asset servicing times

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T+1 global teachings

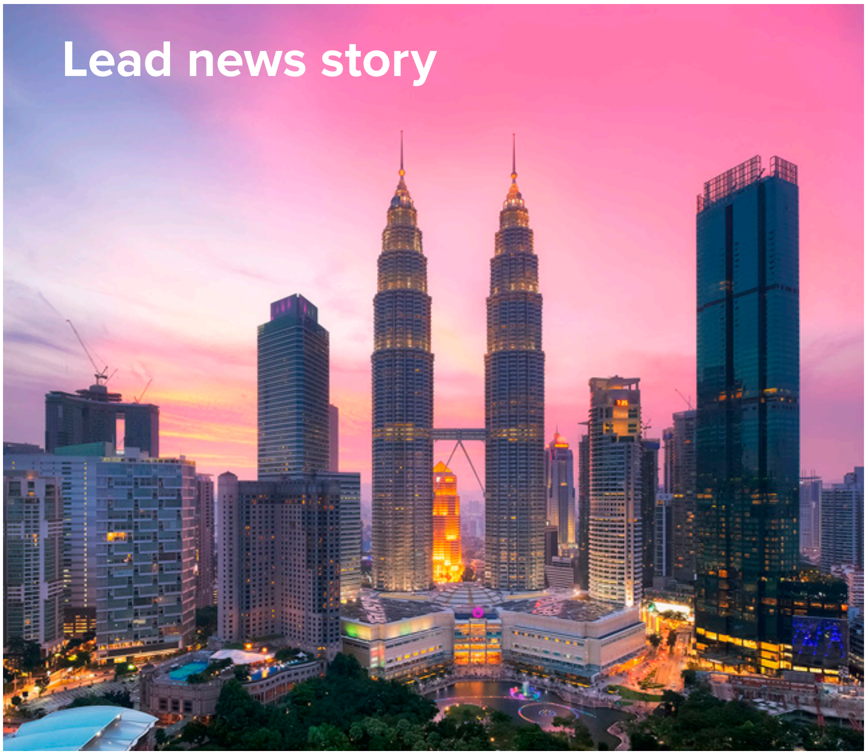
With America ahead of the T+1 game, international firms discuss what skills and methods they have learnt from the US

Investor Protection

Lessons that need to be learnt

Market Efficiency

Striving for efficiency in an evolving market



State Street offers Shariah-compliant custody and fund administration services

State Street Corporation says it will now offer Shariah-compliant global custody and fund administration services.

The offering follows the attainment of a Shariah-compliant certificate from Amanie Advisors, a Shariah advisory firm.

Commenting on the news, Stefan Gmür, head of APAC at State Street, says: “We are proud to be presented with this certification, which further reinforces our ability to manage investors’ assets in line with the top standards for Islamic finance.

“This comes at a time where we are seeing growing interest in services for Islamic assets that adhere to Shariah principles, especially in Malaysia and Brunei.”

Gmür indicates that the global Islamic finance industry has experienced strong growth over the past few years, including in the Middle East, US and UK markets, and is expected to maintain its upward trajectory, driven by anticipated lower interest rates and a strong appetite for investments in emerging markets.

Suhaida Mahpot, CEO of Amanie Advisors, comments: “On behalf of the Amanie Shariah Supervisory Board, we are pleased to endorse State Street’s services for the Islamic community, which empowers them with opportunities that reflect their values and beliefs. As the Islamic financial market continues to grow, we look forward to fostering continued collaboration in advancing Shariah-compliant financial solutions.” ■

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Bitfinex joins Komainu Connect

Komainu, a regulated digital asset custody service provider, has signed a Memorandum of Understanding (MoU) to explore the integration of Bitfinex into its collateral management platform, Komainu Connect.

Komainu Connect aims to address the industry need to reduce client counterparty risk associated with storing collateral with trading counterparties.

By enabling assets to remain stored with a regulated custodian, Komainu says institutional investors will be able to capitalise on trading opportunities through digital asset trading platform Bitfinex while maintaining asset security and regulatory compliance.

The firms used Ledger Enterprise's off-exchange trading and settlement technology, Ledger Tradelink, to allow institutional customers to trade through the Bitfinex platform, while assets remain in segregated custody with Komainu.

According to Komainu, the integration underscores the value of industry collaboration as the institutional digital asset ecosystem matures. ■

Research shows importance of client engagement for investment flows

Research from Clearwater Analytics has shown that the buy side now considers client engagement as the key driver of investment flows. According to the report, 48 per cent of buy side participants, including asset managers, hedge funds, and wealth managers, believe client engagement to be the primary driver, rather than performance (30 per cent).

Clearwater Analytics points to a rise of passive investing and the rise of ETFs as the underlying factors creating this shift. The survey also highlighted that 44 per cent of respondents are overly dependent on Microsoft desktop tools, such as Excel, in managing investment data.

Sam Idle, solutions consultant at Clearwater Analytics, comments: "To produce both regular and bespoke client reports that are going to differentiate an investment manager from their competitors, the tools asset managers rely on to aggregate and manage the vast swathes of data being used have to be more advanced than archaic Excel spreadsheets scattered across an organisation's IT infrastructure." ■

Salem Trust expands custody and asset services with new hires

Salem Trust Company, a division of Argent Institutional Trust Company (AITC), has began the implementation of an expansion of its custody and asset servicing capabilities with two new appointments.

Luke McCabe will serve as the president of Salem and managing director, Institutional Asset Servicing and Global Custody at AITC, and Chris Taylor as a director.

McCabe has over 30 years of experience in asset servicing and prior to his new role, he served in dual roles as head of global wealth management and president and CEO of Fidelity National Information Services' (FIS) regulated asset servicing subsidiary, Reliance Trust Company.

Taylor has over 25 years' experience in custody and securities processing and joins Salem from Citi Global Custody Operations, where he was head of North America Asset Servicing. Before Citi, Taylor gained experience at UBS Wealth Management Financial Services, JP Morgan Chase, Nationwide Insurance-Office of Investments, and Banc One Investment Management.

Tony Guthrie, executive chairman at AITC, comments: "We are genuinely excited to have Luke and Chris join Argent."

Steve Eason, CEO of AITC, says: "The knowledge and expertise these two senior market executives bring are the essential tools necessary to build on our core competencies, expand our services offering, and grow Salem into a market recognised leader. In addition, their understanding of the industry, landscape, and people in the markets will prove invaluable as we continue to build, expand, and grow." ■

RBC Clearing & Custody partners with OpenYield

RBC Clearing & Custody will now provide clearing services to OpenYield, a new bond marketplace located in New York City.

As the first alternative trading system on the RBC Clearing and Custody platform, OpenYield offers automatic execution for fixed-income securities without restrictive minimum trade sizes or fees, the firm says.

OpenYield aims to provide an efficient entry to the bond market for participants servicing retail customers.

David Aronow, business development manager at RBC Clearing & Custody, comments: "OpenYield is an exciting start-up with the potential to add significant value to all participants in the fixed-income securities market.

"We are thrilled they have chosen RBC Clearing & Custody to serve their clearing needs — both at their inception and as they grow market share."

Jonathan Birnbaum, founder and CEO of OpenYield, adds: "By modernising the bond trading protocol, OpenYield aims to generate a high volume of tickets, necessitating a trusted clearing broker who is both highly reliable and tech-forward.

"We view this clearing relationship as the start of a broader collaboration across their leading fixed income franchise." ■

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JTC to acquire Buck UK and Buck Share Plans

JTC has acquired Buck UK and the European Share Plan Administration and Trustee businesses (Buck Share Plans) from Arthur J. Gallagher & Co. The completion is subject to regulatory approvals.

The firm says the acquisition will complement and enhance JTC's existing Employer Solutions platform, which continues to deliver attractive growth for the group.

Buck Share Plans also aims to bring an existing book of high-quality, blue-chip clients, as well as an experienced, client-focused and committed team of 16 professionals based in the UK, Guernsey and Germany.

Nigel Le Quesne, CEO of JTC, says: "We believe that our passion for shared ownership, combined with the 25-year track record of our Employer Solutions business, continues to cement our position as a market leader. The JTC Employer Solutions business continues to grow strongly, and we are pleased to be able to further expand our employee share plan offering." ■

Binance recovers over US$73m in funds stolen by external parties

Binance, the leading blockchain ecosystem behind the world's largest crypto exchange by trading volume has recovered or otherwise frozen over US$73 million in user funds from external hacks as of July 31 this year. The company says it has been successful in helping users recover misplaced and lost digital funds, as well as freezing and clawing back ill-gotten funds should they make their way to the Binance platform.

Binance also collaborates closely with the public sector to ensure that affected users get the help they need.

Jimmy Su, chief security officer at Binance, shares: "Binance has cultivated a crypto user-focused culture that defines every aspect of our operations. This achievement underscores our unwavering dedication to protecting not just our users, but also enhancing the overall security of the cryptocurrency ecosystem. At Binance, we take a proactive and hands-on approach to making the ecosystem more secure. By expanding our collaboration to include more third-party services, we have achieved greater coverage in tracking and recovering stolen funds." ■

TDCC selects Citi for global custody services

Iress has collaborated with Ediphy to provide its trading customers with a comprehensive fixed income solution to Iress' global network.

Through the partnership, the companies say Iress trading customers will have access to a low-cost mechanism to trade fixed income and the ability to source comprehensive liquidity from fixed income providers and venues covering the USA, Europe and APAC.

Jason Hoang, CEO of Iress, global trading and market data, says: "We're delighted to have this key partnership in place with Ediphy. Our customers are increasingly demanding the ability to trade fixed income instruments, with up to 20 per cent of their order flows being aligned to fixed income as an asset class. This partnership further extends our ability to provide access to additional fixed income liquidity sources globally, without the need to onboard individual venues and liquidity providers."

Christopher Murphy, CEO of Ediphy, comments: "We're delighted to partner with Iress to bring simplicity and automation to their clients' fixed income trading, which will further support their community of leading investment management clients." ■

ASIC files charges against ASX over CHESS project

ASIC has launched a legal inquiry against ASX Limited in relation to misleading statements surrounding the Clearing House Electronic Subregister System (CHESS) replacement project.

ASIC states that ASX announcements regarding CHESS suggested the project remained "on-track" to meet future milestones and was "progressing well".

ASIC argues that those representations were misleading as, at the time of the announcements, the project was not tracking to plan nor did ASX have reasonable basis to imply so.

Joe Longo, chair of ASIC, states: "We believe this was a collective failure by the ASX Board and senior executives at the time.

"Companies and market participants rely on what the ASX says about its operations. When the ASX falls short, it has wide ranging consequences across the market."

Andrew Carrier, member of the executive committee at Quant, offers an explanation for the issues.

He says: "ASX's project management issues were compounded by the fact that they were building their own blockchain from scratch when public blockchains already offer scalable and secure solutions".

This inquiry comes after ASX had paid a penalty of $1,050,000 following an ASIC investigation in March. The company is yet to determine the penalty it will now seek from ASX regarding the CHESS project. ■


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Centralis Group acquire Oakford Advisors

Centralis Group, an alternative asset services provider, has acquired Oakford Advisors.

The companies say 40 employees from Oakford, who provide services focused on alternative fund clients, primarily hedge funds, private equity and real estate structures, will join the Luxembourg-based group.

Aidan Foley, CEO of Centralis Group, comments: "With this new acquisition, Centralis are poised to further elevate our service expertise and capabilities; thereby solidifying our position as one of the premier leaders in alternative funds outsourced solutions, and UK leader in outsourced services to the asset manager community."

Jeremy Whetter, Oakford managing director, adds: "I am incredibly proud of what the Oakford team has achieved in the last seven years, the growth of the brand and reputation within the sector, and the consistently high levels of client service we have delivered.

"We look forward to joining with Centralis for the next stage of the journey, and their global offering and broader scope of services will expand and complement the outsourced business services we provide to our existing clients." ■

Nasdaq selects Komainu as custodian

Nasdaq has selected Komainu as a core custodian for its suite of crypto indices.

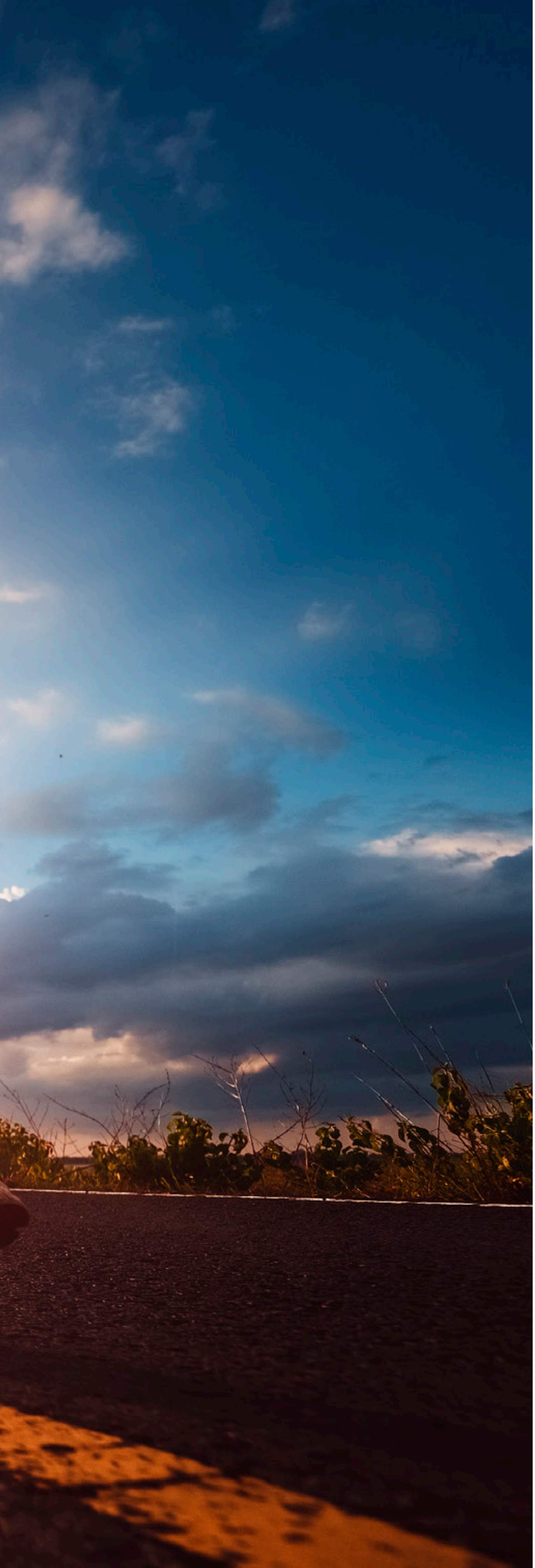
The company says this choice of custodian underscores the commitment of both organisations to uphold standards in the digital asset markets.

Commenting on the news, Paul Frost-Smith, co-CEO of Komainu, says: "From inception, we've tailored our solutions to meet the stringent requirements of major financial institutions, providing them with a secure and reliable gateway to the digital asset ecosystem." ■

T+1 global teachings

With America ahead of the T+1 game, international firms discuss what skills and methods they have learnt, in order to implement the faster settlement cycle in their regions

Klea Neza reports



In the world of asset services, some may say T+1 is at the forefront of the industry. Different regions are at various stages of implementing the faster settlement cycle, and possibly, working towards T+0. The clearing and settlement process is crucial for investor confidence and market stability, and all eyes were on the most recent advancements in the US and its smooth transition to T+1.

It can be argued that America's implementation of T+1 settlement has set a standard that other regions may learn from, gaining an understanding of how the process was achievable. Countries around the world now look to America's success as galvanising their own interest in a move.

US ahead

So how has America achieved this smooth transition?

After working closely with the industry for over three years, a spokesperson at DTCC commented that the company has seen a smooth transition to T+1 settlement in the US.

They shed light on the "affirmation rates [that] have held steady at 94 per cent or better since T+1 implementation, an improvement over affirmation rates in the T+2 environment."

They continue: "Fail rates have remained consistent with what we saw in a T+2 environment. Further, in a T+1 environment, the NSCC Clearing Fund decreased by US$3.7 billion (29 per cent) from the past quarter average value of US$12.8 billion, to US$9.1 billion."

It seems America's successful implementation of T+1 has urged other regions to also look into this settlement process and learn about the methods they can carry through in order to successfully implement it themselves.

America's teachings

Whilst the US has managed to stay ahead of the game, it also acts as an example for how other countries will be able to carry out the move to faster settlement efficiently.

Despite some firms struggling to achieve this, "it is clear that moving to T+1 is made more achievable when there is cohesion in the market structure", says Jesús Benito, head of domestic custody and trade depository at SIX.

"There remains a need to balance political expectations with the lead time required for technical and regulatory implementation"

Jesús Benito, SIX

Benito mentions that the method of having “one market with one currency, one CSD and one securities regulator” is crucial in achieving the T+1 settlement process in other areas such as Europe and the UK. He highlights that this is the reason why other regions such as Canada and Mexico have aligned with the US, further commenting that in order for T+1 to be successful in Europe, “multiple markets need to move at the same time”.

He continues that it is important to note how panellists at the recent ESMA consultation on T+1 have emphasised the “importance of synchronising the timing of this transition across the EU, Switzerland, and the UK” and deems this to be key to ensuring the successful implementation of a shortened settlement cycle.

Similarly, Arnoud Siegmann, chief operating officer at Cboe Clear Europe agrees that “good preparation usually makes for a smooth transition — as demonstrated in previous shifts, such as the migration from T+3 to T+2 and the transitions from local EU CSDs into T2S”. He highlights that it’s reassuring to see this principle confirmed once again with the move to T+1 in the US.

Global influence

As a result of America showing the achievement of T+1 is possible, Siegmann highlights that the smooth transition in the US and other jurisdictions has illustrated that the transition can be “successfully implemented without compromising efficiency”.

Thanks to America’s example, European stakeholders are now more confident that a similar transition is achievable in their region. Companies in the US may now be shifting their focus to working towards achieving T+0, but Siegmann says for Europe, companies are “still at least three years away from having this conversation, given the 2027 T+1 transition timeline currently under consideration. This discrepancy may impact the relative attractiveness of the two areas in different ways”.

Furthermore, the US’s transition has not only been the work of one company, but instead an “industry wide effort with engagement by all stakeholders”, says Siegmann. This has left companies to have similar efforts underway in the UK with equal engagement, and Siegmann expects a similar approach to be adopted in the EU.

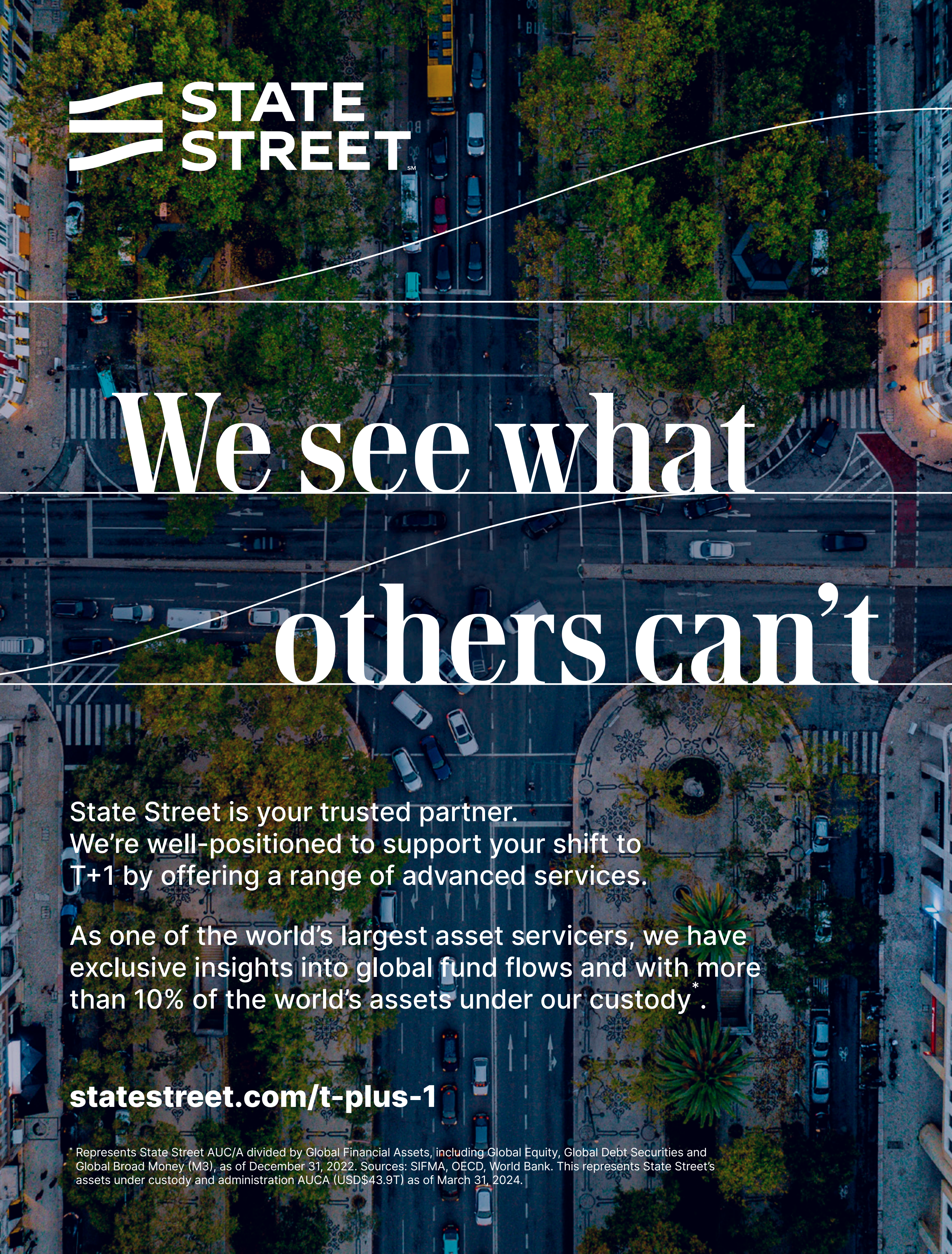
DTCC’s spokesperson highlights the modifications that have been made to support the industry’s transition to the T+1 settlement cycle, in which other regions may have been influenced by, most notably, “the changes made to processing schedules”.

The company has worked closely with many industry representatives on the revised processing schedule which included “modifications to services provided by ITP, NSCC and DTC”.

Benito says that “transparency and cooperation” are possibly the most important lessons to be understood and learnt from the positive aspects of the US transition. He mentions that from the outset, “it is clear that this migration could have significant consequences for all market participants”. The industry in the US has seemed to fully cooperate, and be guided by public authorities and the American CSD, DTC, to conduct extensive testing ahead of the T+1 migration, he continues.

The smooth transition in the US may have raised expectations for a similarly flawless transition in European markets. Despite T+1 being seen as “a logical evolution in the market, especially given that it can be implemented and operated with current technology”, suggests Benito, from a European perspective, “there remains a need to balance political expectations with the lead time required for technical and regulatory implementation”.

Although America has served as prime example for other regions to transition to T+1, companies in Europe and the UK must continue striving to achieve and overcome any obstacles through their settlement process. The US is most likely to be ahead in transitioning to T+0, but it does not mean it is impossible for the rest to take steps forward towards it. ■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Lessons to be learnt

Following H2O AM Group agreeing to pay €250 million to investors, the industry must heed its warning

Jack McRae reports

H2O Asset Management Group (H2O) has agreed to pay €250 million to investors who have been unable to access their funds since 2020. The Financial Conduct Authority (FCA) announced that the asset management company agreed to pay the fee following an investigation into the company's operations and, as a result, will not be hit with a penalty.

The investigation highlighted that between April 2015 and November 2019, H2O had not followed proper due diligence on a series of "high risk and hard to sell" investments related to the Tennor Group — a set of companies owned by German financier Lars Windhorst.

Windhorst, who rose to fame in the 1990s as a teenage business prodigy and was labelled the 'German Bill Gates', has been shrouded in controversy for a number of years. A *Financial Times* investigation in 2019 revealed H2O's close ties to Windhorst and that the asset manager had made a significant number of poor investments in the debts of businesses linked with the financier. The investigation prompted investors to ask for their money back.

The FCA investigation into the company found over 50 occurrences where employees had received hospitality from Windhorst that had not been declared. These included a number of meetings between senior management figures at the time and Windhorst on the financier's private jet, helicopter, and superyacht.

The FCA report continues to highlight how H2O "provided false and misleading statements and documentation to the regulator". The report details how 'Senior Manager A' had "provided 23 documents purporting to be contemporaneous minutes of meetings of its Valuation Committee between January and July 2019, although no meetings of the Valuation Committee had taken place."

The authority also pointed to four documents claimed to account for minutes for its Risk and Compliance Committee when there had been no meetings. Also, four minutes of meetings that had taken place were not recorded and instead were created retrospectively. Finally, four more meetings' minutes had been taken, but were afterwards amended to include further evidence of due diligence that had not taken place.

On the investigation, Steve Smart, joint executive director of Enforcement and Market Oversight at the FCA, says: "H2O's job was to manage its funds properly and protect investors. It failed to do this and, to make matters worse, it repeatedly provided misleading information to the FCA."

images by nick/stock.adobe.com

The FCA says the investigation's findings of serious failings in the asset management company warranted a fine and would have imposed such a penalty. However, after agreeing that €250 million will be made available for clients who had had their investments trapped, the company will not be fined.

The FCA added that H2O will apply to cancel its UK authorisation by the end of 2024 as well as waiving its rights to fees and investments worth €320 million.

Smart explains: "Through this settlement the FCA has secured money for affected investors and agreement that H2O will stop operating regulated business in the UK."

A swift solution

H2O wants to, and has, changed. The firm states that in securing the €250 million, they will allow for an "accelerated and definitive exit from the side-pocketed funds".

They explain how unitholders who sold their units on 14 October 2020 when the funds reopened will recover between 87 and 93 per cent of the value of their total investment at the time of suspension on 28 August 2020.

The group says that it has strengthened its internal control procedures in an attempt to ensure compliance with regulatory and industry standards and Loïc Guilloux, CEO of H2O, is determined to keep improving. He states: "With this settlement, we acknowledge the FCA's findings relating to investments in private securities undertaken by H2O AM LLP between 2015 and 2019 and take a major step forward."

Guilloux is also keen to stress the company has made significant progress in eradicating a previous culture that led to failings. "Over the last few years, we have significantly improved and consolidated our organisation and strengthened our risk management and compliance teams, governance and internal procedures," he says. "These changes ensure that lessons from this period are embedded in our corporate culture."

He concludes: "Today, this settlement enables us to provide a concrete and swift solution to all our unitholders and to look to the future, whilst remaining focused on our clients' interests and meeting their needs. Our strengthened governance, resilience and passion for performance will continue to guide us in the years ahead."

A warning shot

The H2O case has alerted the industry to what happens should they fall below standards required. "Any security that is linked to a controversial financier is clearly a red flag," Matt Smith, CEO of SteelEye, states.

"This settlement is a stark reminder that the industry must relentlessly strive for better governance and accountability."

For the industry to remain diligent against failings seen by H2O, Smith argues: "The opacity, not to mention complexity, of illiquid securities makes them much more susceptible to misrepresentation.

"This illiquidity risk must be thoroughly assessed and factored into the overall risk management strategy, ensuring there are no barriers between the trading and risk desks."

Oliver Blower, CEO of VoxSmart, argues that the industry needs to change as a whole. That is the only way these failures can be stamped out.

He suggests: "The hefty penalty imposed on H2O is a symptom of a much larger problem: anyone who has worked in an asset management firm will attest to the fact that historically, the industry has tended not to pump the same level of investment into the less sexy areas of the business than the money-making front office functions."

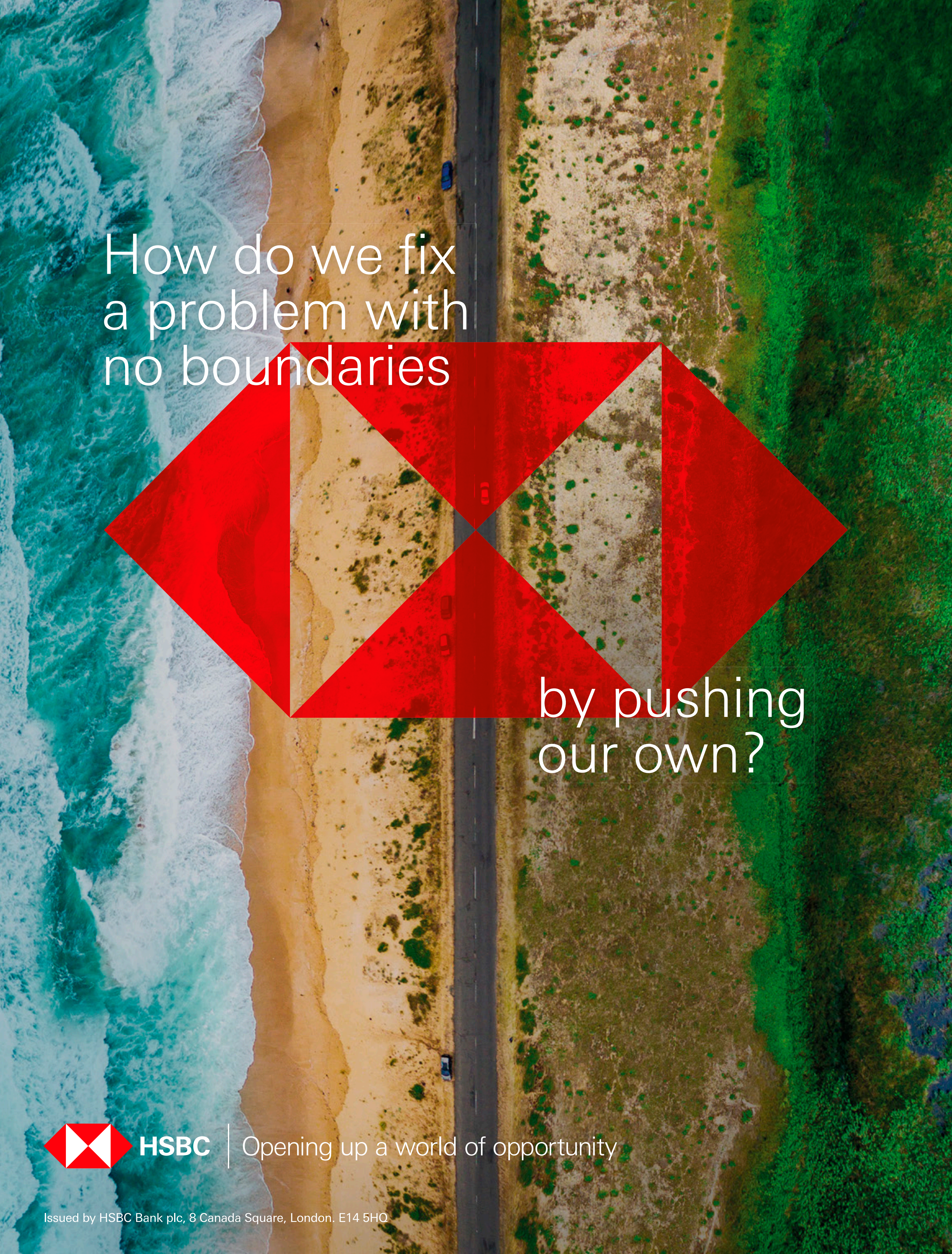
Blower believes that investment in regulatory risk mitigation or elimination technology "rarely tops the agenda" and that this "judgemental error can have real consequences."

He continues to call on other members of the industry to improve their risk management practices. He believes that "the failures of H2O should serve as a warning shot to asset managers to recalibrate their risk strategies to account for the opaque nature of illiquid securities."

Blower argues that this "underscores the urgency for a paradigm shift within the asset management industry."

"It's time to put a greater emphasis on effective supervision and risk management practices," he emphasises.

"If the industry persists in sweeping the issue under the rug, the regulators could pull the rug out from under them." ■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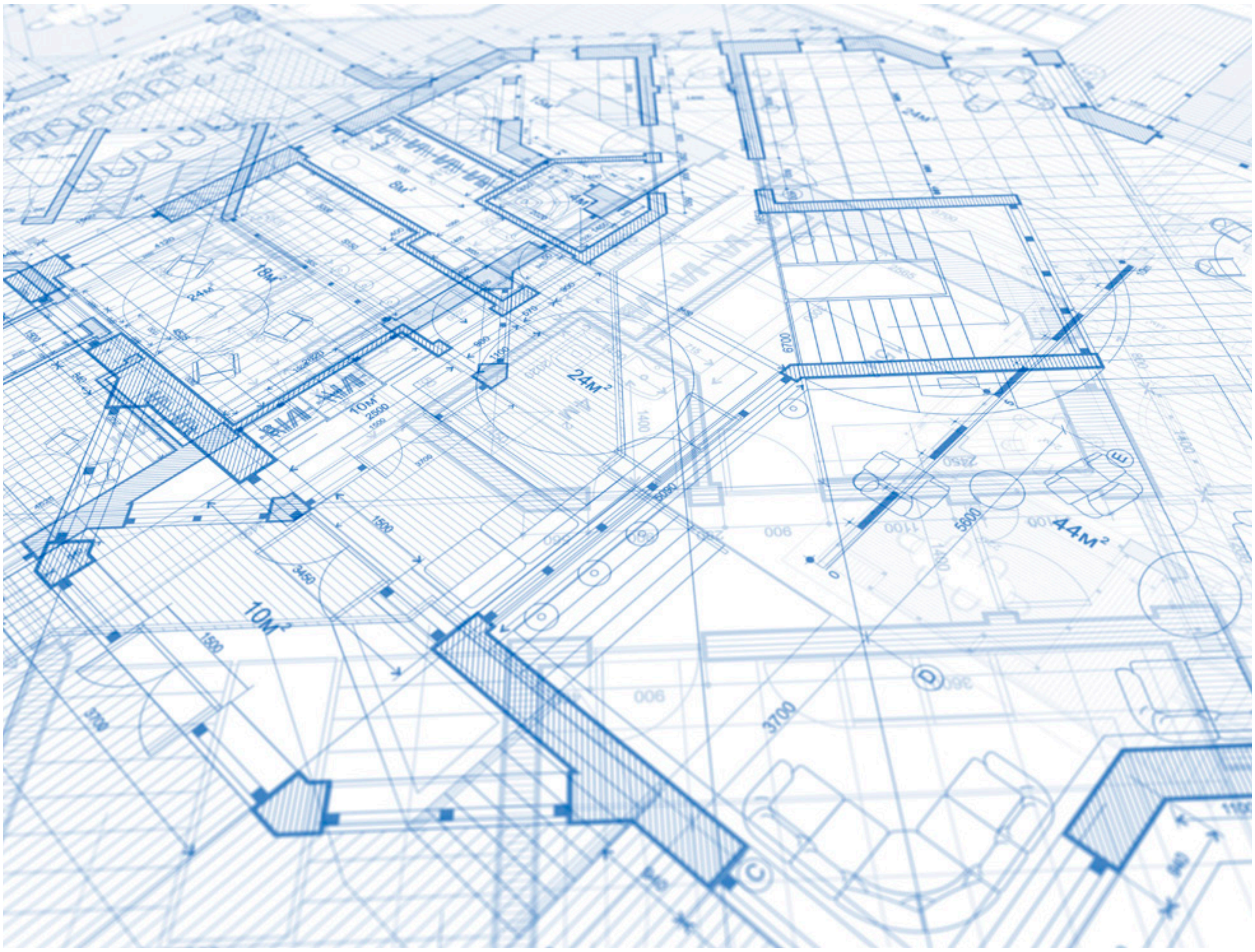

The blueprint:
Striving for efficiency in an evolving market

ICMA's Bryan Pascoe, Andy Hill and Natalie Westerbarkey sit down with Carmella Haswell to discuss the association's new internal structure, divergence issues between the UK and EU, and how its role has changed with increasing pressure

Over the past decade, the International Capital Markets Association (ICMA) has needed to professionalise, as the level of challenge and regulation has "gone through the roof" — putting a greater onus on trade associations. To better engage with all areas of market activity, whether that be standard setting and best practice or regulatory advocacy, the team at ICMA has undergone a new leadership structure.

Andy Hill and Natalie Westerbarkey will sit on top of the existing Market Practice and Regulatory Policy (MPRP) team as co-heads. ICMA CEO Bryan Pascoe believes the move will provide a level of substance and content in the senior leadership, to be able to drive discussions with the industry and regulators.

"This new leadership structure puts us in a better position to future proof the association," Pascoe says. "And [it] enables us to engage with our stakeholders and members."

Hill is tasked with industry-driven best practice initiatives, where he will work to build greater resilience in the market, and investigate the connection between market structure changes and challenges around stress and liquidity. From a regulatory advocacy perspective, the team will focus on the risks of regulation more strategically, and develop a clear understanding of how the organisation identifies changes in market structure.

Pascoe remarks: "ICMA can provide industry input, presenting a viewpoint or position that is more in the interest of best outcomes, rather than individual benefits to individual institutions. This has helped to support and grow the importance of trade associations."

He indicates that regulation and the broadening of capital markets have added further complexity and pinch-points, because of the size and scale of the markets relative to what they used to be. For example, the US Treasury market has grown to US$27 trillion from US$5 trillion 20 years ago, while the high-yield bond markets in Europe and the Chinese bond market have evolved.

"When it comes to some of the basic elements of capacity building — helping market participants and regulators understand how to create a blueprint for the most efficient market that can serve the real economy in the best way — we can do without looking like we are representing our own view, that we have the general industry interests at heart," Pascoe adds.

Positively, Pascoe reports that the association is "often pushing on an open door" in relation to regulators, who are keen to engage and understand the industry viewpoint. One of the roles that ICMA plays in its committees around digitalisation and technology, and certainly in sustainable finance, is trying to look at ways in which it can help to support consistency, harmonisation and standardisation.

In terms of new initiatives, different jurisdictions and organisations are looking at how they will develop their own views on sustainable finance. Sustainable finance is more jurisdictional, where the EU comes up with a set of standards, Southeast Asia has its own taxonomies, and the UK has its transition plugged into the Transition Plan Taskforce (TPT).

"Here you have an array of different standards and different approaches," Pascoe highlights, whereas in the digitalisation world, banks are using new digital bonds off of their own blockchain platforms. Or banks are using different protocols or different interpretations of the law. "Increasingly, in many of the new initiatives you tend to see a lot of fragmentation — which is typically not helpful when it comes to achieving resilience and liquidity," he continues.

The current environment

ICMA has an embedded presence within the fixed income space, now with cross-cutting themes of sustainable finance, digitisation and technology. It sets the standards for various areas of market activity in primary and secondary markets, including the primary market handbook, dispute resolution, and legal documentation in the repo space.

The organisation continues to review the growing focus of global and regional regulators on the non-banking financial institution (NBFI) space as it grows in size, the US drive towards efficiency and resilience through the T+1 initiative, as well as the future central clearing of US Treasury cash and repo transactions.

ICMA is also keen to examine the ongoing divergence issues between the EU and the UK.

The association's reflection of the current market remains positive, as it "feels pretty healthy" in Hill's mind. The core themes facing participants include quantitative tightening (QT), the unwinding of targeted longer-term refinancing operations (TLTROs), the relative improvement in collateral scarcity, the next move from the European Central Bank (ECB), as well as the expected rate cuts and how that has been revised over the course of the year.

"We need to be very focused on this going forward, perhaps that was not the way trade associations were operating previously"

Bryan Pascoe

An interesting development impacting the market is the growth seen within the dealer-to-client (D2C) space, which Hill believes is set to continue. He notes an ongoing move to make the markets more electronified.

Settlement fail rates have been key to watch for ICMA, as Pascoe notes a reduction in fail rates with more availability of collateral. It is a "positive reflection" of a market that is showing less dysfunction than what was seen 18 months ago, he adds.

While ICMA has been reviewing settlement efficiency rates, Hill pinpoints a "marked improvement" across all bond classes in this respect. He says: "We can attribute this to a couple of things; higher interest rates which make failing expensive; and we are not seeing the same bottlenecks around collateral availability."

It will be imperative for authorities to track this development carefully, following the amount of pressure to initiate the move to a shorter settlement cycle, T+1. Pascoe states that the industry needs to solve the problems in the existing system before putting an "overload of additional challenges" on the market by shortening periods through which "people need to deal with all of the necessary processes to settle and clear securities".

ICMA has been vocal in trying to mandate some of the initiatives around shaping the size of transactions such as partialling, to create a better infrastructure and ecosystem for collateral fluidity and the ability to avoid outright fails.

The desired outcome, in terms of T+1, is to converge as much as possible across the EU, UK and the Swiss markets. Pascoe says: "Industry participants have been encouraging the regulators to work together as closely as possible from a timeframe perspective. Especially where there are similar asset classes that might have to operate across the European settlement cycle to avoid that fragmentation."

Hill signifies the importance of acknowledging the distinction, from a fixed income perspective, from a UK move and an EU move to T+1. There is a level of complexity in having multiple CSDs, CCPs and different payment systems across Europe. In addition, the UK gilts market already settles on T+1, whereas the whole of the EU bond market would be transitioning to T+1.

These events will be key discussions for the MPRP team. To further the development of this division, and ICMA as a whole, Natalie Westerbarkey says the association can improve the interconnectedness of its relationship with other regions from a policy perspective.

She adds: "It is very valuable that ICMA offers training and certification, building on that core activity is where we feel we can add a lot of value. This will be beneficial for policymakers also, as some may not have a financial services background, and may require the sharing of practical experience. It is not just advocating for specific changes in regulation, but supporting a more educational engagement."

Preparing for new leadership

With new policymakers coming in with a new European Parliament, European Commission and Commissioner's cabinets, the next five-year period will require more work in terms of engagement, warns Westerbarkey.

2024 is *the* election year, as around 65 countries will be heading to the polls by the end of December. The results of such will play a role in which direction the financial markets will take. For example, with a new party leading the UK, market participants will look to Labour and its policies to prepare for a possible new direction of travel.

Pascoe is keen to see how the new government will view the Treasury, in terms of keeping up the pace on a number of regulatory initiatives. "The initiatives that come out of the European Commission, or the FCA or the Treasury in the UK, are often heavily driven by the need to deepen markets, because there is a big focus on growing that long term 'skin in the game' investment, boosting retail investment in the ownership of companies, in particular with medium and small sized companies," Pascoe highlights.

For ICMA, many of the retail investment strategy initiatives and the listing act initiatives are more equity driven, but they still have significant implications for the fixed income space. Westerbarkey intends to focus on regulations that have the largest impact on the bond market. A core area of engagement is in the capital markets union in the EU, she adds, which is trying to solve the need for more private capital funding in the EU and beyond for investors — both institutional and retail investors.

The Sustainable Funds Disclosure Regulation (SFDR) speaks to how certain sustainability type bonds are distributed to consumers, and is a key focus area for the association. In addition, Westerbarkey says NBFI will continue to be of importance, this connects with the capital markets union because it looks into not just fund liquidity from a financial stability point of view, but it also looks into the activities of non-banks in terms of private lending.

For Pascoe, the “big unknown, the elephant in the room right now”, is all of the discussions that will be happening around this “very broad term of NBFIs”, and in what way they should be regulated, particularly from a macro prudential basis.

Furthermore, the likes of the Markets in Financial Instruments Directive (MiFID) and its work towards a consolidated tape, the Central Securities Depositories Regulation (CSDR) for T+1, as well as the European Market Infrastructure Regulation (EMIR), will remain a priority for ICMA.

Westerbarkey explains: “These policies have been around for some time, but what is new in terms of policy is everything around fintech and digital. Policy around fintechs addresses innovation and new entrants to the market, while the digital aspect addresses more of the process, for example, electronification, digitisation.”

As the industry looks ahead, the T+1 agenda is going to be of high priority for the European Commission, and the UK. Increasingly, the market will hear more about central clearing as the US remains significantly focused on this. Pascoe comments: “What we have seen of late is that when the US and the SEC begin regulatory initiatives and imperatives, the European bodies have followed suit to maintain competitiveness.”

Lessons learnt

Looking ahead to the second half of the financial year, engagement and reconnecting will be top priorities for the ICMA team. Especially in terms of the newly appointed members of the European Parliament, in particular in the Committee on Economic and Monetary Affairs (ECON). This is in addition to the new politically appointed commissioners, the cabinets, and also within the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

The association will begin the second phase of the Bond Market Liquidity Taskforce, which produced a paper in March on liquidity and resilience in the European sovereign bond market. Hill explains: “Somewhat ambitiously, we intend to finish [the second phase] by the end of the year. But the focus is going to be on the European investment grade corporate bond market.”

The team will remain heavily engaged in the European Commission consultation on NBFIs, and with the Financial Stability Board (FSB) work more broadly.

Hill speaks to the challenges of this work, using the phrase “it only tells us where it isn’t, it doesn’t tell us where it is”. He describes it as a “nebulous concept”, which is diverse in terms of the underlying entities and strategies and how they are funded. “Trying to get a better handle on that, which is what the regulators are trying to do and struggling with, is something that we are working on,” Hill adds.

For over 50 years, ICMA and its members have worked together to promote the development of the international capital and securities markets, pioneering the rules, principles and recommendations that have laid the foundations for its operation.

Learning lessons from the past, Westerbarkey says from a public policy perspective, “we should expect the unexpected”. The trade association needs to immediately react to policy changes that suddenly appear.

In December 2019, Ursula von der Leyen announced her European Green Deal, and shortly after, more geopolitical themes related to international security and autonomy were driving the global policy agenda. Now, in the next five-year cycle, there will be a focus on competitiveness.

Leading ICMA, Pascoe believes that themes of resilience and efficiency are key. “Everything is interlinked, interdependent, and we have to look across all of our committees and all of our different areas of activity to make sure that we are best serving our membership and the broader stakeholders alike,” he explains.

In conclusion, he believes: “There are features of the market that may look to be very distinct, but there is an underlying overlap. We need to be very focused on this going forward, perhaps that was not the way trade associations were operating previously.” ■

Kulkarni to be designated Honorary Consul of the Republic of Cyprus

Viraj Kulkarni has been appointed as honorary consul of the Republic of Cyprus in Mumbai for the Maharashtra jurisdiction. He is a fellow member of the Institute of Company Secretaries of India and a certified independent director from Indian Institute of Corporate Affairs (MCA, GOI).

Honorary consuls are local citizens of a host country who voluntarily represent a foreign government in a specific region or country.

In his new role, Kulkarni will promote bilateral relations, economic and cultural ties, and educational ties between the two countries. Honorary consuls may also advise companies from their home country on local business culture and cooperation partners.

His role further involves providing assistance and consular protection for citizens and institutions of the represented country, especially in emergencies and facilitating trade and cultural exchanges.

Kulkarni has more than 34 years of experience in emerging and advanced capital markets, including as operations head at Morgan Stanley Securities Services, India and Investor Services Division at Bombay Stock Exchange (BSE).

In 2015, Kulkarni founded PIVOT, a consulting company in the securities services sector in Asia and the Middle East.

Previously, Kulkarni served as country head of Securities Services with CitiBank (India and Switzerland), JP Morgan Chase, and BNP Paribas. He also served on the ASPAC management board of BNP Paribas Securities Services. ■

Pikett joins BNY's digital assets business

BNY has appointed Tom Pikett as director of digital assets product within its digital assets business. Based in London, Pikett will join the team run by Caroline Butler, global head of Digital Assets.

He joins the team after five years at JPMorgan Chase where he was most recently global digital product lead for Trading Services.

Pikett first joined the company as vice president of product development for agency securities finance.

Earlier in his career, Pikett held two stints at MarketAxess Post-Trade (formerly known as Trax), where he was most recently Securities Financing Transactions Regulation (SFTR) business manager.

In this role, he was responsible for the joint Trax and EquiLend SFTR solution.

Stock Holding Corporation of India hires Saxena as MD and CEO

Stock Holding Corporation of India has appointed Shri Atul Saxena as managing director (MD) and CEO.

Prior to his new role, Saxena served as chief general manager at the Industrial Finance Corporation of India.

Commenting on his appointment via LinkedIn, the firm says: "We are thrilled to welcome Shri Atul Saxena as managing director and CEO, Stock Holding Corporation of India Limited. With over 25 dynamic years of experience in management, finance and infrastructure, he brings a wealth of knowledge and expertise that will guide us towards growth and innovation."

Citi’s Maini departs firm

Citigroup’s global head of digital assets for markets, Shobhit Maini, has departed from the firm.

After 14 years with the company, Maini leaves to pursue an entrepreneurial opportunity in the digital asset space.

Deepak Mehra, international lead for markets strategic investments, will expand his current role to lead the markets digital assets team.

Mehra will report directly to Lee Smallwood, head of markets innovation and investments, as head of digital assets.

He will continue to report to Siris Singh, head of markets strategic investments.

Mehra will coordinate with product partners to prepare the business for future developments in the sector, including ensuring that the company’s digital asset strategy and related investing activity aligns with its in-business objectives.

Broadridge enlists Robertshaw as Chief Technology Officer

Broadridge Financial Solutions has appointed Simon Robertshaw as chief technology officer for front office trading capabilities.

Based in London, Robertshaw will be responsible for trading capabilities across asset classes and jurisdictions for both the buy side and sell side.

Robertshaw joins the company from his previous position as chief operating officer at The Bank of London.

He has over 20 years experience in leadership roles across UBS, Wachovia Bank, Goldman Sachs, and J.P. Morgan.

CISI name Ogier-Keltie as Guernsey branch president

The Chartered Institute for Securities and Investments (CISI) has appointed Daniel Ogier-Keltie as president of its Guernsey branch.

Ogier-Keltie has over a decade of experience in the financial services sector and succeeds Ben Snook who had led the committee for two years.

In his new role, Ogier-Keltie will focus on supporting financial education and literacy on the island, particularly focusing on students.

Ogier-Keltie comments: “Guernsey is one of the largest and most active branches of CISI and we are keen to develop our activities in 2024 and beyond. I thank Ben for his leadership through the turbulent times of the past few years.”

Tracy Vegro, CISI chief executive, adds: “We look forward to seeing how the committee, under Daniel’s guidance, can encourage financial literacy. A topic which has been identified as being of growing importance amongst young people in the region.” ■

Deutsche Bank appoints Chhabra as Head of Global Corporate Coverage for India

Deutsche Bank has selected Manik Chhabra as head of Global Corporate Coverage for India and Sri Lanka, effective August 19. Chhabra most recently served as India head for mid corporates at Citibank, and holds over 22 years experience in senior leadership positions across sales and product management.

The company says this appointment aims to expand Deutsche Bank's reach across Indian markets, with an emphasis on accelerating growth towards targeted local and multinational corporate clients.

Ambrosius named President of Investment Services

State Street has appointed Joerg Ambrosius as president of Investor Services.

Ambrosius has over three decades of experience in the financial services industry and has been serving as executive vice president and chief commercial officer at the company.

Ron O'Hanley, chairman and CEO of State Street, says: "Joerg is a proven leader whose deep strategic insights, breadth of experience, and client focus distinguish him and will best position State Street to support our clients today and into the future.

BNY appoints Wellington as Service Director

BNY has welcomed Deborah Wellington as service director for asset servicing client experience.

Prior to her new position, Wellington served in client services at State Street for two years.

Before this, she worked at HSBC in a variety of roles including head of Client Services UK, Markets and Securities Services. ■

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