the industry. How do you see this being used, both now and in the future, and do you think the US move to T+1 (and potentially the UK and other countries) will accelerate the shift?

The basic nature of T+1 is, effectively, tasks that could previously take two days now only take one. Working with clients in Asia and Europe, this might even mean getting tasks done in half a day.

You could dramatically increase your workforce to do this, but you are not always able to speed up a process by dividing it among more people. Automation may be the way forward.

Another approach is to eliminate the variables that cause idle time or dependence on others for task completion, and to automate these processes with machines. This automation not only facilitates collaboration but also generates valuable intelligence. The key benefit is reaching the decision-making stage more quickly, while allowing investigations to be conducted automatically.

I believe the industry has evolved by leveraging data sharing, which reduces the effort required for investigations and allows machines to handle them. By utilising collaborative datasets rather than individual ones, people began receiving valuable insights on a T+0 basis, which previously would have taken one to three days. The urgency of time constraints has pushed people to adopt technologies that were always available but underutilised.

Ending with a broad topic, could you provide an overview of trends you believe the industry will see in the next 10 years? Are there any predictions about areas of importance that are perhaps not being looked at or discussed much at the moment?

We are undertaking many initiatives that we now know can be scaled effectively. For example, we are focusing on repo compression, which was possible before but could not be scaled due to its reliance on human, email-driven processes.

We are looking at regulatory reporting, which has arguably got out of control. We could flip the whole thing on its head. There are many aspects that have simply grown in a linear fashion, but if you were able to go back and redesign regulatory reporting from scratch, with today's tools a much better, data-driven solution, would be the way forward. ■

Navigating the future of digital money

Industry experts talk to Sophie Downes about why we need digital currency and what work needs to be done by the industry to implement it



If the shift from credit cards to smart wallets and cryptocurrency tells us anything, it's that digital forms of money are changing. Digital currencies are not a wholly new concept; as consumers, we pay with digital money all the time.

If we forget our credit card, we also have the option of our Apple watches, or smart wallets — transactions that relegate cash to something rather antiquated and awkward.

“This generation doesn't interact or pay like our parents. They don't transact like our parents. So why would they want to make the payments that our parents used?” poses Jovi Overo, director at BaaS, Unlimit.

Yet, the impetus in the finance industry is to move beyond this even further. The new orders of the day are stablecoins, central bank digital currencies (CBDCs), and the possibility of a central bank-backed digital Euro, offering further possibilities for both the retail and wholesale sides of the financial ecosystem.

Amid the buzzwords and excitement, it is important to ask the question: why do we need these digital currencies, and what work has to be done within the industry to adopt them?

Possibilities

An obvious benefit to digital currency is its efficiency.

“We are in a global world that is very fast moving,” says Overo. “That also extends to the need to make quicker payments, to have instant settlements, and to increase speed efficiencies. That is a huge advantage right now for any organisation that can deliver it.”

He is well positioned to comment in this space. Unlimit's BaaS solution — Overo's self-proclaimed pride and joy — enables any business or brand to offer financial services to their consumers.

Overo's role is multifaceted, spanning business development, products and marketing. “It's a challenge,” Overo admits, “and I enjoy that”. His enthusiasm even extends to the t-shirt he wears, on which ‘Borderless Possibilities’ is emblazoned.

The word ‘possibility’ reverberates within this discussion, reflecting an industry that is still investigating what forms digital currencies might take.

"We see both CBDCs and private issuances such as stablecoin coexisting in the future, along with tokenised deposits; all of them will have a role to play in a future ecosystem of digital money"

Jannah Patchay, Digital Pound Foundation

Such thought is central to the work of the Digital Pound Foundation, a trade association working with banks, non-member firms and other trade associations, to develop an ecosystem and community around digital money.

"There's a perception that money and payments are digital — but what they aren't is digitally native," explains Jannah Patchay, policy and strategic lead at the Digital Pound Foundation.

Like Overo, she places a significant focus on the possibilities that digital currency brings to the industry, particularly in overcoming the current inefficiencies that traditional financial systems may operate with.

She adds: "It gives us the opportunity to tear up all the assumptions that we currently have around constraints on money and payments, and look at the requirements of what we need in terms of settlements now, and in the future."

Stablecoins and CBDCs

As highlighted by Asset Servicing Times coverage of the Digital Assets Forum in April 2024, the various forms of digital currency are subject to much debate and scrutiny.

The forum covered the various use cases of digital money across retail and wholesale centres, as well as highlighting inherent challenges in adoption. What quickly became evident was the vast amount of work needed across the industry to actually make these changes happen.

As a participant at one such panel, Overo provoked discussion by advocating for the use of stablecoins over CBDCs. Admitting to being in the minority, he expands upon his point in our call: "For me, stablecoins are not just a preference, but a strategic choice."

He describes how CBDCs are still fundamentally tied to traditional infrastructures and regulatory challenges, while stablecoins provide flexibility and rapid deployments. As the name suggests, they also pose a more stable alternative. Since they can be pegged to a currency like the US dollar, or to the price of a commodity such as gold, they offer more anchored options, particularly compared to volatile crypto markets.

Ultimately, however, Overo is strategic. "When you look at the option of CBDCs versus stable coins, it's all about using the right tool for the right job — with scalability and adaptability in mind."

In contrast, Patchay describes the Digital Pound Foundation as "very neutral" in this debate.

"We see both CBDCs and private issuances such as stablecoin coexisting in the future, along with tokenised deposits; all of them will have a role to play in a future ecosystem of digital money," she comments.

Elaborating on the varied opinions of market players, she touches on the politics of digital currency within the financial sphere: "I think that a lot of the arguments are driven by — on all sides — preconceptions, and inherent beliefs about the others."

She explains the potential dynamics at play between market players: stablecoins and CBDCs facing potential scepticism from banks; stablecoin issuers perceiving banks as adding levels of intermediation and obfuscation; on the retail side, Patchay highlights the genuine concerns consumers hold around privacy and control.

"On the wholesale side, there are much stronger and clearer arguments for introducing a CBDC," Patchay argues, predicting it might happen in the near to medium term. But, as for the differences in opinions, "it just depends on who you talk to".

Post-trade

Writing for a financial services magazine, I was curious to see Patchay's opinion on the impact of digital currencies on the post-trade process.

Her take — it will be profound.

She discusses the impact on various places in the settlement cycle, using the example of a bank's treasury function. "If your business model or function is predicated on sourcing liquidity, and taking advantage of gaps in the settlement cycle to meet your liquidity needs, instantaneous settlements create significant challenges to that," she explains.

"They will need to have the assets available in order to trade and settle in real time."

This can be expanded into securities finance in particular. With repo and securities lending currently operating within a T+2 settlement cycle in Europe, there is a two day gap where lenders can find liquidity.

"When you have that instant settlement, there is a question of what will happen to those markets?" observes Patchay.

The question of digital technologies on settlement is not a new discussion. In a talk titled 'Innovation in post-trade services' at the AFME conference in 2022, Sir Jon Cunliffe, former governor at the Bank of England, highlighted the benefits of new technologies. These included fewer fees, due to the smaller number of intermediaries, and a shorter and simplified chain structure.

Nonetheless, the focus on regulation was paramount.

"Given the range of policy questions — regulatory, supervisory and legal — that these developments raise, market infrastructure regulators will need to step up their engagement," he stated.

Two years on, the industry has seen developments in DLT and blockchain, notably with the Digital Securities Sandbox and the Innovation Hub's Project Meridian. However, stablecoins and CBDCs remain debated.

However, as Cunliffe somewhat aptly pointed out: "We should not classify new ways of doing things as dangerous simply because they are different."

"Educating users about the benefits and the operations of digital money is absolutely key to accelerate adoption. It's going to be a team effort — and we'll all play a part"

Jovi Overo, Unlimit

Timeline

When can we expect these currencies to be realised? The answer lies in the process.

Patchay advocates for a meticulous and unhurried process of adoption. Comically highlighting the historical challenges the UK has faced in delivering large infrastructure projects, she emphasises the need for diligence: "when you do it, you want to get it right."

"The benefit is not about primarily displacing existing payments and infrastructure," she continues.

"It's about providing a platform for innovation in the future, and the future foundations of financial market infrastructure. This isn't something you want to rush into, as a central bank, but is this something that you want to be actively exploring."

To achieve this, Overo agrees, preparation is paramount. "It needs to be interoperable, and there needs to be a very vast advance in regulatory clarity, as well as education." He details the fine balance between regulation and innovation, and highlights the need to provide a clear legal framework for operations in order for implementation to be possible.

However, it is education that he sees as the fundamental driver of these currencies. "Educating users about the benefits and the operations of digital money is absolutely key to accelerate adoption," he remarks.

"It's going to be a team effort — and we'll all play a part." ■

Being prepared

Jack McRae speaks to Alan Flanagan, head of global client coverage for Asset Servicing at BNY Mellon, about feeling at home, T+1 and striving to be the best

Alan Flanagan moved with his family to the US to work at BNY Mellon's office in New York, and has risen to become the company's head of global client coverage for Asset Servicing. The switch to the Big Apple did come with a period of difficult adjustment.

He remembers: "It's never easy [moving country] and, I'll be very honest, it always takes a while. We were very happy, my wife and children in Dublin. It was a bit of upheaval quite frankly, especially for the kids, the eldest was 10 and the youngest was five. [At that age] that's a lot of change for them too."

Flanagan is honest about the difficulties, and laughs as he explains: "[It] takes time to get fully settled. Adjusting to simple things, like establishing a financial history as I had no credit history or references. The family is fully adjusted and our children are thriving."

Having settled into his new home, office and country, Flanagan began to use his perspective of having lived and worked in Europe, in America. It "helps me to have much more of a global view and perspective on things," he believes.

Flanagan will be prepared for the momentous shift coming.

Positional play

Flanagan and I are speaking a couple of weeks ahead of the transition from T+2 to a T+1 settlement cycle in the US. Leading up to the landmark change, Flanagan says he is at ease, as, he suggests, is BNY Mellon more broadly.

"With T+1 now happening, we are very well positioned," Flanagan expresses. "We oversee, manage, and keep safe nearly US\$50 trillion in assets for our clients."

Owing to their size as one of the largest custodian banks in the world, Flanagan suggests they will be more prepared for the shift than other players in the industry. He states: "In the position of being the largest custodian, we're uniquely positioned and have spent an incredible amount of time with clients."

The size of BNY Mellon also means that they "have an entire team across the firm focused on the transition and fully available for client support. We are confident about the transition but acknowledge the possibility of market shocks or other factors that can affect it."

Perhaps the most interesting aspect of BNY Mellon's preparation for T+1 comes in the form of education. Flanagan details the "15,000 hours of education content" that staff have been given in the last six months.

Flanagan is relaxed about the transition: "When you compress the cycle from T+2 to T+1, the risk of delays in instruction processing that could potentially impact FX are taken out because we are the custodian."

Flanagan argues that BNY Mellon's size and stature makes them able to absorb any shocks caused by T+1. He says: "Our analysis shows us that for clients where we are both lending agent and custodian, if clients need their shares back to satisfy a sale, 90 per cent of the time we can facilitate that at T+0. Due to our size, scale and having US\$48.8 trillion in assets under custody and administration. Given that large inventory unlike any other third-party lender, we don't need to recall the borrows."

But what about the rest of the industry?

Flanagan reaffirms his certainty that BNY Mellon will manage the adjustment.

"Like every change, there are those that are going to be more prepared than others," he admits.

"BNY Mellon is well positioned and confident that our clients have been intimately involved with us throughout the process. After T+1 goes live, it will be interesting on the industry reaction and I am confident with the resiliency within the system and organisations like BNY Mellon, will see us through."

The key to success

One of the major concerns with the industry's preparedness for shorter settlement cycles is regarding the capacity for legacy systems and manual processing to be able to cope with the increased pressure.

For Flanagan, there is a clear solution for this. He explains: "Digitisation and automation are the key to take out more of the manual processes."

These manual processes, he notes, "ultimately lead to breaks and friction in daily transitions. They reduce efficiency, they reduce time to market, time to execute, and ultimately result in a cost".

Flanagan explains how BNY Mellon has heavily invested in improving the technology which will limit any potential headaches — a focus he urges the industry should also be taking.

"More investment in technology automation, and what AI can bring to the industry, will ultimately bring us to the straight through processing nirvana that everybody is chasing, no matter what asset class they are in."

That quest for improved technology is one BNY Mellon has been on for a long time. Flanagan tells how "digitisation and automation are our key. It's a transformation journey that we've certainly been on for, for the last number of years. Our industry and its scale [mean we have had to] focus on digitisation."

ETF Fever

One of the intriguing growth opportunities for Flanagan and BNY Mellon comes in the form of exchange traded funds (ETFs).

This is an opportunity that is only going to grow.

"In terms of assets under administration in the ETF space, we have gone over US\$2 trillion now. It's really exploding, and it's only continuing to grow."

Flanagan continues: "Several of our existing clients have filed for ETFs as a share class. We do anticipate more mutual fund to ETF conversions, but also, we're seeing separately managed account (SMA) to ETF conversions. Now there is potential to hang an ETF class off a mutual fund as an absolute trend."

The growth of crypto currency has also enabled this growth, and will only continue to help propel it forward. "We've also been servicing a lot of new bitcoin ETFs from our asset manager clients and we're seeing strong growth in that space as well," Flanagan says.

The exponential growth of the ETF space is one where BNY Mellon is set on seizing an advantage.

Flanagan comments: "We're fortunate because it's an area where some very large ETF issuers have been moving business to. We're on a winning streak there, and we've invested significantly in our ETF services platform over the last few years. We're very connected to the ecosystem, the market makers, and the authorised participants."

Striding forward

"Alternatives are near and dear to my heart," Flanagan explains. He previously worked as global head of alternative investment services at BNY Mellon and still holds the field close to him.

He continues: "We are a trusted provider to both public and private markets, and we have both the fund servicing capabilities as well as the asset servicing capability. We have a corporate trust fund administration, cash, liquidity management, all of those services to support the asset all the way flowing through into the fund."

BNY Mellon may be an incredibly vast firm, but they are still required to be flexible.

One of the developing trends in the industry has been the increase of outsourcing. Flanagan details how they remain adaptable to the industry:

"Front-to-back outsourcing is continuing to evolve. What we're seeing is the ability to be more flexible and modular as a path to success in this space."

Flanagan says: "Our model is one of flexibility. We're calling it OMS agnostic — we have our own capabilities and yet we partner with some of the major providers out there."

"I can see outsourcing continuing to evolve because, at the end of the day, managers want to focus more on portfolio and alpha, and leave the operational alpha to the outsource providers."

Part of the capabilities of BNY Mellon come in the form of its data and analytics division, which, according to Flanagan, is central to every success that the bank has.

He says: "We have an entire business in growth ventures focusing on data and analytics, which unsurprisingly, underpins just about everything."

Flanagan makes clear that he, and BNY Mellon, are intent on being the best across every sector in the industry.

He concludes: "We focus on providing an autonomous access to clean, quality audit data — and we ultimately want that across every asset class." ■

"I am confident with the resiliency within the system and organisations like BNY Mellon, will see us through"

Alan Flanagan

Head of global client coverage for Asset Servicing
BNY Mellon





Eckermann named member of Deutsche Börse's executive board

Stephanie Eckermann has been appointed a member of the executive board of Deutsche Börse Group.

Eckermann will be responsible for the newly formed Post-Trading division, which consists of the Securities Services and Fund Services businesses. These businesses are partnered with Clearstream.

Theodor Weimer, CEO of Deutsche Börse, comments: "In the last four years [Eckermann] has played a vital role in shaping Clearstream's agenda and was responsible for the major business transformation into the two new entities, Clearstream Securities Services and Clearstream Fund Services."

Eckermann has been a managing director and responsible for Strategy and Controls Post-Trading in designated CEO Stephan Leithner's division.

She has also been a member of Clearstream Holding since 2020, and CEO of the Executive Board of Clearstream Banking since 2023.

Martin Jetter, chairman of the supervisory board of Deutsche Börse, says: "[Eckermann] has played a decisive role in shaping Clearstream's business in recent years. We are convinced that Stephanie Eckermann will successfully develop the Group's post-trading businesses." ■

Vitesse welcomes Hess as US Executive President

Vitesse has appointed Curt Hess as US executive president.

In his new role, Hess will oversee the company's continued expansion in the US market.

Prior to his new position, Hess most recently served as chief operating officer and chief financial officer at 10x Banking.

Prior to this, Hess spent over a decade with Barclays, where he held a number of positions, including CEO of Barclays US Consumer Bank.

Phillip McGriskin, co-founder and CEO of Vitesse, comments: "As we continue to grow our presence in the US, I'm particularly excited about Curt joining the Vitesse family, who brings significant knowledge and expertise to support us on this dynamic growth journey."

Commenting on his new role, Hess says: "The company's vision and demonstrable ability to deliver value to the insurance marketplace, by providing clients with streamlined solutions and a competitive edge, presents an incredible global opportunity. I am excited to be a part of the next stage of the company's development as we focus on further expanding in the US, serving new and existing customers."

Synechron announce five new leadership roles

Synechron has announced the hiring of five new, strategic senior appointments.

The global digital transformation consulting firm says these new appointments align with their overall growth objectives.

AccessFintech T+1 solution

- Facilitating T+0 focused operations
- Enhance the T+1 settlement workflow
- Maximise STP rates
- Reduce fails and manual effort

AccessFintech's Synergy network offer a solution that enhances the T+1 settlement workflow. By providing more real-time information from agents and Central Securities Depositories (CSDs), Synergy enables pre-matching and facilitates a smoother transition to the incoming settlement regime. This means that trades can be settled more quickly and efficiently, reducing the risk of errors and delays.



AccessFintech

Learn how AccessFintech can help you transitioning to T+1 Settlement. Visit our website on:

www.accessfintech.com



Apex Group welcomes Fullerton as Global Head of Operational Transformation

Apex Group has appointed Ken Fullerton as global head of operational transformation.

Based in New York, Fullerton will lead the operational delivery and improvement team focusing on client-driven technology and business process initiatives and improvements.

Fullerton most recently served as the chief operating officer of the fund administration business and was responsible for all functional areas.

Christopher Mulhern, group product and operations officer at Apex Group, states: "Establishing a clear

focus and mandate on operational improvement, sitting alongside business as usual activities, is a critical component of the transformation effort, and having Ken join to lead this team is a big win for Apex."

Commenting on his new role, Fullerton says: "I'm thrilled to be a part of Apex Group at a time when they're driving positive change throughout the industry. We pride ourselves on being a single-source solution, and the fact that we keep investing in the business from a people and technology perspective demonstrates the global breadth of the offering." ■

Faisal Husain, Synechron's co-founder and CEO, explains: "Each of these leaders brings a wealth of experience and a proven track record that will undoubtedly propel Synechron towards achieving its strategic goals."

David Straube has been appointed as head of investor relations. With over 30 years of experience in the industry, Straube has previously held senior positions at EPAM and Accenture.

Surabhi Ramamurthy becomes head of the Asia business unit. She boasts 18 years in the banking and capital markets sectors.

Christine Olmstead has been named as head of corporate development. She has over two decades of experience in mergers and acquisitions.

Aaron Momin has close to three decades spent in cybersecurity and risk management, and has been appointed as chief information security officer.

Christina Savvas has been hired as global head of brand. In this role she will be responsible for developing Synechron's global brand strategy.

Gen II appoints Le Noury as Head of European Operations

Gen II Fund Services has appointed Matt Le Noury as Head of European Operations.

Le Noury will be responsible for through process optimisation and the deployment of technology platforms. The appointment aims to support the fund administration provider's expansion across Europe.

Le Noury has 25 years of experience in financial services and accounting. Previously, he was managing director and head of European private equity services at the Citco Group.

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Navigating change under the Northern Lights

The evolving landscape of the Nordic market

Klea Neza runs through the changes in the Nordic market over the past two decades, focusing on political reforms, regulations, and technological advancements

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Michael Johnson, Gen II's chief commercial officer in Europe, says: "[Le Noury's] expertise and experience will be vital as we look to further embed systems and integrate greater levels of automation into our capabilities, to provide our clients with the high-quality service they demand."

FundBank welcomes Errico as Managing Director, North America relationships

FundBank has appointed Michael Errico as managing director, North America relationships. In his new position, Errico will play a role in providing banking, custody

and trade execution services to asset managers and their funds.

Prior to his new role, Errico most recently served as regional vice president of sales at Partnerize, where he focused on sales and business development of an enterprise SaaS performance marketing platform designed for retail clients.

Before this, he held the role of relationship manager at First Republic Bank, where he was responsible for sourcing and delivering a full suite of comprehensive personal, business lending and deposit products through a service-focused, private banking experience.

Delta Capita welcomes Girao-Tavares as US Head of CLM

Delta Capita has appointed Liliana Girao-Tavares as its US Head of Client Lifecycle Management (CLM). Based in New York, Girao-Tavares will be responsible for leading the CLM business in the region, working closely with local and global teams to support Delta Capita's North American clients.

Most recently, Girao-Tavares served as the CLM global head of Regulatory Due Diligence at Credit Suisse, now part of the UBS Group. ■

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