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THE AMERICAN DREAM

Exploring the crypto regulatory regime in the US and what the future may bring

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Lead news story

Standard Chartered opens new entity in Luxembourg

Standard Chartered has opened a new entity in Luxembourg, acting as its EU regulatory entry point for the provision of crypto and digital asset custody services. The new entity follows the introduction of the Markets in Crypto Assets (MiCA) regulation, the last stage of which was put in place late December 2024.

The company says that the launch is part of Standard Chartered's global digital asset strategy and follows the introduction of digital asset custody services in the UAE. Laurent Marochini has been put in place to act as CEO of the entity.

Margaret Harwood-Jones, global head of financing and securities services at Standard Chartered, says: "We are really excited to be able to offer our digital asset custody services to the EU region, enabling us to support our clients with a product that is changing the landscape of traditional finance."

Marochini comments: "It is an honour to join the leading international bank, Standard Chartered Luxembourg as CEO.

"I am fully committed to delivering excellence for our clients, team and stakeholders." ■

AST

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Broadridge brings new GenAI feature on its platform

Broadridge has introduced a new GenAI-powered advanced analytics feature on its platform.

Noted as a key component of Broadridge's OpsGPT post-trade application, this functionality is expected to enable users to create insights and visualisations directly from their trade data.

This would eliminate the need for data migration, Broadridge says.

The new feature also utilises GenAI and natural language interactions to supply instant reports and summarises, which is said to reduce reliance on manual reporting.

The company says the solution was designed to help platform users across EMEA and APAC to better manage their operations and maintain compliance, and underscores Broadridge's data and AI strategy. ■

Platinum Asset Management opts for Northern Trust

Northern Trust has been selected by Platinum Asset Management, a Sydney-based investment manager, to provide asset servicing solutions across their Australian funds.

Under the new collaboration, Northern Trust will be expected to provide custody, fund administration, regulatory reporting, and investment operations to the investment manager.

Leon Stavrou, country head of Australia at Northern Trust, comments: "As Platinum sought a more comprehensive and scalable solution, we recognised our front-to-back approach made us uniquely qualified to meet their needs. Our client-centric approach and holistic product set positions us well to help Platinum as they focus on increasing operational efficiencies."

Andrew Stannard, finance director at Platinum Asset Management, adds: "Northern Trust's consultative approach stood out from the start. We also felt a strong cultural fit between our organisations, and we are excited to embark on this new journey with Northern Trust." ■

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Clearwater Analytics to acquire Enfusion

Clearwater Analytics has agreed to acquire Enfusion, an investment management software-as-a-service platform provider, for US$1.5 billion.

The acquisition forms part of Clearwater's vision to build the first cloud-native front-to-back platform for the entire investment management industry.

Sandeep Sahai, CEO of Clearwater Analytics, says: "Today's announcement is about creating a future where our clients benefit from the synergy of two highly complementary, innovative software leaders, paving the way for a unified, cloud-native front-to-back platform that's primed to serve institutional investors like never before.

"We expect to accelerate growth based on our increased right-to-win, higher back-to-base sales, greater presence across key geographies and increased Total Addressable Market."

Sahai adds that the acquisition will allow for seamless data management from the front to back office.

Oleg Movchan, CEO of Enfusion, comments: "Since our inception, we have proven that the versatility, scale, and depth of our solutions captures the hearts and minds of both traditional and alternative investment managers.

"Together with Clearwater, our shared passion for building innovative technologies and enriching every aspect of the client journey will now accelerate and enhance our combined ability to support our clients' evolving needs — whether they are expanding into new strategies, asset classes, or geographies." ■

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Versana launches reconciliation solution

Versana has launched its reconciliation solution, designed as an add-on to the company's centralised digital data platform.

The solution will electronically match lenders' positions to agents' golden source data at any given time, which the firm says will optimise workflows and reduce data inconsistencies.

Known as the Versana Reconciliation Module (VRM), the solution also promises to solve material timing differences in transaction data across lenders, through the quick resolution of position breaks against agents' records.

Cynthia E. Sachs, founding CEO of Versana, comments: "Today's launch of our Versana Reconciliation Module is the tipping point in our mission to digitally transform the corporate loan market. By leveraging our real-time digital data platform, we are able to electronically match lenders' positions to agents' records, providing immediate insight into any discrepancies.

"This puts lenders in the driver's seat to proactively address issues as they occur," concludes Versana's head of product, Christine Scaffidi. ■

Lincolnshire County Council Pension Fund selects CACEIS

The Lincolnshire County Council Pension Fund has selected CACEIS and the CACEIS Pensions Centre to provide custody, accounting and performance services.

As part of the £3.5 billion mandate, CACEIS will provide Lincolnshire County Council Pension Fund with administration capabilities, governance reporting, and consolidated performance reporting solutions for all assets held.

The CACEIS Pensions Centre aims to provide an end-to-end solution for the Local Government Pension Scheme (LGPS) sector and accommodates private and traditional assets in one single platform. ■

SWIB implements SimCorp platform

The State of Wisconsin Investment Board (SWIB) will begin to use SimCorp's platform to bring its investment book of record (IBOR) in-house. Retiring its outsourced IBOR will allow the company to access real-time data on its investment positions and exposures across the organisation, SWIB says. The company also intends to use SimCorp's data management services to simplify market and reference data access for the platform's users.

The firm says the implementation marks a milestone for SimCorp's expansion within the North American pension sector.

Rochelle Klaskin, chief operating officer at SWIB, says: "Our strategic partnership with SimCorp will support our mission to deliver strong investment returns for the beneficiaries of the Wisconsin Retirement System."

Managing director and head of Americas at SimCorp, Allen Zimmerman, adds: "We are thrilled to see SWIB go live as part of their strategic business transformation. This milestone demonstrates our commitment to delivering innovative solutions that meet the evolving needs of our clients." ■

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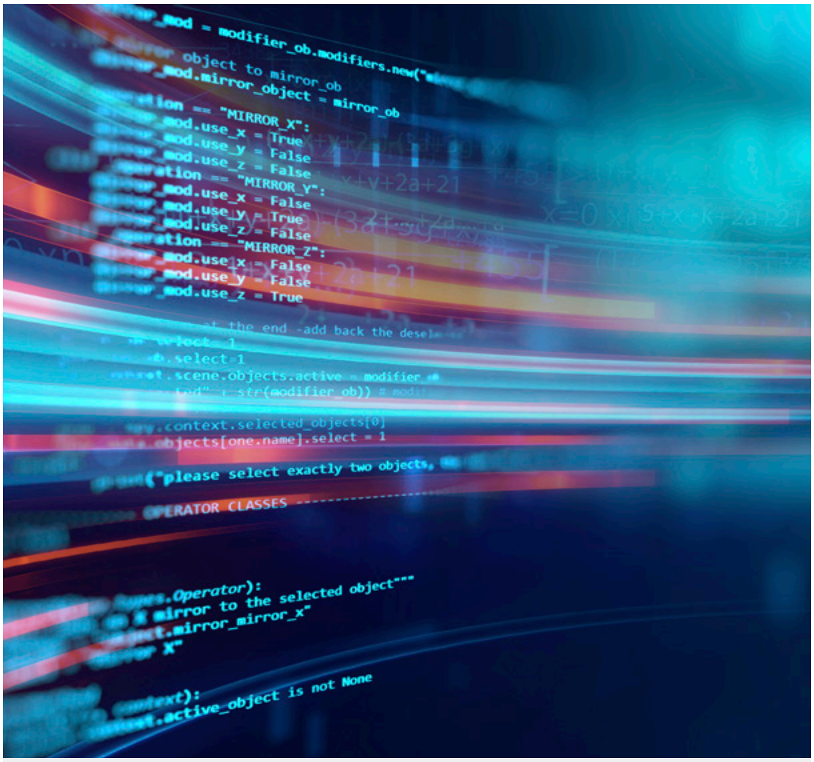

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CIBC Mellon to use ControliQ

CIBC Mellon has opted to advance its fund accounting operations through the use of ControliQ, an ActiveOps solution.

The solution is centred around decision intelligence, which is aimed at providing data to support decision-making capabilities of service operators. The company says that ControliQ offers AI-driven insights to aid teams with improving productivity and managing capacity.

The solution is further said to utilise quantitative data to facilitate operational flexibility and provide institutional inventors with the tools to scale up their businesses.

“Real-time decision-making is critical for handling dynamic and high-volume environments. Our decision intelligence suite combines both AI and human insight to increase productivity which supports ongoing control of resources to help them function at optimal levels,” says Spencer O’Leary, CEO for North America at ActiveOps.

Catherine Thrasher, chief operations officer at CIBC Mellon, adds: “ActiveOps has given us greater insight into how we can manage our operational capacity more effectively, helping us enhance operational performance and the service we provide to our clients.” ■

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OMW collaborates with Bravura

Old Mutual Wealth (OMW) South Africa has collaborated with Bravura to enhance its Discretionary Fund Manager (DFM) functionality.

This functionality is part of OMW’s Linked Investment Service Provider (LISP) platform. The adoption of Bravura’s technology is said to enable the LISP platform to limit operational overheads and improve efficiencies.

Bravura will deliver their software through two microservice solutions: Model Portfolio Service (MPS) and Single Source Asset Data (SSAD), which the company says will give DFM’s the ability to design, manage, and report on investment models.

Stephan De Kock, chief operating officer at Old Mutual Wealth, states: “The partnership and microservices delivered by Bravura provide us with the opportunity to further cement our position as a leading wealth manager in South Africa.”

The partnership further hopes to revolutionise the services and technology available to DFMs in South Africa. ■

FICC sponsored service volumes exceeded US$2 trillion in 2024

The Depository Trust & Clearing Corporation (DTCC) has announced that Fixed Income Clearing Corporation's (FICC) sponsored service volumes reached US$2 trillion at the end of 2024. This marked a new peak volume and an 83 per cent year-over-year increase.

Amid preparations to meet expanded US Treasury clearing mandate requirements, FICC's indirect clearing relationships also grew to 7,200 — representing a 20 per cent growth in indirect relationships year-over-year.

Laura Klimpel, managing director and head of DTCC's fixed income and financing solutions, comments: "We anticipate continued growth in voluntary clearing in the months ahead as firms recognise the value of clearing their trading activity at FICC." ■

Bank of Hangzhou extends scope on MX.3

Bank of Hangzhou has expanded its use of Murex's MX.3 platform by implementing Murex's Fundamental Review of the Trading Book (FRTB) solution. The solution, MX.3 for FRTB, will enable the bank to better meet FRTB requirements. This expansion also deepens the collaboration between the bank and Murex.

Bank of Hangzhou initially implemented MX.3 in 2021 to support capital markets activities across asset classes.

Cheng Fan, general manager of Murex Greater China, says: "The roll-out of MX.3 for FRTB deepens our partnership with the Bank of Hangzhou and reaffirms our commitment to the Chinese market." ■

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SIX acquires SFD

SIX has acquired Swiss Fund Data (SFD), in a move the company highlights as supporting its commitment to the Swiss fund market.

SIX says this acquisition ensures the continued provision of transparent, reliable, and consistent data for both domestic and foreign funds.

SFD plays an essential role in the Swiss fund market by publishing comprehensive data on Swiss-registered funds, including reference data, pricing, corporate actions, documents, legal announcements, and news, says SIX.

The centralised data delivery aims to help fund providers efficiently meet their legal publication obligations.

SFD offers a wide range of real estate and voluntary pension planning funds (pillar 3 funds). Its products and services make it the leading competence centre for Swiss fund data and statistics, pivotal for transparency, and reinforcing the Swiss financial market.

Marion Leslie, head financial information and member of the executive board at SIX, says: "We continuously strive to further enhance our funds proposition for our clients. Swiss Fund Data AG is at the regulatory heart of the Swiss fund ecosystem. With this strategic acquisition, SIX reinforces its commitment to the Swiss financial marketplace, particularly the asset management and investor community."

Adrian Schatzmann, CEO of the AMAS and chairman of the board of SFD, states: "Reliable and transparent data on the Swiss fund market is vital to our industry. I believe the transaction and ongoing collaboration with SIX is a compelling proposition for our clients, who will benefit from the broad resources and leading technology at SIX. With the change of ownership Swiss Fund Data, as an industry-leading fund platform, will continue to deliver top-quality data services to its clients and members of the Asset Management Association of Switzerland." ■

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Northern Trust named custodian for South Yorkshire Pensions Authority

South Yorkshire Pension Authority (SYPA) has selected Northern Trust as its new custodian.

SYPA believes that the appointment will enhance the security of its £11 billion investment assets as well as improve the efficiency and effectiveness of how assets are managed.

The authority points to Northern Trust's existing relationship with Border to Coast Pensions Partnership as a key factor in the appointment. SYPA aims to strengthen their partnership with the pool through Northern Trust,

Will Goddard, head of finance and performance at SYPA, says: "This is a great opportunity for the fund to benefit from Northern Trust's extensive experience within the local government pension scheme and innovative approach to custodial services." ■

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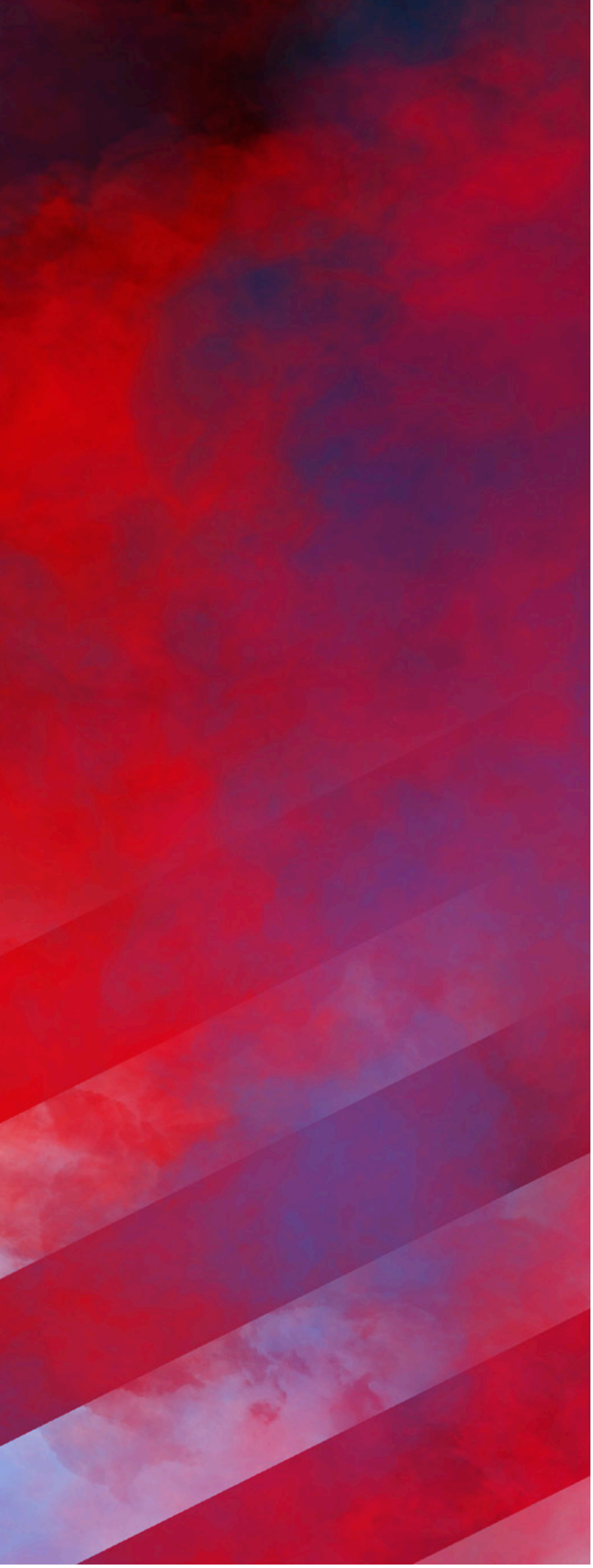
The American dream



As an influx of change is readying to take the crypto industry by storm, Clelia Frondaroli explores the current regulatory regime in the US and what the future may bring

With the arrival of 20 January 2025, a sense of déjà vu filled the air. Donald Trump returns once more to the White House, making it difficult to believe eight long years have passed since 2016.

Yet, despite all the similarities, at least one thing has changed: the astronomical, albeit volatile, rise of cryptocurrencies. Although still at the cusp of their boom in 2016, digital assets have now infiltrated a large portion of the financial industry, where the sector has experienced more gains, losses, and innovations than ever anticipated.

With innovation comes regulation, and under President Biden, the chair of the US Securities and Exchange Commission (SEC), Gary Gensler, has been at the frontline of the crypto firing squad for his regulation policies. So much so that, in the run-up to the inauguration, Trump had threatened repeatedly to dismiss him, despite the legal inability to do so.

However, as Gensler (willingly) leaves his post with a heartfelt message of thanks to President Biden, it is time to ask some questions about what the future holds for cryptocurrencies and the regulations and legislations it is governed by in the US.

The war (on crypto) is over

In Gensler's short but eventful four-year reign as chair of the SEC, his regulation-by-enforcement strategy has managed to garner him a fair number of critics in the crypto sector.

Likened to an albatross of the digital asset industry, in the words of Michael Johnson, chief compliance officer at Zumo: "[Gensler] has been painted as something of a nemesis for crypto firms, with many accusing him of pursuing an unfair vendetta against the nascent industry and halting developments."

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“Industry players – both in the US and on the global stage – anticipate a change in direction and a more pro-crypto stance”

Michael Johnson, Zumo

Officially appointed in 2021, Gensler, it appears, has continuously been at odds with the crypto community. Criticisms stem from Gensler’s insistence that digital assets should be categorised as securities and therefore governed and enforced under the same federal securities laws as bonds and stocks.

This decision to not create crypto-specific regulatory policies has proved to be deeply unpopular, leaving Gensler to field accusations that his policies have “needlessly created an environment of uncertainty and ambiguity for investors,” as put by Simon Forster, global co-head of Digital Assets at TP ICAP.

“There were also question marks over his knowledge of the industry,” continues Johnson, “when he stated that Bitcoin and other cryptocurrencies are unlikely to ever become widely accepted forms of currency. But this reiterates what those working in the industry already understand — the main value of crypto assets is linked to their utility as an investment vehicle and not as a replacement for the world’s fiat currencies”.

Yet, despite being plagued by lawsuits, federal court appeals, and claims of being staunchly anti-crypto, this has done little to stop Gensler’s enforcement action against major US crypto companies, including Consensys, Coinbase, and Kraken. In the official statement released by the SEC, “18 per cent of the SEC’s tips, complaints, and referrals were crypto-related, despite the crypto markets comprising less than one per cent of the US capital markets. Court after court rejected all arguments that the SEC cannot enforce the law when securities are being offered — whatever their form”.

So is Gensler really the villain or the hero of this story? If you ask the investors, whose assets were protected under the solid foundation of established securities laws, Gensler may well be the white knight of investor protection. In the words of the chairman himself: “The SEC has met our mission and enforced the law without fear or favour.”

However, as he departs and with many ‘crypto warriors’ breathing a sigh of relief that his reign is over, will crypto regulations in the US really fare much better under a new successor?

Johnson thinks so. He says: “The hope now is that his replacement will help to foster an appropriate regulatory regime in the US.”

Ascension to the throne

However, who may this replacement be? Although president-elect Donald Trump famously attacked crypto-assets on X (formerly Twitter) in 2019, stating, “I am not a fan of Bitcoin and other cryptocurrencies, which are not money, and whose value is highly volatile and based on thin air,” he appears to have, albeit not uncharacteristically, changed tack during his latest presidential campaign.

Now a reformed crypto advocate who seeks to create a strategic Bitcoin reserve once in power, under Trump’s crypto-loving gaze, Johnson glimpses a better future for the industry: “Industry players — both in the US and on the global stage — anticipate a change in direction and a more pro-crypto stance.”

Part of this change in direction arises from Trump’s nomination of Paul Atkins to replace Gensler as SEC chair. For Forster, the nomination of Atkins (a former SEC commissioner and co-chair of the cryptocurrency lobbying group, the Token Alliance) signals a positive future. He says: “With [Atkins’] nomination we expect to see a more pragmatic and constructive approach to crypto regulation that the market has been looking for, which will unlock capital and innovation in the US. This will very likely shape regulation globally.”

Johnson agrees. He suggests that Atkins will be expected to “bring in a more structured regulatory framework in the US,” highlighting that, in his current role at Patomak Partners, he has continually advocated for the SEC to issue clearer guidance. Jim Toes, Security Traders Association president and CEO, similarly gushes: “Atkins understands the need for balance — ensuring investor protections while enabling capital markets to flourish. [This] will strengthen both the SEC and the US economy.”

All this goes to show that Atkins undoubtedly has his fans. However, will this be enough to convince everyone that putting a crypto-enthusiast at the helm of the SEC is the best decision? Or, as Senator Elizabeth Warren describes it to Politico: “A Wall Street lobbyist whose main contribution during the last financial crisis was to protest fines against the giant corporations that defrauded investors" may, in fact, have implications for investor protection.

Some, like Forster, also intend to take the news of the nominee with a pinch of salt.

He considers: "When Gary Gensler was appointed as SEC chairman in 2021, it was seen as positive for the industry, and we know how that unfolded. Whilst we don't believe this will materialise in a similar manner, until someone is in the new role, it's very difficult to know how effectively they will be able to enact change."

Constructing a crypto capital

Yet, enacting change is exactly what Trump envisions for the future of US crypto policies. Addressing the Bitcoin 2024 conference in July, the then-presidential candidate ensured the world understood his stance on the matter when he claimed to make the United States "the crypto capital of the world".

Johnson appears eager about this narrative, where "a crypto-friendly US president certainly supports the bullish crypto story".

However, he reserves his judgements on the validity of Trump's "crypto capital" claims, considering that "the US is starting from behind in comparison to other jurisdictions that have taken an early lead in this area. The UAE is also rapidly emerging as a significant crypto hub, thanks to the Emirati leadership's proactive approach."

Forster also reserves some scepticism, even if his outlook is more wholly positive. "If the new administration can deliver on a fraction of its ambition," he says, "we believe the US will become one of the leaders in crypto and digital assets". But can they deliver any of their promised rhetoric? After all, four years is not long to create a Bitcoin reserve, a crypto presidential advisory council, and a solely US-based crypto mining industry (among other things). Although Forster cites an "enormous appetite" for Bitcoin and Ether ETFs in the US, only time will tell whether the administration has bitten off more than they can chew.

And indeed, in the days following the inauguration, Trump has been true to his word. Having launched his own crypto token (a so-called 'memecoin' branded with $TRUMP) on the Friday prior to his arrival in the Oval Office, Trump has decided to bypass any ethical or moral concerns that may be important for a president to consider, especially one with already questionable ties in the crypto industry. His citizens do not appear fazed either, having snapped up the coin, driving up the price from under US$10 at its launch to a peak of US$73 on Sunday.

In the coming days, months, and years of the presidency, then, every day might spell a new wave of change for crypto policies, where it will be interesting to see just how far Trump intends to take these crypto claims.

Fortune-telling the future

So as the US crypto industry is readying to be hit by an Atkin-shaped whirlwind of new regulations and legislations, where does this leave the rest of the world?

Taking a moment to reflect, Johnson envisions "the world's regulators seek to better balance their objectives of consumer protection and market integrity, allowing room for innovation to thrive". He continues: "Regulation usually lags behind innovation —but innovation also attracts scrutiny."

This scrutiny, he highlights, will hone in on sustainability, where "we've seen significant advancements in Europe relating to crypto and sustainability, such as mandatory sustainability disclosures for crypto-asset service providers under the Markets in Crypto-Assets regulation." He also notes an enthusiasm emerging from US providers on combining climate reporting with digital assets, making his intention clear: "Increased regulatory scrutiny should be taken as a positive sign that our industry is maturing."

Back on the topic of sustainability and climate disclosures, Johnson says perhaps what others are thinking: "We hope the Trump administration won't stifle progress here."

As for the UK, the Financial Conduct Authority (FCA) has already laid out a detailed roadmap to create a regulatory regime for digital assets by 2026. The future, then, may look bright for crypto both in the US and globally, where increased transparency, improved frameworks, and new legislation will help shape and drive regulations.

And maybe, just maybe, 2025 will bring the formation of this new US crypto capital that the new president has been teasing us with.

Or, as most things go, maybe not. ■

Continued consolidation

Jack McRae speaks to members of the asset servicing industry about how 2025 will be an important year for the Australian markets with the trend of consolidation leading developments

Keeping up with custodians

The global custody market is going through a period of consolidation, but what does that mean for Australia?

"This shows the strength and resilience of the local custody industry," replies Daniel Cheever, head of securities services for Australia and New Zealand at BNP Paribas. "Clients can find providers in a relatively short period of time, while securely transitioning to a new provider — there is a strong level of competition."

Cheever considers the impact that scale has had on the custody space in Australia, saying that, "scale has gained importance for custodians as institutional asset owners increasingly adopt master custody, a structure in which they have multiple investment managers but only one custodian."

However, at the heart of developments in the custody market lies the industry's digital transformation. Cheever points to the influence of North America's shift, and Europe's potential shift, to a T+1 settlement cycle as key drivers of efficiency improvements in the region.

"We are also very interested in what is happening with the Australian Securities Exchange, and their Chess replacement which is targeted for a go-live in 2029," he says. "We expect T+1 will be tested as part of this deployment to future proof the platform. It's important for us to be both a global custodian but also a local custodian in many markets, staying close to the market and being able to support clients with these types of changes and initiatives while improving the industry."

Looking ahead to 2025, Cheever considers the impact that the Prudential Standard CPS 230 regulation, the introduction of standards for operational resilience and business contingency, could have on the industry. Despite its potential impact, he believes that, "certainly amongst the global bank custodian community, we already have very strong frameworks".

As it has been the case in recent years, ESG will continue to dominate discussions in the industry — both globally and in Australia. Cheever points to the challenges surrounding data constraints that provide difficulties in ESG integration — notably in financial risks threatened by the climate crisis. Yet, he says, "investors are nevertheless incorporating ESG, notably in their portfolio management and investment decisions. It certainly feels like more clients are focused on or accelerating their net zero targets and on reducing their carbon footprint."

Delivering the digital

Up to 25 per cent of Australians hold crypto, making it one of the highest crypto adoption rates in the world. The appetite for cryptocurrencies Down Under is undeniable and David Ball, managing director for Australia at Zodia Custody, is keen to make the most of the growing demand for digital assets.

"We see this year as critical to the future of digital assets in Australia," Ball begins. He hopes that the industry can make the most of the opportunities available in the digital asset space, but adds that this can only be achieved with better regulation. Regulation surrounding digital assets will be a key talking point — particularly heading into an election year in Australia.

"From a legislation perspective, we've seen the current government — perhaps influenced by the US election — begin talking again about crypto and perhaps looking to use it as an election issue," Ball explains. In December last year, the Australian Securities and Investments Commission (ASIC) released a draft update to their information sheet INFO225 and opened a consultation period through consultation paper CP381.

"The impact of these updates are the expansion of the regulatory perimeter for digital assets; that is bringing them under ASIC's purview and likely requiring much of the industry — including Zodia Custody — to get an Australian Financial Services Licence. We are currently in the application process for our AFSL so that we can offer licensed custodial services to the Australian market."

What does Ball want to see change from a regulatory perspective?

He replies: "I hope to see regulatory clarity through fit-for-purpose legislation for digital assets to make its way through parliament, as well as broader adoption by the TradFi sector — particularly more exploration by superannuation and banks."

Ball continues to state that, "there will be questions around what form INFO225 ends up being published in, what legislation will end up coming through parliament, and what regulatory burden this will put on different organisations in the industry."

He suggests that the overhead "may be too high to run sustainable businesses for a lot of operators." As with the custodians, he expects that there will be a considerable amount of consolidation in the industry in the digital assets space. As well as the regulatory challenges, Ball identifies a potentially larger challenge for the industry in the coming months. He believes that, "our greatest challenge in Australia is in not falling behind other markets from a regulatory and adoption perspective. If the Trump administration achieves what it has proposed, we need to follow quickly or risk missing the boat completely.

"I hold out hope too that the Reserve Bank of Australia can be innovative and act fast to keep Australia competitive on a global front if the US moves how we expect it to."

Amid these challenges, Ball believes that in 2025, the Australian market will see "a one-time market shift from self-custody through custodial software providers to licensed custody through custodians like ourselves."

The changing landscape of digital assets would not be possible without the huge uptake in interest in the sector. "We've seen the first of the super funds make an allocation into digital assets," Ball says. "This can't be understated in its importance and its legitimisation of the sector locally. It has reignited conversations on digital asset adoption that had previously closed and we expect much more institutional adoption over the coming 12 months. Interestingly, I think this time we will see institutional adoption increase faster than retail."

A growing pot

Australia is unique and ahead of the world when it comes to pension funds. Aaron Knowles, global head of product management and marketing at Bravura, explains that "being some twenty years ahead of the UK in launching our version of auto-enrolment, Australia is seeing the first wave of members with substantial superannuation savings moving into a phase where they can draw down on their savings."

However, with the scale of this task evident, Knowles believes that the industry "needs to invest in making sure compelling and effective retirement products are available to accelerate and streamline the process."

He continues to point to the legislative pressure on funds which are demanding improvements in what retirement products they offer, how to offer them at scale and success can be measured.

The superannuation funds space in Australia has grown, Knowles says, "by 11 per cent in the year to March to AU$3.85 trillion — representing roughly one and a half times the country's GDP.

"This growth in assets is causing shifts in the industry as funds invest deeper in overseas markets and take greater direct ownership in stakes in companies, therefore giving them more influence on issues such as ESG investing."

Knowles adds that smaller funds are finding it difficult to compete in the market as a result of a period of significant consolidation. Knowles says that consolidation is "something which the Australian Prudential Regulation Authority has encouraged, to strengthen the superannuation system's resilience and efficiency."

As funds increase in size, the way in which superannuation funds operate in Australia has changed to provide more opportunities to create valuable efficiencies. Knowles identifies that this has been achieved by "bringing investment and administration tasks inhouse and automating manually intensive processes."

But, vitally, Knowles insists that Australia will have to move towards a digital-first operating model. "This is a sea change to the way many funds are currently operating," he says. "[It] means if funds don't invest in transformation projects, they risk missing material opportunities to reduce their cost to serve members, improve their processing timelines and increase control over operations, as well as investing in the member experience through features such as digital advice."

But how will technology develop in Australia?

Tech trends

As is the case with all aspects of asset servicing, technology is likely to be the driver of industry change — Australia will be no exception.

"Australia's financial services sector has historically been a very manual market," admits Marianne Antonicelli, head of sales for Australia and New Zealand at FINBOURNE Technology. "While significant progress has been made in adopting technology and automation, some entrenched 'old habits' persist. The journey to fully embrace digital transformation will take time, and the focus will remain on fostering a culture of innovation and automation while ensuring regulatory alignment."

The steps to creating that change and cultivating an innovative culture will be gradual, but Antonicelli is identifying growth opportunities in the technology space. In the next year, she expects the development of interoperability of systems and generative AI to take shape.

Antonicelli explains that the Australian financial services had typically had two options when it came to technology: isolated best-of-breed systems or back-to-front solutions. This binary option, she says, "often resulted in inflexible architectures that struggled to deliver a truly holistic view of a company's complete investment book of record.

"They also fell short in areas like data governance, regulatory reporting, enabling business agility and so on. The trend is now shifting toward 'best of breed ecosystems,' where specialised, mission-specific systems can seamlessly interoperate."

As for generative AI, Antonicelli states that it is becoming "increasingly important" for the Australian markets in enabling non-technical users to extract insights from complex datasets.

"AI helps financial services firms better understand the data they hold, interpret what the data represent, and easily locate where it is stored," she says. "It also streamlines data retrieval, allowing users to quickly access information from all data sources through natural language queries."

One aspect shaping the direction in which technology is developing is regulation. Antonicelli points to the Australian Prudential Regulation Authority's CPS 230 regulation, coming into force on 1 July 2025, that aims to enhance operational resilience in the region.

She explains: "It will require financial institutions to strengthen operational risk management frameworks and implement robust systems to ensure ongoing compliance with heightened regulatory standards."

Antonicelli continues to focus on how the expansion of private markets will lead to an intensification of regulatory attention. The key areas of focus will include pricing, valuation, and comprehensive fund monitoring and will, she adds, "likely spur innovation in solutions designed to offer greater transparency and more effective oversight for private assets."

Above all though, the technology space is no outlier when it comes to consolidation. As was the case with the custody and digital assets space, the trend will only continue through 2025.

Antonicelli concludes: "This trend will create new demands for oversight, integration, and technology solutions that enable seamless operations and enhanced efficiency amidst mergers and acquisitions." ■

A seat at the table

David Goldstein, director of product, fund services at STP Investment Services, has witnessed the rise of fund administration from within the industry. Jack McRae speaks to him about his career, his new job, and the future of the fund administration space

“After 29 years in the industry, it’s hard to be surprised anymore,” David Goldstein, the director of product, fund services at STP Investment Services, reflects. Goldstein has spent the majority of his working life in the financial services, with 24 of those 29 years spent in fund administration.

Goldstein’s life was not always destined to go down this path. At undergraduate level, Goldstein majored in hotel management and was determined to make a success of himself in the hotel business — until he actually started his career.

“I was dead set on the hotel industry. It was fascinating to me. But, what you find out after graduating from school is that it’s fun to be on one side of the front desk of a hotel, it’s a totally different story to be on the other side of it,” he laughs.

“When somebody is 18 or 19 years old and has to declare a major in college, they have no idea of what the rest of their life is going to look like. It’s a really young age to think about what you want to do for the rest of your life.”

Despite insisting that he never foresaw the career he ended in, Goldstein has forged success in fund administration.

Taking off

Goldstein left the hotel business and joined H&R Block, a tax preparation service, in what was, he says, “supposed to be a temporary role”. He explains that his interest in taxes and his experience in customer service made him an ideal fit for the role. Goldstein soon moved to Trident and was trained in fund administration. He never looked back.

“Back in that time, in the late 1990s, fund administration was hardly ever talked about. It was just not something that many made use of,” he explains. “In 2005, I decided to move over to HSBC, which was at the time one of the largest fund administrators, and my career has really just taken off from there.”

Goldstein was part of the rise of fund administration from a niche, small industry into one of the most vital aspects of financial services. But how did the space grow so quickly?

In part, Goldstein admits, out of unfortunate circumstances.

“The most challenging moment in my career was definitely the Great Recession, starting in 2008,” Goldstein says. He details how fund administrators suffered as they generally charge on a basis point scale, based on the amount of assets that a manager has under administration.

“You saw funds take a humongous hit in their asset size, which was a humongous hit to any firm that was servicing those assets in terms of revenue,” Goldstein continues. “There was good that came out of that, however, and the fund administration industry really got a boost from the Bernie Madoff scandal.

“If Bernie Madoff had had an administrator on his funds, he would not have been able to get away with what he did.”

The fund administration business suffered greatly in the financial crisis, yet the impact of such a crisis catapulted its importance to the top of the agenda. “It started out as a pullback and then ended up, two or three years later, a big boom for the industry.” Goldstein remembers.

An outside perspective

Few can offer an account on the changes the fund administration space has been through since the turn of the millennium as detailed as Goldstein. He notes outsourcing is one of the biggest changes in the industry, and a trend that will continue to dominate the space in the future.

Goldstein says: “When I first got into this industry, most managers kept the majority of what they did to themselves — with obvious exceptions like audit and tax work, prime brokerage. Now, managers, for cost saving reasons, are going to much more of an outsource model.”

He points to compliance, and human resource work as key examples of where fund administrators have been looking to outsource. Goldstein does not find it surprising either.

He speculates: “If you hired somebody in New York to do that work, you’re talking about a human resources price tag of US$150,000 to US$300,000 a year. Whereas, you can potentially outsource that for a third of the cost.”

Goldstein adds that managers launching smaller funds, with US$10 million funds no longer uncommon, as another driver of the outsourcing trend.

“Smaller funds simply can’t afford to do everything in-house. They can’t hire all those people to do that work at a reasonable cost,” Goldstein explains. “Also, nobody can have all those expertise in-house either. To find a partner with those expertise on an outsourced basis just makes everybody’s life a little bit easier.”

The other major development in the fund administration space, and financial services more generally, is in the advancement of technology — even if Goldstein is still slightly sceptical about its wholly revolutionary impact.

“People seem to think that the less humans actually touch a fund administration mandate, the better,” he explains. “But it is still very much a people-driven business and a people-driven service. You cannot fully outsource everything to technology, which some of my competitors have tried to do.”

With the advancement of technology has come the increased threat of cybercrime and, for fund administrators, protecting their data from criminals is of the utmost importance.

Goldstein explains: “Cybersecurity is exceptionally vital. Managers that play in the private capital space generally will hold their trading strategy very close because it’s proprietary to them. The integrity of their data is vitally important to them.

“There are managers that are very transparent with their investors about what they’re investing in and their methodology, but many managers are not, and for those that are not, it’s obviously vital for us to protect their data.”

After all this time, there must be something that surprises Goldstein — even if he suggests otherwise.

“I would say the biggest surprise is probably how many new administrators have popped onto the scene in the last 20 years, coupled with how much M&A activity around those administrators has taken place in the last 10 to 15 years, that is surprising,” he says.

A competitive field

After 29 years in the industry, what does the future have in store for Goldstein and STP Investor Services?

Even though he is keen to downplay any achievements made in his brief tenure at the firm, Goldstein has a clear strategy.

“One of my big tasks is to help the firm get brand recognition,” he explains. “I have developed a very large network of industry sources, especially in New York, and I have been able to introduce the STP brand to them. We’re doing a very good job of getting our name out in the industry.”

Goldstein is not completely satisfied with their progress just yet and knows he, and the firm, have more work to do.

“I want to get a seat at the table,” Goldstein insists. “When a manager is looking for an administrator, I would like for them to come to STP.”

Goldstein knows that his task is not simple, particularly given the increased number of fund administrators and levels of competition in the industry, but is determined to keep fighting.

“There are probably 50 or more reputable firms that do what STP does,” he says, before adding. “But I’m hoping that my efforts, and the efforts of other people within our firm, are going to drive people to us for the business.” ■

Wegner becomes new CEO for IIA

Kirsten Wegner has been selected as the new CEO for the Index Industry Association (IIA). As CEO, she will be expected to work with the IIA's 17 member firms as well as its board of directors, to lead its strategic public policy and communications initiative.

Wegner takes over the role from Rick Redding, who stepped down from his 13-year tenure as CEO since the company's founding in 2012.

She holds a wealth of industry knowledge in financial and regulatory services, and previously served as CEO of Modern Markets Initiative as well as government relations director at ISE Holdings.

Fiona Bassett, IIA chair and CEO of FTSE Russell, says: "We're incredibly excited to have Kirsten join the Index Industry Association to help us reach the next level in our development and build on our very successful first decade. The IIA plays a critical role in educating investors on the benefits of indexes, advocating for the best interests of index users."

Wegner adds: "I am thrilled to have the opportunity to join the IIA and put my skills, expertise and passion to work to make this organisation an even stronger advocate for index investors."

The IIA is an association of independent index providers, including Bloomberg Indices, CBOE Global Indices, and the China Securities Index. ■

Pirum hires Cheyne

Pirum has appointed Reid Cheyne as director of fixed income sales, Americas.

In his new role, Cheyne will work to accelerate the firm's expansion in the US fixed income industry, as well as in the wider North America region. He brings over 25 years of securities finance and fixed income experience to the company, holding leadership roles ranging from trading and financing to sales and brokerage.

Most recently, Cheyne worked at Citi, where he moved from directing fixed income prime services sales to leading financing sales for hedge funds.

Previously, he held vice president roles at Abbey National Securities and Citicorp Securities, and was managing director at Capital Markets Engineering and Trading.

Given his experience, the firm believes he is best placed to further accelerate Pirum's RepoConnect solution — a software-as-a-service (SaaS) solution which automates the traditionally manual and legacy technology repo lifecycle.

Ocorian adds Frois

Ocorian has hired Beata Frois as commercial director for its capital markets team.

She will be responsible for the full range of capital market solutions provided by Ocorian and the appointment aims to drive business across these solutions.

Frois will cover standalone debt, securitisations, listings, and loan administration solutions. She will also work across Special Purpose Vehicle (SPV) and corporate services, and trustee and agency services for bonds and direct lending.

She has over 25 years of experience in the financial services industry and joins from Cafico International where she served in the same role.

Previously, she spent 16 years at HSBC as director for business development and as head of their European bid desk.

Frois says: “I am very happy to be joining Ocorian and look forward to working with its experienced and expert teams as we continue to build our capital market services globally and support our growing client base.”

Pivot appoints Rudra as Consulting Director

PIVOT has appointed Gautam Rudra as consulting director for Singapore.

Rudra brings 34 years of global and local expertise to his role, across securities services, post-trade in custody, clearing, asset services, general counterparty, depository, banking, risk, and best practices.

Prior to joining Pivot, Rudra participated in the Monetary Authority of Singapore’s (MAS’s) Project Guardian initiative to enhance financial markets through asset tokenisation.

He previously served in securities services product and operational management roles at Citigroup, and at Singapore Stock Exchange as head of post-trade.

Viraj Kulkarni, founder and CEO of Pivot, comments: “The Singapore presence will leverage the segments we currently offer as well as establish new ones. I have known Gautam for over two decades and he has built an expansive career while delivering major milestones. Gautam, given his deep experience and expertise, is best placed to lead this division. We are delighted with his joining the PIVOT team.”

Universal Investment Group bring in Albrecht

Universal Investment Group (UI) has appointed Jeremy Albrecht as new country head and CEO for Luxembourg.

Albrecht leaves CACEIS where he has been serving as managing director, global head for client coverage Europe.

In his new role, he will lead UI’s Luxembourg platform, which consists of fund administrator UI efa and UI Luxembourg, an AIFM and third-party ManCo.

Albrecht says: “The Luxembourg platform is well positioned for future growth and I’m excited to help build on its successful growth story. There are compelling growth opportunities in utilising the combined strengths of UI efa and UI Luxembourg to benefit clients, and I look forward to driving this momentum.”

Francesca McDonagh, CEO of Universal Investment Group, adds: “[Albrecht’s] extensive expertise will be an invaluable asset as we continue our journey to become one of the leading fund administrators globally. Achieving this goal is central to our mission, and our Luxembourg platform will play a pivotal role in our strategy.” ■

Pheasant joins Droit

Droit has named Somerset Pheasant as their chief strategy officer. In this newly created position, Pheasant will be expected to drive the firm's strategy development and oversee the evaluation of new commercial opportunities. He will also be responsible for strengthening partnership engagement with Droit's clients.

Pheasant joins the company from Goldman Sachs, where he most recently served as managing director, global head of strategic investing, Europe. He also previously acted as a member of the Droit board between 2016 and 2023.

Hilelly moves to Apex Group

Zion Hilelly has been named as Apex Group's newest chief product officer. Based in New York, Hilelly will be expected to oversee the transformation of the product team, where he will specifically focus on driving product innovation, accountability, and P&L.

With over 20 years experience at BlackRock as an asset manager, Hilelly is well positioned to manage the company's product strategy. He joins from S&P Global, where he acted as head of operations and managed services, and led several investment management solutions.

Wu enters new role at Citi

Citi has named Jeff Wu as head of market sales for China. In this role he will be relocating to Shanghai.

In his new role, Wu will be expected to consolidate Citi's sales efforts across all market products for financial institutions and corporate solutions clients. This will include institutions both onshore and offshore.

Wu joined the company in 2010 and has led the China Solutions Sales team until recently, where he strengthened collaboration between financial institutions and corporate solutions businesses. ■