POSTTRADE 360° NORDIC

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Nordic merger brings global scale

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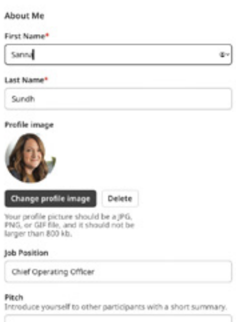

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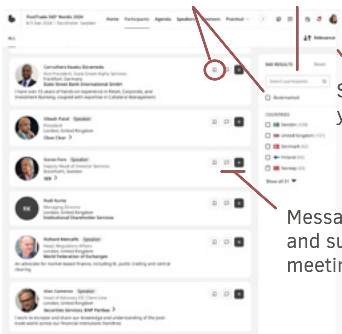

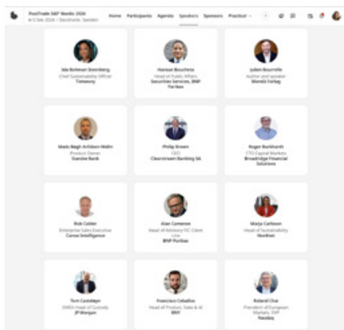

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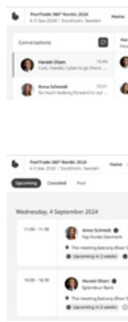

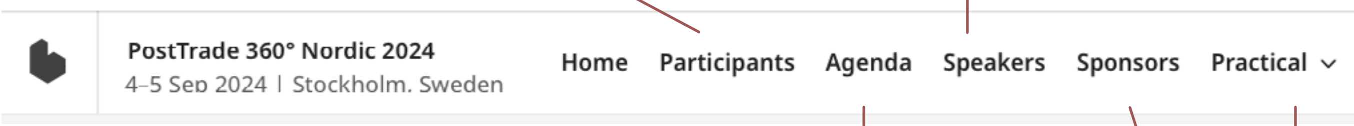

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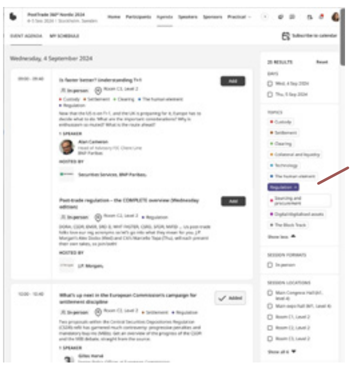

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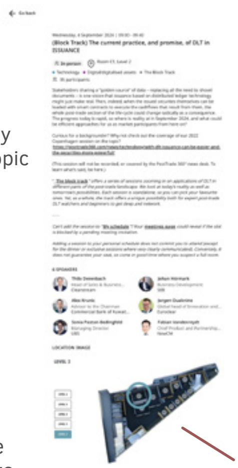

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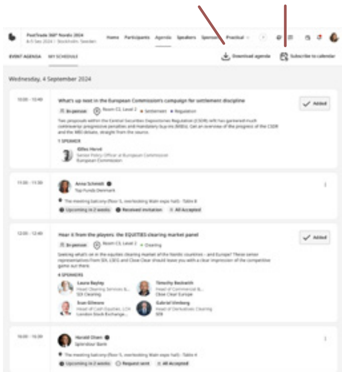

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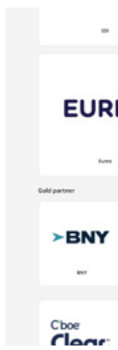

Your account is created when you sign up so as a delegate, you definitely have one. There is a “Forgot” link if you need to reset your password. You can access everything both through the web and in our “B2match” phone app. You use the same login on both interfaces.

Note that adding a session to your personal schedule does not commit you to attend (except for the dinner and possibly exclusive sessions where very clearly communicated). Conversely, it does not guarantee your seat, so come in good time where you suspect a full room.

We expect the platform to keep working for another couple of months after the event, so there will be plenty of time to wrap up new connections and dialogues before we eventually shut it all down.

To view session videos after the event, you will eventually need a separate account on our news site posttrade360.com. For that, the site will guide you very clearly when you read a video article. ■

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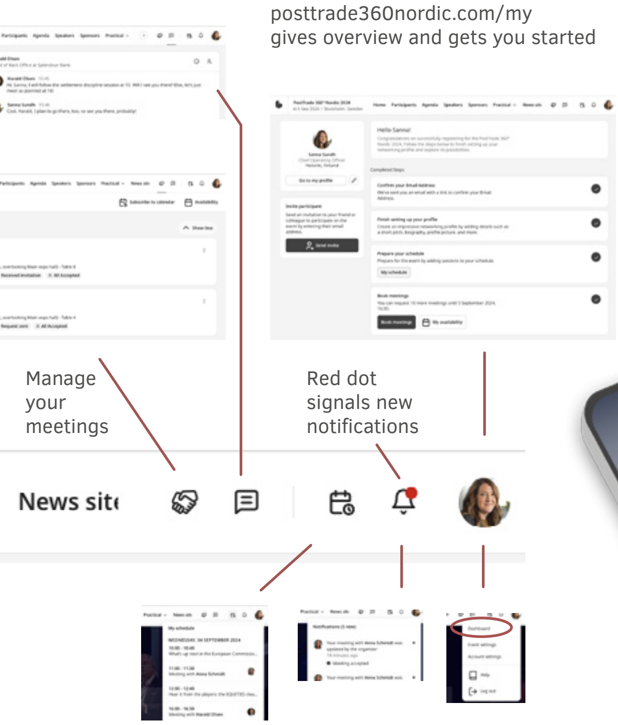

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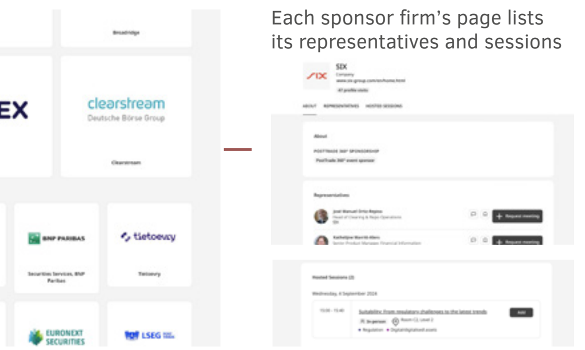

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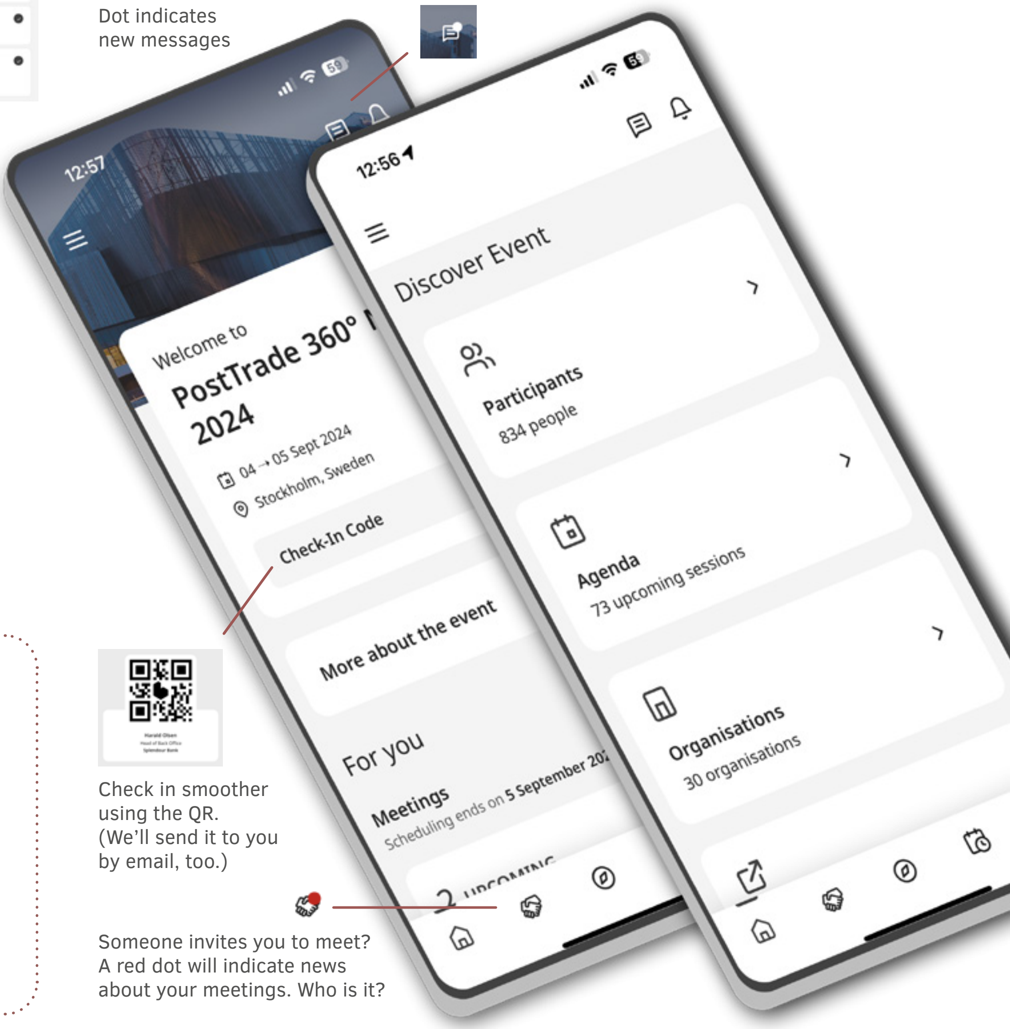

Check in smoother using the QR. (We’ll send it to you by email, too.)

Someone invites you to meet? A red dot will indicate news about your meetings. Who is it?

Beyond T+1: *What's Next?*

With the U.S., Canada, Argentina, Peru and Mexico now live with T+1, and India having adopted a voluntary T+0 settlement cycle, some within the industry are now exploring whether settlement times could be squeezed further, either to T+0 instant or potentially even atomic.

There are several drivers behind this including digital transformation and rapid advancements in technology; and the next generation digital natives who expect their trades to settle in real time.

Our latest thought leadership article explores what's next as appetite for faster settlements continue to grow.

Scan the QR code to download our latest thought leadership article.

cbs38415 06/24

The attraction is **you**

By Posttrade 360°

The initial scepticism was natural but as this is being written on Thursday 22 August, the number of delegates just now passed the 1,000 mark that we had promised. If uptick continues there will be hundreds more.

Shifting from national events in four Nordic countries and the Netherlands, to one consolidated bash, obviously adds a travel hassle for pros from those nations. (Heartfelt thanks for taking it on!) Still, notably, participant numbers from each of these countries have been retained well, while incomers from other countries are joining at an extent previously unseen. Also, to our big surprise, despite our emphasis that this is a physical-only event, we are seeing over 200 of you delegates per day logging in on the registration platform to plan your sessions and meetings, and message with your post-trade colleagues.

So, what's the attraction? Well, there are a number of them, indeed. Our 70+ sessions across the full range of post-trade subtopics, many at stunning seniority, are obviously a key. We are so grateful for the fantastic engagement of so many speakers. Still, we are convinced that the main attraction … is you, the delegate.

With our new platform, everybody sees each other and can propose meetings or interact through messages (within limits, and you can switch off your availability if you prefer). And doesn't just that scrolling of delegate names hold a bit of the same magic as the school photo catalogue of our youth? It is spellbinding because it isn't just a list of data; it is a universe of opportunities. Or an archipelago to navigate, to pick a more Nordic/Baltic reference. The others are coming in because they want to see you, so thanks for being there.

We run a generous admission policy, with any professional welcome free of charge to an event of a sort that can come with a ticket in the hundreds or thousands of euros. This year, a large part of the content will also be made available as full-session videos on our news site – free of charge, too. Some are puzzled that we even allow commercial representatives of provider companies which should reasonably have been sponsors but who choose the cheap path. Let's all award our mental gold stars to the official exhibitors in the expo hall, acknowledging that they are the ones committed enough to the community to pick up the bill, making this party possible.

Today's post trade is advanced stuff, and from an insights point of view it is in rapid flux. The new pan-Nordic, and indeed increasingly global, setup of the event will take the level of insights from national to global best-practice, while still permitting the national business networking that remains so important. Today's post-trade pro looks beyond the border for solutions, and we styled this merger to cater to that need. The delegate numbers now indicate that you, the community members, were already there in your mindset and haven't needed much explanation from our side. Moving forward, we will build on this breakthrough and seek ways to make it even more interactive. Welcome as a co-creator. ■

"The delegate numbers now indicate that you, the community members, were already there in your mindset and haven't needed much explanation from our side."


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CEPS

A lack of competition in Europe's market for securities settlement is one contributor to the staggering performance of the continent's financial market, thinks Karel Lannoo, leader of independent think tank Centre of European Policy Studies. "There is an inertia of interests which keep these things from advancing."

"In clearing and settlement, we have not gone after the monopolies"

By Alexander Kristofersson, PostTrade 360°

"Something like a Big Bang" – centralising supervision and tearing down obstacles to cross-border competition – could be the right step forward in the regulation of the EU's settlement scene, argues **Karel Lannoo**, head of Brussels-based think tank Centre for European Policy Studies.

As one of few public commentators whose pulse can rise over financial "plumbing" matters, he is convinced that sharper policies could bring down infrastructure fees, benefiting end users and strengthening Europe in the race for the world's investments.

“You need to ask: how is this possible? Technologies have advanced enormously and we’re still having the same settlement cost as we had 20 years ago.”

Meet Karel in Stockholm

This interview was published on the PostTrade 360° news site on 26 March 2024. On **Wednesday 4 September, Karel Lannoo** joins a panel titled “Unifying the EU’s market for financial market infrastructures – the when, who, and how” – also set to feature … LCH SA’s **Corentine Poilvet-Clédière,** Euroclear’s **Ilse Peeters,** Euronext’s **Pierre Davoust,** and the World Federation of Exchanges’ **Richard Metcalfe.** Moderator is **John Siena,** Brown Brothers Harriman.

“We have national monopolies which continue to function next to each other. There is an inertia of interests which keep these things from advancing. Then you have to do something like a Big Bang – like in telecoms, where regulators suddenly abolished roaming fees,” says Karel Lannoo.

“If you do that, you can come to a situation where all will win in the end because you will have more competition in the market – which will force the restructuring of the active entities, and more competitive pricing. At the moment, I don’t think we have competitive pricing between CSDs.”

Having started his career as the EU’s single market was being implemented through the 1980’s and early 1990’s – with big impact on the daily lives of ordinary people in areas such as telecoms and electricity – Karel Lannoo’s eyes turned to financial markets and their infrastructures later in the decade. As politician Alberto Giovannini was commissioned by the EU to identify measures to remove the barriers against efficient cross-border clearing and settlement in the EU, a survey of costs by Karel Lannoo and his independent think tank formed part of the intelligence going into the effort. Decision makers and industry representatives may risk a tongue-in-cheek comment from his side, yet he stays a familiar figure in their circles. Spanish exchange operator BME had him on its board from 2006 to 2018, as an independent director. He has led the Centre for European Policy Studies (CEPS) since 2000; its webpage lists over 80 employees.

Over twenty years on from the Giovannini report, Karel Lannoo is frustrated.

“The EU has tackled some of the Giovannini barriers in the meantime, but many remain. The tragedy of the matter is that even if the EU has tried to do it – first with a Code of conduct, then later with the Central Securities Depository Regulation – the markets have remained very segmented,” he observes.

“We should have to do the study again. I wouldn’t be surprised if the difference were not that big compared with last time,” he exclaims. “In the context of Target2-Securities, they look at the settlement costs and they haven’t declined. You need to ask: how is this possible? Technologies have advanced enormously and we’re still having the same settlement cost as we had 20 years ago, all of us. That is, I think, not normal! And on top of that, we know that in the United States, there is DTCC, a single depository trust company. Guys, we cannot sit still and do nothing, whereas your main competitor is the US market, having a single settlement entity, while in Europe we have 33 for a much less developed capital market.”

A case for competition authorities, too

To Karel Lannoo, this raises two issues – the first one relating to the laws which have come in place: Have they been properly implemented at all?

“We wouldn’t be surprised if a study would show that they have not been well implemented – and that local market regulators or central banks have continued to protect their local settlement depositories with a series of arguments, like financial stability arguments or arguments related to, for example, differences in company law and taxation.”

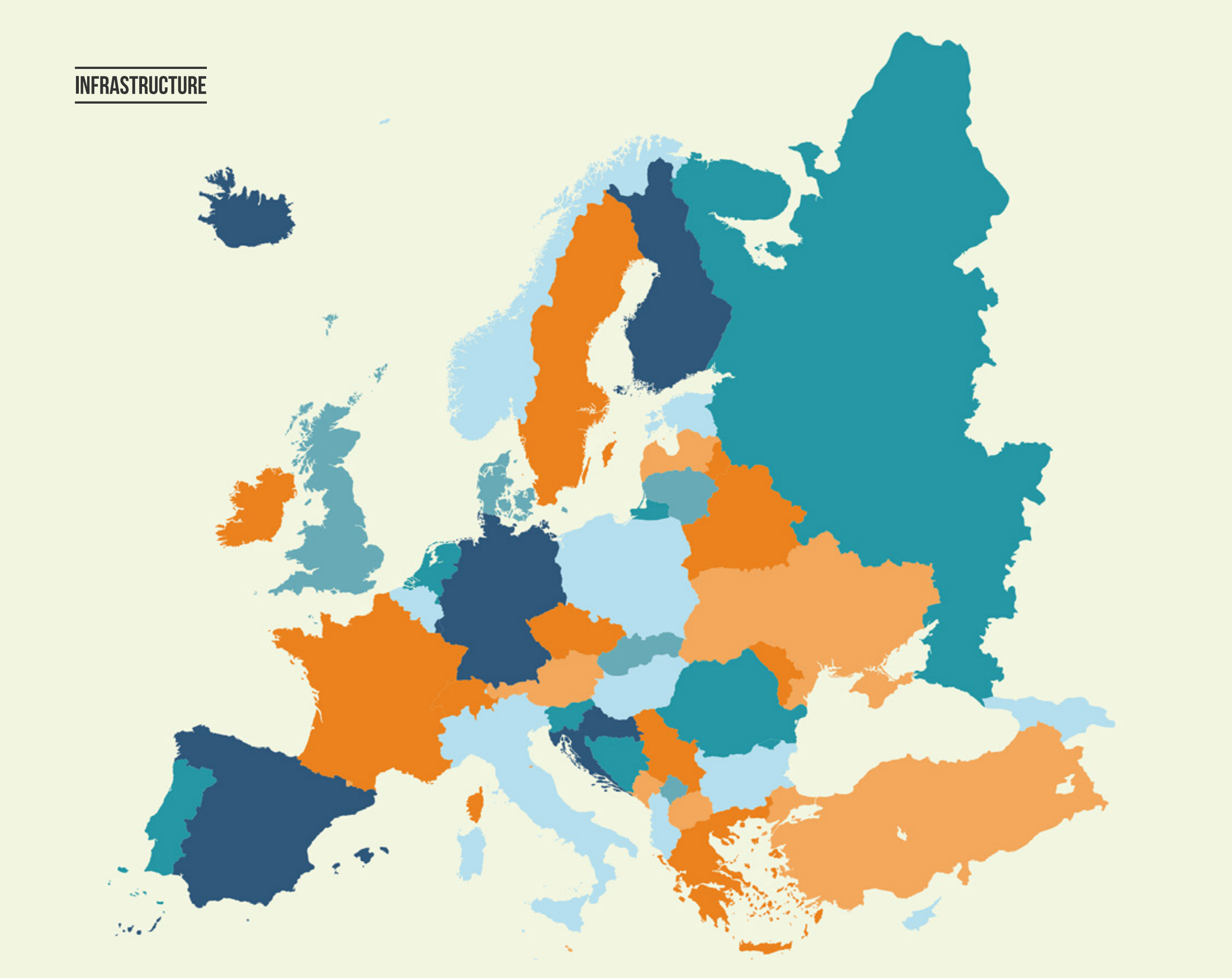
The second aspect is interoperability rules. These, too, he believes could have been better applied.

“This makes it an issue of implementation not only by the market regulatory authorities, but also by the competition authorities. In the domains of telecoms, we have gone after monopolies to say ‘look, you have to open up the market to foreign competition’. In the domain of clearing and settlement entities, we have certainly not done this – and there is limited interoperability.

Incumbents happy with status quo

Karel Lannoo perceives that public discussion on the matter is lacking completely, and he has his theory of why.

“It is called the ‘plumbing’ of the financial market; it seems to be a boring aspect of it. That is why not many people are interested in it and you can only find a handful of academics who worked on this,” he says as a first point.



PFÜDERI/PIXABAY

As for the industry players, however, he sees strategic reasons for them not to rock their profitable boats. He puts himself in their situation:

"'I keep my little turf for myself, and as long as the other ones don't do anything, I won't do anything either. And I will keep quiet because I have my little franchise and I will keep it this way. I will not start complaining because that could do more harm to myself than to my competitor.' So everybody has withdrawn to their trenches, trying to protect their own markets, with the effect that today we have a European capital market that remains very disintegrated."

But wouldn't Europe's large trading actors be able to raise their voices – being large-volume buyers of the settlement services?

"Some people in the banking sector raise it from time to time. For example, they have done it towards exchanges, which are mostly the owners also of the settlement entities. 'Exchange, look, your data are far too expensive.' But most of them are basically in collusion with each other where they prefer to keep it quiet because both of them earn well from this – and the end user is paying the cost."

Supervision too fragmented

Europe's regulatory supervision – performed by each member state rather than a central authority – is a badly contributing factor, Karel Lannoo strongly suspects. Centralisation is due, even if it would require "breaking some eggs", he has argued.

"Why should you have one supervisor to supervise a monopoly in one member state? That doesn't make any sense. You should have one European supervisor of CSDs to see whether they have applied CSDR correctly, and in a similar way. Then you look at 33 CSDs, neutral with regard to whether you're supervising the German, the French or the Italian CSD. And in addition, you will have a more efficient supervision if you do it for 33 than if you do it for one alone." ■

"Why should you have one supervisor to supervise a monopoly in one member state? That doesn't make any sense."

So, what is your business – precisely?

Region's custody leader SEB sees partnerships being refined as tech-driven change speeds up

Fierce competition and consolidation among global asset managers have translated into heavy pressure on their service providers, with the Nordics and its custodians being no exception.

Meet Niklas Nyberg and Jesper Lindén – the heads of, respectively, the global custody and sub-custody businesses of regional heavyweight SEB – for a look into what's next for the securities industry and how SEB's century-long history of supporting it continues.
Key tip: know who you want to be.

Contributed by SEB

"The securities industry environment right now is the most interesting one that we have experienced for decades, if ever – but also the most challenging and hard to navigate," says Niklas Nyberg, SEB's Head of Global Custody.

The simultaneous emergence of artificial intelligence, on one hand, and distributed ledger technology with its digitised assets, on the other, are two of the most spectacular drivers that force rapid rethinking.

"It is putting everybody at a crossroads. It offers great new opportunities, but if you go wrong, there is not much time to set things right. Things move too fast."

What's affordable?

Together with Jesper Lindén, Head of Investor Services Banks, Niklas Nyberg has taken on something of a challenge. We have set up the interview to see if it is possible to fundamentally summarise the role of a regionally leading custodian today – and the idea of its relevance tomorrow.

"The pressure that investor institutions


LOUISE NYLUND / SEB

Niklas Nyberg (left) and Jesper Lindén respectively lead the global custody and sub-custody business lines of SEB. They observe continuously how the rapid technology progress is forcing investor institutions to sharpen their strategies.

face comes from many sides. Regulations have kept coming in over many years now. And the cost pressure they are under raises a range of strategic questions: are they able to invest in the new technology to lower their costs and offer their clients the new products and services? They will need to make these decisions, and they will depend on their financial muscles," says Niklas Nyberg.

New forms of collaboration between stakeholders makes for a part of the answer for the asset management industry. But the trend also keeps driving the pure consolidation that has characterised it for a long time now. Despite the challenges, the forceful technological shifts are leading custodians worldwide to carve new paths. Increasingly, they are becoming the interface for investor institutions towards new technical capabilities and, often, fintech firms who supply them. Does this offer custodians a new natural role? Possibly.

"The transformative pressure in the securities industry just keeps increasing, and at its heart, it is all very much about technology. Going forward, the key will lie in understanding where to apply which technology in the best way, then being able to bring in enough capacity and competence to make it come to life," says Niklas Nyberg. "This goes for our clients, and this goes for us."

Same company, different worlds

With both Niklas and Jesper representing SEB's custody services, one could believe that their business lines are very similar. However, their competitive environments could hardly be more different.

The sub-custody line, led by Jesper, supports investors from the whole world in managing their investments into the Nordics – with global custodians, the middlemen, being the direct clients. In this area, SEB is the region's dominant provider.

In Niklas' domain, the global custody services, it is instead the assets that are global and the clients that are Nordic. Here, competition is tough, with virtually all the largest global custody providers of the world being present in the market.

"As they offer us this level of confidence, they are also enabling us to continue this business with the quality and scale that they require."

Indeed, in sub-custody, the Nordic banks that are household names, that were previously also ambitious custodians have withdrawn, or nearly so, downgrading the strategic importance that they see in the activity. This leaves SEB as something of a last soldier standing. The main shift to the Nordic scene in recent years has come with an initiative by Citi – posing itself as a main challenger in the Nordics

"Every institution needs to make a very conscious strategic choice over which investors it is seeking to be its clients. Only when that is clear can they identify what capabilities they need in place."

and drawing on its operational scale in other geographies. For the region, this has contributed to the sense of more lively competition again.

Explanation: the DNA

One could imagine that a player with as dominant a position as SEB's would leave clients yearning for more options.
Yet, industry surveys repeatedly report great scores; clients stay, or come, because they appreciate the quality they are getting, not for lack of choice.

So, what's the secret? A word that recurs many times through our talk is "DNA". There is something simply inherent in the organisation and its culture, and Jesper and Niklas don't easily find an explanation that is independent of it. An SEB without deep engagement in securities handling just wouldn't be possible to imagine.

To many institutional clients and global custody partners, the devotion of the bank's representatives to their custodian role is tangible. Its long history underpins the perception (as is true for many custody banks worldwide), and shaky periods in the market, such as the crisis around 2008, have offered opportunities to prove that it stands firmer than many others. As part of the background, one can also note the character of SEB's commercial banking business. Compared with other large banks in the Nordics' vivid banking scene, SEB has a balance of market-based financing versus loans that leans relatively heavily on the market leg. So, for the SEB group itself, the region's securities ecosystem as a whole just has to work.

Keep it standard

So which direction do Niklas Nyberg and Jesper Lindén suggest that their clients and themselves should be moving?

In the sub-custody line led by Jesper, the direct clients are the global custodians – thus colleagues of SEB, and often larger than SEB by orders of magnitude. Jesper Lindén hopes they will stay united with SEB in support of its regional key role. He is grateful for how they have done this so far.

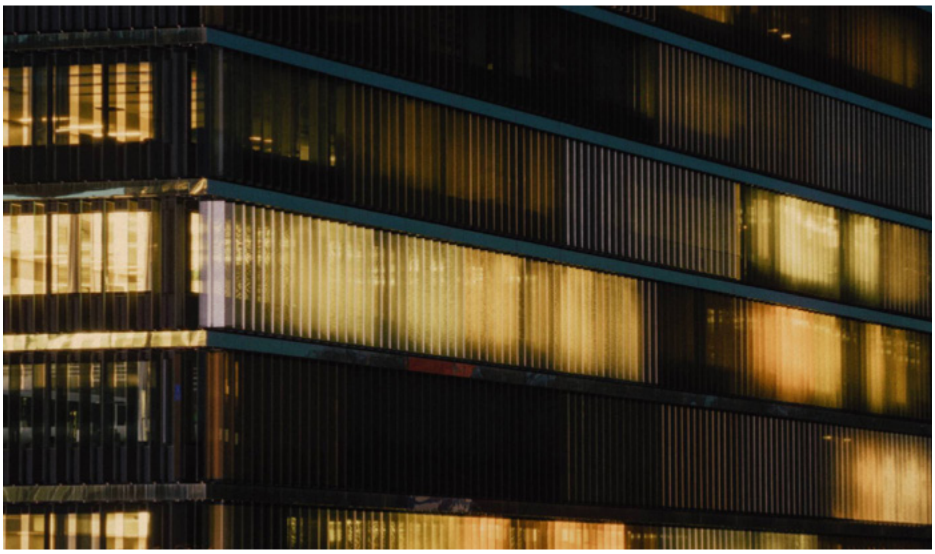
"As they offer us this level of confidence, they are also enabling us to continue this business with the quality and scale that they require."

He foresees that the sense of a shared vision will only become more important when building tomorrow's solutions for the industry. Scale will matter and go-it-alone attitudes could be fatal. His general recommendation to institutions across the industry would be to increasingly avoid customised process adaptations, whether in internal or outsourced processes.

"Every little deviation from standards will add an element of operational risk and raise an obstacle to cutting costs with new technology. This is an area where many firms would still benefit from being better aware. We, like other service providers, have a role to play there, sometimes being the difficult ones who say, 'no, I see what you mean but you wouldn't actually want that tweak'."

Niklas, whose business line instead hosts institutional investors as its direct clients, urges asset managers to take a careful look in the mirror. With the business objectives in place, operational set-ups and sourcing decisions will be better guided.

"Every institution needs to make a very conscious strategic choice over which investors it is seeking to be its clients. Only when that is clear can they identify what capabilities they need in place. When we speak with asset managers who know precisely what they want to achieve and why, it makes it so much easier also for us to frame the right service for them – to figure out what they need and what they don't." ■



SEB

DANIEL BALAKOV/iSTOCK.COM

Deep look: ESG data is under cultivation but could still take long to bloom

By Paul Golden, PostTrade 360°

Asset managers reckon vendors could be doing more to deliver flexible solutions that meet their specific sustainability data requirements. Paul Golden speaks with a broad range of experts, including panellists of the upcoming PostTrade 360° Nordic special session on 5 September.

Bloomberg's March 2024 European ESG data trends survey underlined the importance of delivering better environmental, social and governance information. Almost two-thirds (63%) of respondents referred to coverage and quality issues as their main ESG data challenge.

In the same month, Germany's integrated financial regulatory authority BaFin published a market study in which only 38% of the asset management companies surveyed considered the quality of external ESG data and ratings to be high.

One of the sessions at PostTrade 360° in Stockholm last year discussed the value of quality data and this topic will also be explored by participants in the 'ESG data conundrum for asset managers' session at PostTrade 360° Nordic 2024.

A key discussion point from last year's session was how to ensure that the data used is reliable and up-to-date. The views of **Therese Niklasson**, global head of sustainable investment at Newton Investment Management, are particularly relevant given her participation in both last year's and this year's sessions.

"It is important for asset managers to increase capacity for analysing data gaps and obtaining the best quality data, as well as building capacity to analyse data through in-house tools, expertise and solutions," she says. "Likewise, it is important to implement strong data governance practices and feedback issues to vendors as part of due diligence processes."

Cecilia Cisana, senior vice president client solutions at Morningstar Sustainalytics is also taking part in the ESG data-focused session at PostTrade 360° Nordic 2024. She reckons the main obstacles to accessing reliable, up-to-date ESG data relate to collecting vast amounts of data from a range of sources in a timely manner and validating and possibly refining the data.

Development priorities

"It takes meaningful technology, data management infrastructure as well as ESG expertise to do this well," says Cisana. "Reporting (and sources) are multiplying and regulation and investor requirements are evolving. Service providers need to form an accurate picture of both what information is out there and the top demands of users and prioritise developments accordingly."

Accessing reliable ESG data presents several challenges, explains **Isabelle Delorme,** head of strategy and product expansion for issuers, fund managers and sustainable finance at Euroclear.

"The data is frequently based on estimates rather than actual measurements," she says. "Data requirement is often linked to specific financial products, for example use-of-proceeds instruments. Additionally, adherence to certain reporting standards can be restrictive because of their prescriptive approach."

Join this dedicated session on 5 September
PostTrade 360° Nordic 2024 features the panel session **"The ESG data conundrum for asset managers".**
On stage: **Cecilia Cisana (as moderator),** Senior Vice President, Client Solutions, Morningstar Sustainalytics,
Isabelle Delorme, Head of Strategy and Product Expansion for Issuers, Fund Managers and Sustainable Finance, Euroclear,
Valeria Dinershteyn, Director of Sustainable Investing Client Engagement, EMEA, Northern Trust Asset Management,
Elisabet Jamal Bergstrom, Head of Sustainability and Communication, SEB Asset Management, and
Therese Niklasson, Global Head of Sustainable Investment, Newton Investment Management (BNY IM).

She adds that ESG scores and ratings tend to reduce complex issues to overly simplistic assessments and the varied methods of combining environmental, social and governance factors can result in a broad range of interpretations.

A specific challenge for asset managers is that they may only need one or two metrics from a particular data package – often with a limited but important use case – but have to purchase the whole module at a significant cost.

"Flexible contracting to allow selection of individual indicators would be helpful," says Niklasson. "The quality of certain modules varies across providers and so does the extent to which they meet the requirements of asset managers. Screening modules can vary in their granularity, for instance, while the methodologies for estimating carbon emissions can differ significantly."

"The data is frequently based on estimates rather than actual measurements."

Harry Phillips, an analyst at asset management consultancy Devlin Mambo reckons suggestions that ESG ratings providers are providing incorrect information and patchy data are unfair and that fund managers may be oversimplifying and neglecting the breadth of information offered. However, he also accepts that it can be difficult to find providers that offer quality data at a fair cost.

Growing customisation

"The information available from data providers is not yet fully tailored to the specific requirements of asset managers, although over time data offerings will become more customised, which may lead to different outcomes in security selection and asset allocation," says Delorme.

Access to data that spans different environmental and social factors can be challenging. Most ESG data is backward looking and can be delayed by more than a year, which on its own is not enough to predict future performance of a company – hence the collation of data on targets across all ESG factors will be incredibly helpful.

That is the view of **Sinthuja Yogarajah,** associate director ESG integration at Federated Hermes, who says not enough is being done to pull data together in a meaningful way. A good example of this is in the area of measuring biodiversity impacts and dependencies.

"The biggest challenge appears to be in providing company location data (including supply chains) – without this information, much of the biodiversity measurement is not meaningful," she says. "We know this data exists amongst certain players in the industry and similarly, there are those who are able to measure biodiversity impacts and dependencies but lack location data. It would be great for these players to come together to provide meaningful outputs for asset managers."

Man Group data science analysts **Anna-Marie Tomm** and **Matthew Bell** refer to variations in the methodologies that data vendors employ to measure ESG metrics making it difficult for investors to compare

Cecilia Cisana, *Morningstar Sustainalytics.*

Therese Niklasson, *Newton Investment Management.*

Isabelle Delorme, *Euroclear.*

Sintjuha Yogarajah, *Federated Hermes.*

data across different providers. They recommend comparing correlations of similar datasets from different vendors in the same industry, carefully analysing their methodologies, and normalising and combining data from multiple vendors.

"ESG scoring providers only score listed entities, meaning around 50% of the investment grade bond issuer universe is unscored and asset managers have to do the work themselves."

Regulatory reliability

Regulations such as the EU's Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD) are expected to have a positive impact on the coverage and reliability of data as they will trigger a large increase in reported data from corporates.

Adrie Heinsbroek, sustainability manager at NN Group says this should improve the reliability of data vendor models and support the industry to move towards a standard for ESG data and methodologies.

"The differences between the data vendors provides choice," he says. "The data is an input for our discussion and decision making as we can use it for preparing conversations with companies. The question is whether tailor made data is necessary as most asset managers or owners have in-house models and investment teams use the same data differently."

The components of Scope 3 emissions can vary widely from company to company due to their indirect nature. In addition, smaller bond issuers with less resources to dedicate to ESG reporting can be adversely punished by ESG scoring providers.

"In fixed income, the biggest challenge by far is data coverage," explains **Johnathan Owen,** portfolio manager at TwentyFour Asset Management. "ESG scoring providers only score listed entities, meaning around 50% of the investment grade bond issuer universe is unscored and asset managers have to do the work themselves."

He says it is worth noting that in terms of market performance, the bond issuers that tend to enjoy the most spread tightening are not those with the highest scores but rather low-scoring companies that are on an improving trend and can be said to have momentum.

"Market demand and investor pressure are pushing companies and data providers to enhance transparency and accuracy in ESG reporting," says **Hamid Amoura,** head of sustainable and responsible investing at Mirabaud Asset Management. "However, continuous effort is needed to address remaining challenges and further harmonise standards."

Manager momentum

The drive for better quality ESG data could be described as a task with no end. But unlike Sisyphus in the Greek myth, asset managers believe they are making real progress towards making reliable, up-to-date environmental, social and governance information more accessible.

Delorme notes that many asset managers have taken more active roles in engagement and proxy voting and that an emphasis on ESG has led to better qualitative data.

The asset management industry has made notable strides in improving ESG data quality and refining standards through increased adoption of standardised reporting frameworks (such as the Global Reporting Initiative and the Task Force on Climate-related Financial Disclosures) along with enhanced data verification through third party assurance.

"In the asset management industry more experience has become apparent on interpreting data and connecting it to the relevant market and sustainability context," says Heinsbroek. "The next step will be preventing data dependency by combining it with ESG due diligence to create a solid base for balancing responsible investing expectations with the related risk return in portfolios."

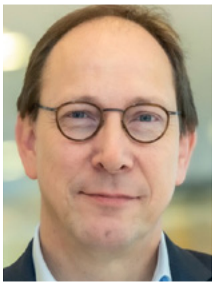
Yogarajah says her firm would like to see more accountability from data providers on the quality of the datasets they make available – including a robust set of data quality checks – and that its preference has always been to make the underlying data available so the firm makes the call on how it aggregates and consumes the data.

"We are also engaged with standard setters and industry initiatives to create standardisation in the way we measure certain ESG risks and opportunities," she says. "It helps all stakeholders when we speak the same language. Initiatives such as the Task Force on Climate-related Financial Disclosures and the Task Force on Nature-related Financial Disclosures have really moved the conversation along in terms of climate and biodiversity."

Owen agrees that data quality has improved as investors demand a minimum baseline of data from every bond issuer.

"Regulations remain unclear and ever-changing though," he concludes. "One meaningful step forward has been principle adverse impact (PAI) disclosures, a standardised set of data for all issuers and investors which at a minimum should ensure issuers are disclosing almost every mandatory PAI on a best-effort basis." ■

"It takes meaningful technology, data management infrastructure as well as ESG expertise to do this well."



Adrie Heinsbroek, *NN Group.*

Johnathan Owen, *TwentyFour Asset Management.*

Hamid Amoura, *Mirabaud Asset Management.*

ESG investing in the Nordics: A sophisticated market

BNP PARIBAS

Contributed by BNP Paribas

Investors from the Nordic countries are well ahead when it comes to investing along environmental, social and governance (ESG) lines. They make more exacting demands and are also more frustrated by the patchy quality of data and analytical tools available.

These observations emerged from BNP Paribas' ESG Global Survey 2023 of investors, asset managers, hedge funds and private capital providers.

Social awareness

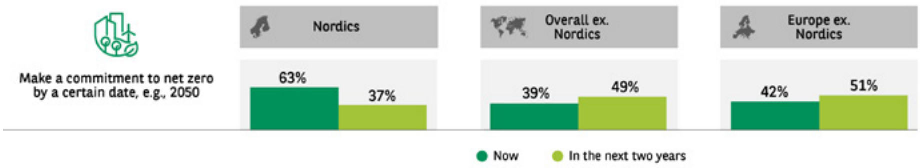
Widespread – and longstanding – environmental awareness[1] in the Nordics translates into higher investor engagement, with 63 per cent of Nordic investors committing to net zero by a certain date compared with 42 per cent in the rest of Europe and 39 per cent in the rest of the world.

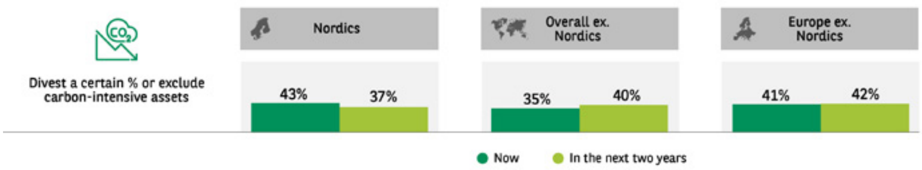
So it's no surprise that 43 per cent of Nordic investors are currently seeking to exclude carbon-intensive assets from their portfolios.

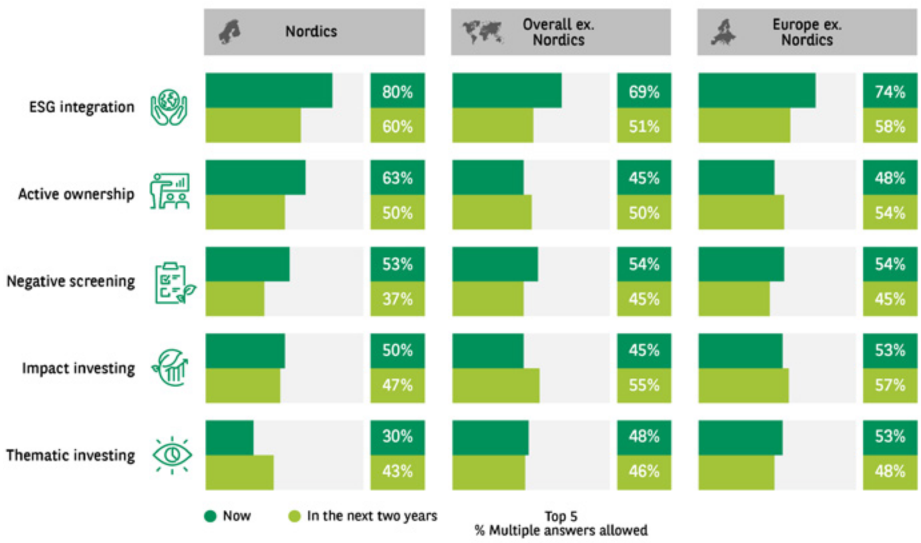
Thematic investing

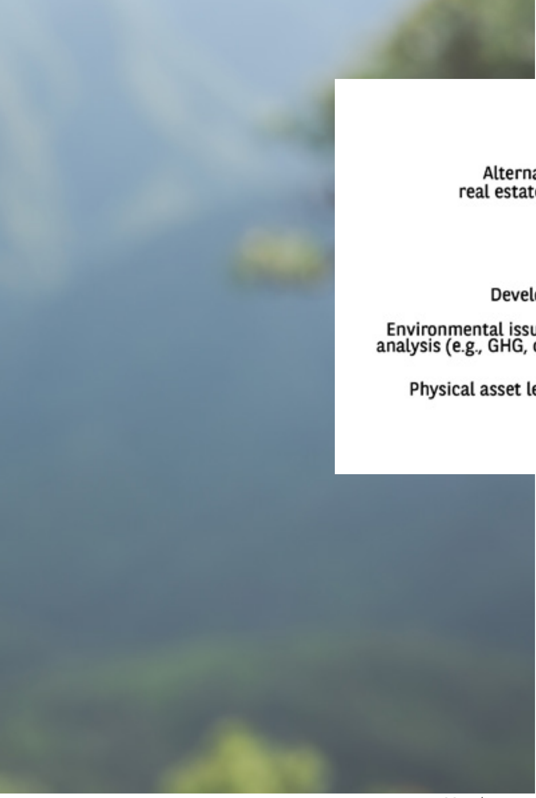
Currently, 80 per cent of Nordic respondents consider ESG in their investment strategies, but looking ahead two years, this falls to 60 per cent. Instead, thematic approaches that focus investing on a distinct area, such as the transition towards clean energy, are growing.

BNP Paribas believes this is being driven by greater availability of off-the-shelf thematic strategies and a growing desire to structure whole portfolios towards ESG.





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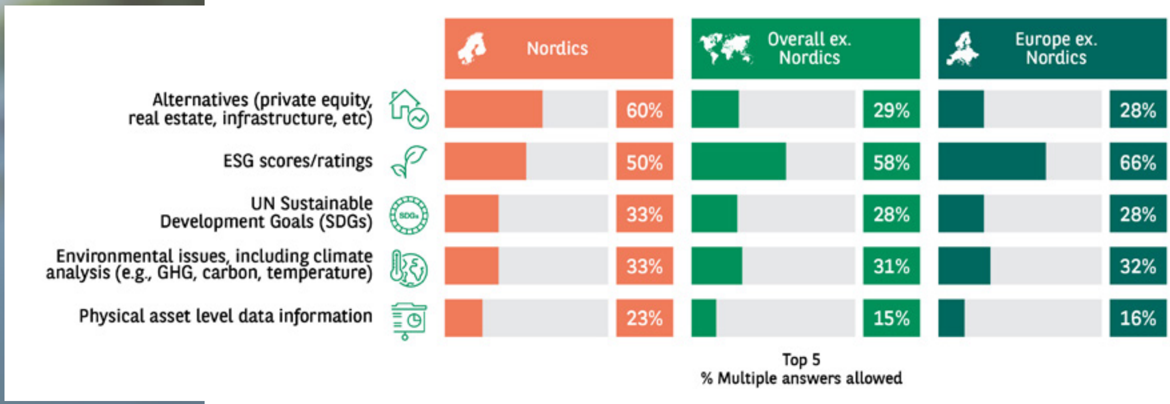
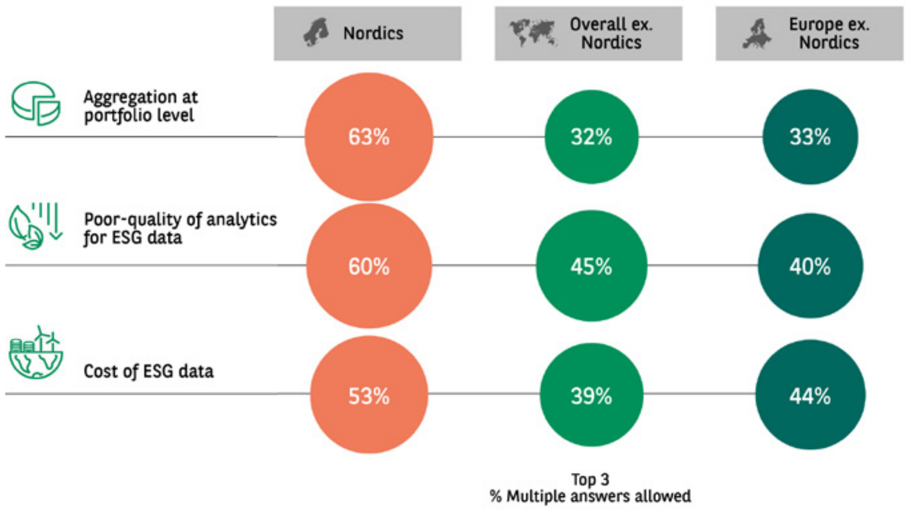
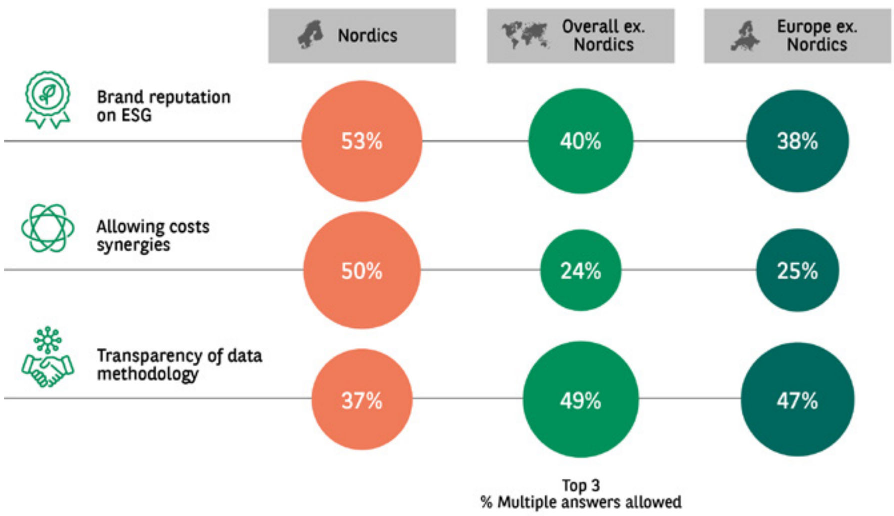






The devil is in the data

For quality analysis, good data is needed along with standardised metrics and methodologies, but this new field of knowledge is in its infancy.

Nordic investors are already more interested in ESG data than their European counterparts, turning to data vendors particularly for information on non-listed companies, where reporting is less regulated and more diverse.

However, they struggle to aggregate this data at the portfolio level, making it hard to compare investment performance and assess where best to invest.

Data analysis is also tricky, with 60 per cent of Nordic investors lamenting poor data quality, and cost is also more of a concern.

Prized partners

All of this means that investors are more likely to look for an ESG investment partner to help them access data, who could perhaps also assist them in areas such as structured products or reporting. Nordic investors also value two attributes – brand reputation and the potential for cost synergies – more highly when choosing ESG partners.

BNP Paribas' support for ESG

BNP Paribas is ideally placed to help investors meet their objectives; for example, our standalone ESG data aggregation and reporting hub Manaos connects to multiple data sources and can be tailored to individual reporting needs. ■

Every two years since 2017, BNP Paribas has conducted a detailed survey on how institutional investors are addressing some of the key issues in ESG investing. To produce the fourth survey in this series, CoreData Research, working on behalf of BNP Paribas, gathered the views of 420 institutional investors around the world on a range of issues and topics related to ESG investing.

Find the survey on securities.cib.bnpparibas/global-esg-survey-2023/ or scan the QR code.

[1] *https://nordics.info/show/artikel/the-scandinavian-states-and-the-environment-in-international-politics-1970-2000-1*

The tax landscape: A custodian's perspective

J.P.Morgan

Contributed by J.P. Morgan

The transforming tax regulatory environment requires a data, technology and risk management focus. Global custodians must strengthen tax authority and client partnerships to optimise tax service offerings.

The tax challenges

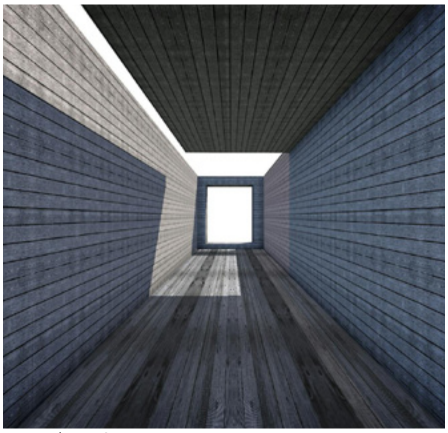
In recent years, as global fiscal authorities have combatted tax abuse, the custodial taxes world has complexified. Diversifying institutional investors have increased demand for custody tax services across new source jurisdictions and a consideration of new "rule" sets. There's been a simultaneous uptick in the pace, volume and complexity of tax market compliance changes, including the need for custodians to administer a range of tax types (e.g. FTT, CGT1), adhere to differing anti-abuse measures and follow new regulations like DAC6 and CRS2.

Criticality of custodians providing good tax data

Tax authorities are thus increasingly calling on financial services intermediaries to help police adversarial tax behaviour. As data lake guardians, custodians must deliver client tax data and data analytics. Tax authorities are demanding detailed information on beneficial owners to have it delivered by the custodial community as the holder of the custody book of record. Robust client tax data and an efficient method to extract and deliver it to clients and tax authorities are paramount.

Technology's impact on tax authorities

This tax environment has emerged from technological advances. Digesting information that's efficiently absorbed into databases has simplified the identification of tax compliance breaches and tax underpayment. As tax authorities adopt newer technology, the tax compliance old world is evolving toward a paperless and government-led technological transformation that values automation and data sharing.



PIXABAY/ PEXELS

Technology advances

Custodians have followed suit – meeting investor appetite for real-time data and the technology expectations of our world's moderators – to enhance client support models and compliance.

Custodians have increasingly contended with having to respond reclaim enquiry letters. Devising efficient ways to manage transactional data demands internally should take priority. Ditto devising tax technology solutions for tax documentation and reclaiming management. Achieve this – through optical character recognition (OCR), workflow, and API – optimises tax technology strategy.

Custodians must also provide for full engagement from external technology, with fintechs introducing AI in regulatory horizon scanning and the promotion of tax utility efforts to create tax ecosystems pertaining to withholding tax.

The risk effect

It's important to consider this against the tax risk management backdrop. There's an incontrovertible need to mitigate external tax risk factors. We recall the Organization for Economic Co-Operation and Development's (OECD) "Tax Control Framework" pronouncement to identify, assess and mitigate all tax risks. Any custody product offering's foundation is the regulation itself, managed with a clear tax data and tax technology strategy.

Will it get easier?

Consider current EU efforts to streamline existing withholding tax (WHT) on region-wide income practices. The OECD's Tax Relief and Compliance Enhancement ("TRACE") package sought to standardise WHT relief procedures. In 2021, Finland implemented a WHT regime.

The recent EC harmonisation efforts include 2017's EC Code of Conduct on WHT and streamlined WHT processes in the Capital Markets Union (CMU) 2020 action 106. This year, EU Economic and Financial Affairs Council (ECOFIN) members reached a political agreement on FASTER.

As ESG adoption in the digital tax space intensifies, we hope attention from regulators will dissipate as they gain comfort in investor tax compliance and tax integrity.

The tax professional

Increased awareness of this environment is crucial for a modern tax professional's success. Institutional investors must also recognise WHT management's effect on fund performance.

The new tax professional must demonstrate technical astuteness, whilst adapting to technology and rallying senior stakeholder support.

Conclusion

With the securities taxation world in flux, custodians must deploy an agile approach and clients need to maximise performance and compliance standards. This article is a summary of a white paper intended as a summary of key tax considerations. J.P. Morgan will continue to drive forward our tax strategy in alignment with our clients' valued input. ■

Scan to read the full version of the paper

For more securities services insights, scan here

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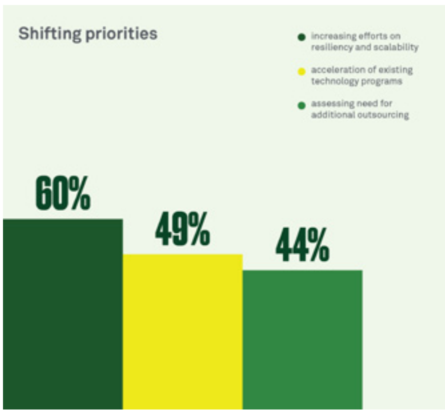
The FUTURE of asset management: A trends report

CREATIVEART/FREEPIK

Contributed by BNY

For asset owners and managers alike, ongoing digital transformation, revenue pressures and a complex macro and geopolitical picture have forced reappraisals of both their strategies and their operating models – to find new efficiencies, explore new partnerships, and strike a delicate balance between maintaining resiliency in the face of change, and driving innovation at scale to capitalise on opportunity.

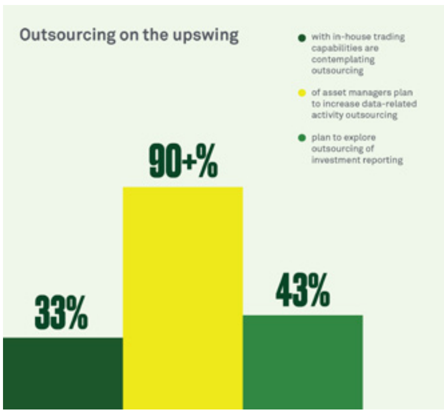


BNY's "The future of asset management: A trends report" represents a deep dive into the sea of evolving concerns and goals most top-of-mind for over 200 of today's industry leaders.

Not surprisingly, resiliency and scalability sit atop the list as guiding stars for both asset managers and owners. To find success with these twin priorities, an increasing reliance on service partners and outsourcing is a noted ongoing change to traditional operating models.

85% increasing reliance on core financial service providers and/or streamlining with few best-of-suite vendors and providers

Digital transformation remains a clear imperative, with clear benefits: Streamlined trading; unified data; seamless integration of acquisitions; enhanced client experiences; support for remote work. But building out these capabilities takes time and comes at a price. The solution? Across front-, middle-, and back-office functions, asset managers and owners are looking outside their own walls for the support and capabilities they need, at a manageable cost: tapping fintech disruptors for their innovation and expertise, outsourcing data activities and reporting, and fostering deeper strategic alignment with existing service partners.



Against a dynamic backdrop, product and asset allocation strategies have shifted accordingly, with several trends taking centre stage:

- Increasing complexity – in data, reporting, and regulatory requirements – have put renewed focus on customised solutions, with over half of respondents noting plans to increase exposure there in the next 1-2 years.
- Values-aligned investment has continued its strong run – 87% of respondents anticipate their organisations increasing ESG strategies.
- ETFs have continued to gain ground, with almost half of managers surveyed expecting to see an uptick in mutual fund conversions to ETF structures.
- A continued push-and-pull between passive and active approaches, with 44% of asset managers expecting to increase offerings of active/smart beta ETFs, while 60% of owners forecast increased allocations to passive strategies.

In contrast to that oppositional strategic interplay, one place where consensus reigns is the near-universal regard for the sizeable opportunity in D2C distribution.

With the prospect of optimised digital solutions to better engage with "mass affluent" and HNW individuals, asset managers are keen to level up this capability. But in the short term, traditional intermediaries will continue powering growth here – along with service providers, from whom asset managers increasingly (54%) expect to receive help both with distribution channels, and a range of advisory services.

As the industry continues to adapt and innovate to serve its stakeholders, it's clear service providers will need to meet that change – with increased efficiencies, expanded services, and new technologies – to deliver the value partners rely on to realise their ambitions. ■

This article is the executive summary of BNY's "The future of asset management: A trends report". Scan the QR code to read the full report.

Navigating the EU regulation on deforestation-free products (EUDR)

5 key questions answered about company readiness and investor risk

MICHAEL KRAHN/UNSPLASH

MORNINGSTAR | SUSTAINALYTICS

Contributed by Sydney Krisanda

The EU regulation on deforestation-free products (EUDR) creates more stringent due diligence requirements, ensuring that companies selling commodities in the EU can prove their products are deforestation-free. The implementation of the mandatory EUDR, which comes into effect in December 2024, marks an important step to tackle this decades-long issue and sets precedent for other jurisdictions to follow suit. However, with less than one year until large companies must comply, data from the ESG Risk Ratings shows that most companies are not yet prepared to meet the new requirements.

In this article we offer a deeper understanding of the EUDR, answering five key questions about who the EUDR applies to, how companies are meeting the requirements, and what risks not complying with the EUDR poses to both companies and investors.

Question one: What does the EUDR cover and who is affected?

The goal of the EUDR is to prevent global deforestation and the release of carbon emissions associated with the consumption and production of forest-risk commodities including cattle, wood, cocoa, soy, oil palm, coffee and rubber[1]. Operators and traders who supply the relevant commodities or products in the EU must prove that products are deforestation and degradation-free, legally produced, and covered by a due diligence statement.

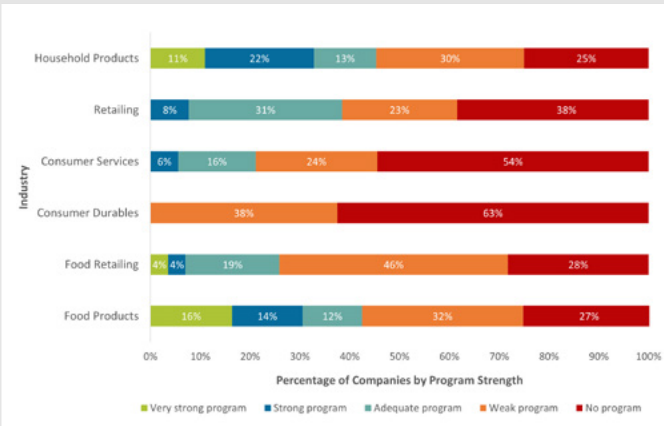
Question two: Are companies ready for compliance with the EUDR?

Using ESG Risk Ratings data, we analysed the alignment of companies' deforestation programs to the main EUDR requirements. Across relevant industries, 66% of companies have implemented some level of a deforestation program (see Figure 1). However, comprehensive management efforts are lacking, as only 20% of companies assessed have a strong or very strong program.

Even more concerning, most deforestation programs lack the proper traceability mechanisms necessary to comply with the EUDR requirements. Increased traceability and access to plot-level information can enable better decision making in supply chains to avoid forest loss[2]. As seen in Figure 2, only 13% of companies have traceability programs in place that cover their own operations as well as direct and third-party suppliers. Moreover, only 17% of these companies have sufficient monitoring of their anti-deforestation programs and only 8% have mechanisms for incident investigation and corrective action.

Compared to 2023, when we reported on the initial EUDR proposal, there has been no change in companies' performance on these criteria. Based on available disclosure, and with only a few months until its application, companies remain far from prepared for the more stringent

Figure 1. Performance of companies' deforestation program by industry



Source: Morningstar Sustainalytics. For informational purposes only. **Note:** The data for this analysis was retrieved on 12 February 2024 from Sustainalytics' Ratings+ Universe and includes 365 companies from the following industries: household products, retailing, consumer services, consumer durables, food retailing and food products.

requirements the mandatory EUDR brings. Specific improvement areas include:

• Many companies lack full traceability to plantation level

While mill-level traceability is an important intermediary step to achieving full traceability, the EUDR requires that companies trace commodities back to their origin and provide plantation-level GPS information. This also means companies must map their full supply chains, including indirect suppliers which are often difficult to locate.

• Commodity coverage is often insufficient

Many companies, especially those in the food products sector, produce or trade several different forest-risk commodities or products. Often, companies lack comprehensive reporting on all commodities and focus traceability predominantly on one commodity. Companies will need to ensure that they can provide deforestation due diligence across all relevant supply chains. This will create added complexity for companies sourcing several different relevant commodities, as traceability approaches will differ[5].

• The role of certification schemes

Recognised deforestation prevention certification schemes, such as the Roundtable on Sustainable Palm Oil (RSPO) and Rainforest Alliance, are important mechanisms to facilitate the traceability and transparency of agricultural production processes. However, certifications alone cannot prove compliance with the EUDR. Many of the certifications do not fully align with the EUDR requirements and therefore cannot ensure legal compliance[3]. Instead, certifications can be used to support the data collection process, but companies will need to have internal deforestation traceability and monitoring systems in place to ensure compliance.

Question three: What risks does the EUDR bring to companies and investors?

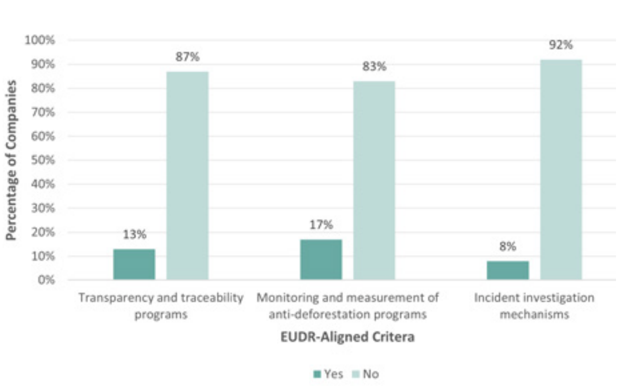
Sustainalytics' Controversy Research database has tracked 1,639 incidents related to deforestation between February 2014 and February 2024, 91% of which occurred at the supply chain level[4]. Companies linked to deforestation in their own operations and supply chains face reputational and business risks. One example is packaged food company JBS SA, which is a major supplier of Brazilian beef, among other commodities, to European food retailers. In recent years, the company has faced numerous allegations of deforestation in the Amazon. In December 2023, the New York Times reported on a lawsuit against JBS SA filed by the Brazilian state of Rondônia, over its illegal purchasing of cattle raised in protected areas[5].

Apart from the legal risk and associated financial losses, JBS has lost buyers over deforestation concerns, whereas related media coverage exacerbates the risk for reputational damage. JBS's competitor, Marfrig Global Foods SA, which derived 10% of its 2022 revenue from the European market[6], has faced similar deforestation allegations and associated risks. In 2022 the company lost a USD 200 million loan package from the Inter-American Development Bank Group amid deforestation concerns in the Amazon[7]. In September 2023, Nestle SA announced that it had dropped Marfrig as a supplier due to allegations of illegal land acquisition from Indigenous peoples[8].

The EUDR is set to impose additional costs and operational consequences. Companies failing to comply with the requirements face possible penalties, including fines up to 4% of the company's EU revenue, confiscation of revenues gained from the concerned products, and temporary prohibition of placing relevant commodities on the market[9]. Compliance checks will be carried out periodically, with a large focus on companies sourcing relevant commodities from high-risk regions, such as Brazil, Indonesia and Malaysia, where much of the forest loss occurred in 2022[10].

Figure 2. Percentage of companies meeting select EUDR-aligned criteria within their deforestation program

Source: Morningstar Sustainalytics. For informational purposes only. **Note:** TThe data for this analysis was retrieved on Feb. 12, 2024 from Sustainalytics' Ratings+ Universe and includes 365 companies from the following industries: Household Products, Retailing, Consumer Services, Consumer Durables, Food Retailing and Food Products.



Question four: How can companies prepare for implementation of the EUDR?

When the regulation comes into effect, companies should already have the relevant mechanisms in place to satisfy the EUDR requirements. Based on available evidence, Sustainalytics' ESG Risk Rating data shows that most companies are far off track to meet the mandatory due diligence component of the new law. However, some companies seem to be paving the path for their peers.

Agricultural company IOI Corp. shares in its 2023 sustainability report that it has communicated the EUDR requirements to its suppliers[11]. It is reportedly also working to strengthen its traceability to plantations and ensure assurance for the export of its palm oil products into the EU market. Other companies such as food retailer Schwarz Group and cocoa and chocolate manufacturer Barry Callebaut disclose plans to expand the scope of their deforestation programs to ensure compliance[12]. In turn, Unilever announced in March 2022 that it is piloting a blockchain technology to better track and trace its palm oil supply chain[13].

Question five: What's next for EUDR compliance?

In the next months leading up to the implementation of the EUDR, companies and investors should prepare for the potential legal and financial risks that the new regulation could bring. Investors can use a combination of ESG Risk Ratings data and controversies research to engage with companies on their alignment with the requirements and identify potential gaps.

Particular attention should be given to the strength and scope of companies' traceability and monitoring programs, to ensure that companies can meet the due diligence requirements across all relevant supply chains. ■

References

[1–13] *The many sources referenced in this text can be explored as hyperlinks through the online version of this magazine, posttrade360.com/wp-content/uploads/2024/07/PT-NOR-2024-Magazine.pdf*

Sydney Krisanda *is ESG Research Analyst, Consumer Goods, Morningstar Sustainalytics.*

Albeit that Sweden comes on about a decade later than its neighbours Denmark and Finland… Still, the way that was paved with June's affirmation by central bank Riksbanken, for a transition to the pan-European securities settlement system Target2-Securities, could impact the landscape notably, and see winners and losers. PostTrade 360° spoke with custodian SEB's Christine Strandberg.

"I don't think anyone expects **T2S** to make services cheaper"

By Alexander Kristofersson, PostTrade 360°

Technically, it was a non-decision. Regarding real-time gross settlement of pure money payments, Riksbanken decided on 18 June to seek to join the Eurosystem's platform Target2, "T2". Yet, for the settlement of securities transactions, where Riksbanken for three years has worked in an explicitly stated direction of joining the corresponding Target2-Securities platform, this was postponed to an unknown point only beyond the T2 implementation.

Even so, the decision and its motivation are contributing to the certainty of where Sweden is going. The phrasing of Riksbanken's press release about the T2 decision, sets a preliminary time line that is consistent with previous forecasts for implementation of T2 around 2030.

Delaying Sweden's connection with T2S, the securities settlement platform, to a later point than that, is in line with wishes expressed by market participants through the consultation phase. While not hugely surprising, this is one of the important certainty elements that have now thus been added.

"If the Swedish securities market, the payments market, the central bank and the CSD would all have had to migrate simultaneously, that could well have challenged the time frame," says Christine Strandberg, Head of Investor Services Banks Product Management at SEB.

Two years later would be nice

"The market stakeholders have also presented earlier that they would prefer to see two years between the implementations of T2 and T2S, to allow for a year of testing in the securities market. So the idea was to connect with T2, run a stabilisation period, then migrate to T2S, still with time for testing."

In comparison with, say, the US, Europe's capital market is a highly fragment-

Wednesday 4 September sees **Christine Strandberg** join a top panel on Sweden's T2S journey, together with Euroclear Sweden's **Sandra Holmqvist**, Citi's **Ola Mjorud** and Sveriges Riksbank's **Christina Wejshammar**. Moderator: **Urban Funered** of the Swedish Securities Markets Association.

ed affair. Without the possibility to consolidate settlement and clearing at the scale that the DTCC group does in the US, the EU has sought to lay some foundation for the possibility of cross-border competition and consolidation by standardising processes onto a shared underlying platform, over which securities depositories then manage their business. While some discussion is going on in the industry over the optimal level of competition stimulation in settlement services, most will agree that the series of hurdles is rather long. Christine Strandberg is not under the impression that anyone touts T2S as a decisive enabler of tougher competition. Anyone entering a country on the back of the shared technology platform would still be up against the national delicacies in terms of e.g. legislation regarding securities registers and types of CSD securities accounts, Companies acts, tax legislation, all managed in relation with the national regulator.

"These are not things you'll do immediately if you come in from another EU country. Yes, the Central Securities Depository Regulation makes passporting possible, but it is not like we're observing big growth in the number of companies who want to pick up these business activities."

Harmonisation, yes – T2S, well…

Christine Strandberg sees the T2S discussion as an element of a broader EU harmonisation debate in the Swedish securities market. With a coordinated "Harmonisation road map", last updated in 2023, the market univocally weighs in behind the idea of harmonising nearly as much of its processes as possible with European standards. Still, when it comes specifically to T2S, Christine Strandberg perceives that different actors can find themselves on rather different sides of the changes it brings.

"There are mixed views. International actors who may already be members of several other T2S-based CSDs tend to be more positive than purely local actors", she says.

Losers could be, for example, smaller regional banks who are today direct CSD and clearinghouse members, managing things well on their old setups – but with constraints to their business cases for investment into a new platform. Some may come to consider connecting via larger banks instead, to provide their clients with the securities services.

"I don't think anyone expects T2S to make services cheaper to the Swedish securities market. Over the long term, it could, possibly, but it would be hard to see a short-term business case on a cost basis," she adds. For Riksbanken there could hypothetically be operational advantages to the de-facto outsourcing of the platform, such as in the race against cyber crime.

"So, the general advantage to Swedish securities market participants can be harder to observe. Many aspects will come out as an advantage or a disadvantage depending on the position you see it from." ■

"These are not things you'll do immediately if you come in from another EU country. Yes, the Central Securities Depository Regulation makes passporting possible, but it is not like we're observing big growth in the number of companies who want to pick up these business activities."

THEANDRASBARTA/PIXABAY

FMI 2.0: The data and digital enabled future

FEDERICO ORLANDI/PEXELS

Contributed by Philippe Laurensy, Euroclear

In the ever-evolving landscape of financial services, Euroclear stands at the forefront of a transformative journey. As a pivotal financial market infrastructure (FMI), our legacy in offering post-trade services is well-established. Yet, the winds of change beckon us towards a new horizon – the advent of a data and digital enabled FMI – or what we like to call D²FMI.

The transformational aim

Our mission is clear: to harness the power of data and cutting-edge technology to reshape the current market model.

The traditional sequential value chain is giving way to an open, shared platform. This paradigm shift enables us to collaborate with customers, fintechs, and established institutions alike, fostering value-added data services.

The benefits are manifold – reducing costs and risks, liberating capital, expanding reach and amplifying value creation.

Technological leverage and DLT

While our technological arsenal extends beyond distributed ledger technology (DLT), it remains a cornerstone. The tokenisation of illiquid assets globally represents a staggering USD16 trillion opportunity by 2030. Yet, the journey towards institutional adoption has been punctuated by isolated innovation and small-scale initiatives lacking in ecosystem development. FMIs like Euroclear are instrumental in weaving digital asset securities into the fabric of conventional finance.

Euroclear's DLT initiatives

Our engagement with DLT is not new; we have actively participated in DLT projects with the market over the years. We also launched our DLT platform, D-FMI, with its inaugural module for digital securities issuance now operational. The World Bank's issuance of digital native notes on our platform to finance sustainable developments marks a significant milestone, with more issuers poised to follow suit.

In collaboration with the Depository Trust and Clearing Corporation (DTCC) and Clearstream, with the support of Boston Consulting Group, we recently published a white paper outlining a blueprint for an industry-wide digital asset ecosystem. The Digital Asset Securities Control Principles (DASCP) introduced in the paper are a testament to our commitment to managing regulatory compliance and mitigating operational risks.

Innovative customer-centric solutions

DLT is not a panacea, but its utility is undeniable. As an FMI, our role is to prepare and empower our customers to maximise the benefits of this technology.

Our goal is to craft innovative solutions that cater to our customers' evolving needs and propel industry progress. This includes enabling customers to optimise their balance sheets through tokenisation and unlocking new business avenues.

The human factor

The realisation of a data and digital enabled FMI hinges not only on technology and partnership with the market but also our people. Fostering a culture of collaboration, innovation and customer-centricity is paramount. We are transitioning from siloed operations to a more agile, collaborative model, uniting diverse expertise to pursue shared goals.

Our commitment to you

At Euroclear, our commitment to innovation, efficiency, and value creation remains unwavering. In partnership with our customers and the broader market, we continue to strive towards our vision of becoming a leading data and digital enabled financial market infrastructure. The journey is complex, but the destination promises a future where financial services are more integrated, efficient and responsive to the needs of a dynamic world. ■

***Philippe Laurensy,** is a Managing Director and Head of Product Strategy and Innovation for the Euroclear group. He is a member of the Euroclear Extended Management Committee and Non-Executive Director for MFEX and Greenomy. Previously, he headed the Commercial Division and was responsible for Sales, Marketing and relationships with customers across the Euroclear group.*

Read also the articles by Euroclear Sweden and Euroclear Finland, further on in this magazine.

Levelling up – one step at a time

Finally, Sweden got a decision on the future of post-trade payments and settlement. Or did they? On 18 June, the Riksbank (Swedish Central Bank) announced a decision to start negotiations with the European Central Bank (ECB) to join the payment platform called T2. Also – this is to be done prior to the affiliation to the T2S platform for securities settlements in the Swedish krona (SEK). Although the decision implied a postponement of joining T2S, Euroclear Sweden's harmonisation focus remains very strong, and the CSD does not intend to slow down the process towards joining T2S.

Contributed by Euroclear Sweden

The message from the Riksbank stated that the T2 platform handles payments made in Euro and the Danish Krone and is operated by the Eurosystem, and that the bank plans to outsource its accounts onto the ECB's platform to allow SEK to be transferred between T2 accounts. More importantly, the Riksbank stated its intention to make SEK available for settlement in the T2S platform. However, the timeline for formal negotiation with ECB was postponed, enabling a necessary timeframe for a successful migration to T2 before the move to T2S. Despite the postponement, the Riksbank stressed the importance of continued harmonisation efforts. This view is supported by Euroclear Sweden.

"Transitioning the Swedish market towards the target vision takes time and requires changes in multiple areas with practical, technical and sometimes contractual changes. The Riksbank's decision to first outsource its payments platform to T2 will allow the securities business to proceed in a more controlled manner," says Sandra Holmqvist, Chief Business Officer Financial Institutions at Euroclear Sweden.

A careful step-by-step transition is better, as this lowers the risk that comes with switching platforms and managing changes both within the securities and payment infrastructure at the same time.

"The Riksbank has listened to the Swedish market's concerns about moving to the T2 and T2S platforms in parallel, raised mainly because of resource challenges. Moving to the T2 platform prior to the T2S platform allows us to make minimal changes to the CSD system that later will become sunk costs. A transition to the T2 platform takes around five years during


AURIS/ISTOCK.COM

"Transitioning the Swedish market towards the target vision takes time and requires changes in multiple areas with practical, technical and sometimes contractual changes. The Riksbank's decision to first outsource its payments platform to T2 will allow the securities business to proceed in a more controlled manner."

which we also need to consider changes following T+1. We are in a better position to review how to make changes to settlement in the Swedish market and prepare for a migration," says Holmqvist.

The decision to use the T2S platform should therefore be taken closer to the time when an actual migration can start. The fact that the Riksbank's decision outlines a slower pace for the transition than many expected – not taking the final decision to initiate negotiations just yet – has nevertheless left some post-trade actors confused. Was this really a yes, or a no?

"We interpret the Riksbank's message as 'let's keep moving'. This is prudence that we welcome. A step-by-step process allows for us as a CSD to assess the complementary actions we need to take to succeed now that we know Riksbank's time plan", says Holmqvist.

The cautious approach to transition can however be interpreted as simply avoiding a sharp decision. This may create negative side effects. According to Holmqvist, there is already a tendency among industry players and banks to postpone harmonisation investments by connecting the investments solely to a T2S decision.

Says Holmqvist, "This would be a mistake. It takes a long time to restructure the whole ecosystem and make it sustainable. Assuming the needed changes only relate to the connection to the technical platform for T2S would cause the market to lose valuable time."

The next step for Euroclear Sweden is to start preparing for a connection to T2 for SEK alongside the Euro. Euroclear Sweden is already connected to T2 for the cash leg of Euro settlement through Bank of Finland, and the technical solution will be copied as far as possible to avoid sunk costs. The Riksbank is expected to begin the implementation project in mid-2025.

"We're not losing pace. We will continue solving each issue in a controlled fashion, on a realistic timetable. The decision doesn't change our harmonisation goal. We have a plan, and we'll stick to it," says Holmqvist. ■

Read also Euroclear Finland's article on its innovative journey, further on in this magazine.

Sandra Holmqvist *is Chief Business Officer Financial Institutions at Euroclear Sweden.*

Navigating settlement efficiency beyond the T+1 buzz

COREDESIGNKEY / iSTOCK.COM

Meritsoft
a cognizant company

Contributed by Daniel Carpenter, Meritsoft

Today, financial institutions require solutions that offer deeper insights into their settlement operations, driving changes to improve operational performance, reducing settlement failure rates. The recent implementation of T+1 in several countries, including the US and Canada, makes this more urgent. Initial data is promising – 92.76% of transactions were affirmed ahead of time on the go-live day, according to the Depository Trust and Clearing Corporation (DTCC). This alone does not guarantee that the industry has mastered one-day settlements yet, with some transactions still requiring manual intervention to complete the trades.

The preparedness for T+1 in May 2024, reflected in these early results, is a positive sign. Banks dedicated substantial resources to manage this major transition, including hiring additional staff and rigorously testing their systems and processes. But is the cost of additional resource to meet the settlement timeline sustainable? Also, the success to date does not alter the fact that the recent transition to T+1 is only one piece of the complex puzzle of global settlement operations.

Firstly, the timing of T+1's implementation coincides with a period of higher interest rates relative to the last 10 years. This exacerbates the costs associated with settlement fails through interest claims. There is little evidence to show the overall volume of trades globally has fallen and those that do fail are incurring greater costs through interest claims in this 'higher for longer' interest rate environment which only adds to the financial impact of increased staffing costs to handle T+1 settlement.

With T+1 on the doorstep in other markets, most notably the UK and the EU, the approach of deploying more bodies to handle the compressed workload will be unmanageable. This is especially true when you consider the potential complications of T+1 in the EU and how shorter settlement timelines could increase the volume of penalties payable for failed trades under the Settlement Discipline Regime (SDR) of the Central Securities Depositories Regime (CSDR), in addition to interest claims for failed trades in all markets.

> **"An example of this in action is automated transaction risk profiling and workflow tools, meaning operations teams, where necessary, can prioritise trades which empirical evidence suggests will fail."**

Manual, resource-intensive, and ultimately costly, processes are no longer adequate to navigate the current challenges in settlement operations. Financial institutions need more advanced solutions providing identification and rectification automation, along with deep insights into the detail of their settlement activities. An example of this in action is automated transaction risk profiling and workflow tools, meaning operations teams, where necessary, can prioritise trades which empirical evidence suggests will fail. Further, AI-enhanced tools can provide an extra layer of predictability, by analysing historical patterns across counterparty, asset class and region, for example, to forecast settlement statuses and prioritise trades based on their value and the associated costs of potential fails.

As the industry adapts to T+1 and prepares for similar changes in other regions, the importance of robust settlement operations cannot be overstated. Implementing these advanced solutions will position firms to effectively manage the intertwined challenges of T+1, CSDR, TMPG and interest claims on failed trades, protecting revenues and enhancing overall operational resilience. ■

***Daniel Carpenter** is CEO of Meritsoft, responsible for driving the continuing development of the company's post-trade automation solutions across global capital markets.*

Euroclear Finland embraces an innovative journey

Contributed by Euroclear Finland

In the constantly shifting area of financial services, Euroclear group is a vanguard of innovative transformation. As a central pillar of the financial market infrastructure (FMI), our reputation for delivering reliable and efficient post-trade services is firmly rooted and recognised. Euroclear group aims to leverage the strength of data and state-of-the-art technology to transform the existing market framework.

Euroclear Finland runs one of Europe's most advanced Central Securities Depository (CSD) systems, enabling a strategic focus on new data products and digital services. The company's groundbreaking approach to data and innovation sets it apart in the general European CSD landscape.

The recent successful migration to the European Central Bank's (ECB) TARGET2-Securities (T2S) platform in September 2023 marked the culmination of a decade-long journey. This milestone positions Finland with a modern, fit-for-purpose CSD, granting access to European TARGET Services. Notably, this migration represented the largest volume transition ever for the ECB.

Client-centric innovations

Euroclear Finland has shifted its focus toward data products and co-creation with clients. Hanna Vainio, CEO of Euroclear Finland, explains, "We are strengthening our position as an FMI through strategic initiatives. Our commitment to issuers, investors, and financial institutions drives sustained growth. Additionally, we continue to develop data, ESG (Environmental, Social and Governance), and digital solutions."

"As the national CSD and financial hub in Finland, Euroclear Finland holds trust at its very foundation."

Unlocking unique ownership data

Euroclear maintains Finland's digital book-entry system, which has over 2.3 million book-entry accounts. The company's new digital solutions leverage over two decades of ownership data, now available for innovative purposes. Euroclear Finland is exploring ways to harness this data for client benefit.

The first new data services, the Holdings and Transactions data application programming interface (API), allows sharing of book-entry account holdings and transaction data with third-party financial institutions, with the account owner's consent. This cutting-edge open finance product is at the forefront of innovation, unlocking CSD data to empower financial institutions to develop new products and services, enhancing customer experience and loyalty. Valuable insights have already emerged from collaborative investigations with clients, identifying several new opportunities.

Compliant Insider Services and beyond

Suvi Tyni, Chief Business Officer, emphasises client collaboration: "Euroclear Finland also introduced Insider Services, tailored for issuers and financial institutions, and to any company that needs to handle insider management."

"Our Insider Service solution is a comprehensive compliance product with streamlined compliance and risk management processes, benefiting companies and individuals with statutory insider management reporting obligations. The solution has been developed in cooperation with our clients, for their needs. We will continue to work closely with our clients, providing data insights and expanding our market offerings."

Commitment to sustainability

The Euroclear group is committed to supporting and enabling a sustainable financial marketplace while limiting its impact on the environment, providing an equitable and inclusive workplace, and conducting business in an ethical and responsible way. As such, Euroclear's new global ESG policy focuses on key areas: environment, workplace, community and governance. And ESG and sustainability play pivotal roles in Euroclear Finland's operations. Beyond compliance with industry regulations, the company actively develops its sustainable practices and wants to offer data to support its clients' ESG requirements.

Moreover, by year-end, Euroclear Finland will relocate to a new office building with the highest possible environmental certification, BREEAM Outstanding. This relocation underscores Euroclear Finland's strong dedication to improve its practices and ways of working in an environmental and sustainable way. ■

***Hanna Vainio** is the CEO of Euroclear Finland.*

***Suvi Tyni** is the Chief Business Officer of Euroclear Finland.*

Navigating new terrain: MiCA and its impact on investment firms

DKOSIG/ISTOCK.COM

Contributed by Stefano Chierici, SIX

The European Union (EU) Markets in Crypto-Assets (MiCA) regulation started applying with a phased approach from 30 June 2024. MiCA is a milestone in the development of the European market in crypto-assets and a precursor of its kind: no other jurisdictions have yet taken a comparable approach in regulating the crypto-assets space.

What does MiCA involve?

MiCA regulates several aspects of the crypto space, including:

- An EU taxonomy of crypto-assets
- The mandatory publication of crypto-assets "white papers", to be drawn up according to the templates provided by the European Securities and Markets Authority (ESMA) itself
- Authorisation requirements for crypto-assets service providers (CASP)
- Reinforced investor protection through suitability assessments and client reporting, along the same lines of the Markets in Financial Instruments Directive (MiFID II)
- Prevention of market abuse and pre- and post-trade transparency.

Which tokens and services fall under MiCA?

MiCA applies to crypto-assets. Yet, financial products having crypto-assets as underlying, tokenised traditional financial instruments and crypto-assets with no identifiable issuer do not fall within its scope. However, crypto-asset service providers providing services in respect of fully decentralised crypto-assets are covered.

With regard to the provision of crypto-assets related services, the provision to clients domiciled in the EU will be subject to MiCA, Hence, with the exception of reverse solicitation, non-EU service providers aiming at providing cross-border services to EU domiciled clients must comply with MiCA.

Uniformity of rules as well as EU passporting to offer their services across the whole EU market will be the key benefits from the regulation, along with an enhanced level of investor protection, thus making the crypto-assets market safer and ultimately more attractive for retail investors.

The impact of MiCA for the market players' regulatory compliance

MiCA aims to enhance investor protection and forces market players to establish new business processes and controls to ensure compliance with its requirements. This entails the need to establish an advisory process ensuring that the suitability of the crypto-assets offered is correctly assessed.

The crypto-assets white papers constitute the primary source of information for assessing the suitability of crypto-assets. It will be key for the market players to access a complex set of information and ingest them in their business processes. In addition, going beyond compliance, the same information can be taken into account by asset-managers to identify the assets to target for their investments.

What's happening outside of EU borders?

The increasing interest of investors worldwide for crypto-assets has led regulators to take steps to set specific rules for the issuance of crypto-assets and the provision of crypto related services to investors, to enhance investor protection. They are providing guidelines to ensure that the new assets do not become a tool for money laundering, terrorism financing and tax evasion. However, not all jurisdictions have taken a comprehensive approach and have introduced rules either through enforcement or with limited amendments to already existing legislation.

An important role in the development of local rules is being played by global standard setters: the International Organization of Securities Commissions (IOSCO) set out its recommendations on how to regulate crypto-assets markets in a final report published in November 2023 (covering market manipulation, custody and asset protection, suitability, etc.); the Basel Committee on Banking Supervision (BCBS) set its rules on the prudential treatment of crypto-asset exposures in December 2022 and the International Organization for Standardization (ISO) issued its standard ISO 24165, defining the generation and assignment to crypto-assets of a unique digital token identifier (DTI).

This will help alignment of regulations on crypto-assets globally. In any case, regardless of local rules in their home jurisdictions, even extra-EU players wanting to compete in the European arena must comply with MiCA. ■

Read also the second article "SIX looks back at some of the year's biggest milestones", on the next fold.

Challenges facing firms in post trade

MICROSTOCKHUB/ISTOCK.COM

Contributed by S&P Global Market Intelligence

The capital markets industry has faced numerous regulatory and market practice changes over the last decade, but the coming years will see further emphasis on efficiency, resilience, and transformation.

As traditional revenue streams feel the margin squeeze, asset servicers and custodians are expanding their services to support clients in other areas. This requires investment in technology and processes, including improving both external and internal data sets.

Global trends toward shorter settlement cycles and increased regulatory focus on operational resilience are driving the industry shift. These changes necessitate legacy system modernisation to determine whether they are fit and appropriate for the changing market as well as scalability to meet future volume requirements as more retail investors enter the market. The top challenges facing the post-trade space in the next five years comprise of:

1. Improving settlement efficiency

Regulators are pushing for a global shift towards a T+1 settlement cycle and are considering further reductions. European market participants are preparing for the transition to T+1, though regulators in the EU, UK and Switzerland have not yet confirmed the date.

The main driver for the move, highlighted by a June 2024 survey at The Network Forum's annual meeting in Poland, is to reduce the settlement cycle misalignment between North American and Europe.

A major challenge in Europe is synchronising multiple market infrastructures and regulatory jurisdictions. The UK and EU's settlement penalties further highlight the need for firms to address their operational efficiency.

2. Reducing operational risk and addressing resilience

Resilience and operational risk reduction have become global regulatory mantras post-pandemic with extraterritorial regulations giving firms added incentive to address deficiencies in these areas. EU regulations like the Digital Operational Resilience Act (DORA) aim to ensure firms are prepared for the potential operational outage.

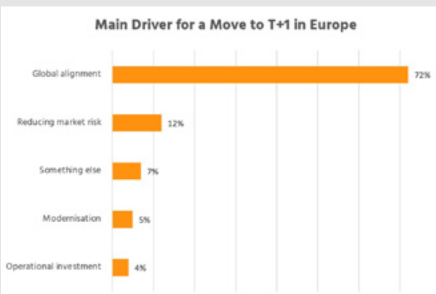
Regulators are urging firms to minimise operational risks in technology for cybersecurity and robustness as these are some of the main reasons why legacy platforms need updating, as per The Network Forum 2024 audience vote. Despite industry attention on emerging technologies like AI or DLT, firms also recognise the need to assess their existing technology stack.

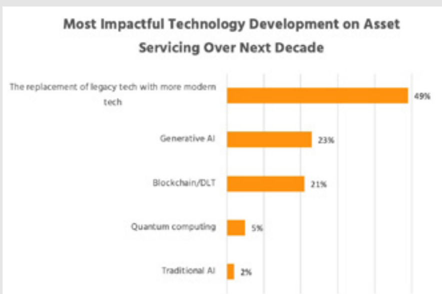
3. Monetising internal and external data sets

Firebrand Research estimates that the global industry spending on data management technology will increase to US$1.86 billion by 2025. Many in the industry are keen to enhance client services and identify new areas of opportunity to add value. This enables them to better manage resilience and operational efficiency through enhanced settlement and custody services with data and analytics capabilities via new data services.

There are many challenges for firms in introducing new services, including meeting increasingly stringent data privacy requirements. This will necessitate more investment in ensuring the quality of required internal and external data sets.

The future profitability and resilience of the industry is dependent on key investments to enable the business to grow and scale, to changing market and client requirements. ■





Source: *Voting at The Network Forum Annual Meeting 2024*

SIX looks back **at some of the year's biggest milestones**

FREEPIK

Contributed by SIX

It has been a busy time for the financial industry. After years of discussions, preparations and anticipation, the introduction of T+1 in North America went live, surprisingly without so much as a whisper.

"Trade fails are under control, FX markets are operating normally and affirmation rates have not slipped. In fact, affirmation rates actually improved during the early T+1 days. The first leg of the T+1 transition has been fairly painless, but we cannot afford to become complacent," says Jesus Benito, Head Domestic Custody and TR Operations at SIX.

But SIX has not been focusing solely on changes impacting the full industry. SIX is committed to increasing its reach and enhancing securities transactions beyond its home markets. Via its subsidiary SIX SIS, SIX is therefore expanding its network of collaboration and partnerships with providers around the globe, most recently signing a memorandum of understanding with the Korea Securities Depository. This agreement marks a collaborative effort in the realms of securities custody and settlement processes. We believe that this new partnership will boost the joint value and growth potential in Asia.

As it is important for SIX to continue innovating and providing its participants with even more efficient solutions to support their businesses, SIX launched Custody Cockpit™ earlier this year. This is a full-fledged custody solution that allows customers to take full control over their assets under SIX custody, both via web and straight-through-processing in real-time. It provides a holistic view over transactions, and seamless access to other SIX web services and we are proud of the positive feedback this solution has garnered.

"The first leg of the T+1 transition has been fairly painless, but we cannot afford to become complacent"

Clearing landscape subjected to constant change

It is not only the custody area that is facing busy times. Proposed revisions to the European Market Infrastructure Regulation (EMIR) will require EU financial and non-financial counterparties to have active accounts at EU CCPs, together with minimum clearing quotas at EU CCPs for certain euro denominated over-the-counter (OTC) derivatives.

"SIX Clearing is acutely aware of the additional funding and execution costs which euro counterparties will incur as a result of this active account requirement. In order to meet the complex challenges in the European environment, we are in the process of improving our services so that they optimally support the business models of our current and future customers. These improvements include attractive pricing models with partnership programmes for the most active customers, extended currency coverage and an expansion of accepted collateral," says Jose Manuel Ortiz, Head Clearing and Repo Ops., SIX.

What's Next?

SIX Clearing is not standing still and is constantly expanding its product and market venue reach. In particular, SIX is introducing an increased sovereign debt coverage for repo and attractive pricing with partnership programmes with liquidity providers for its repo clearing service. Additionally, SIX is hoping to expand its trading venue reach to additional European markets over the course of 2024.

"Looking forward, SIX Clearing is well positioned to develop solutions to the challenges market participants are facing in the clearing landscape. Having two CCPs under the same roof allows us to unlock synergies to meet client demand via the optimisation of the multi-asset clearing services we offer" says Ortiz. ■

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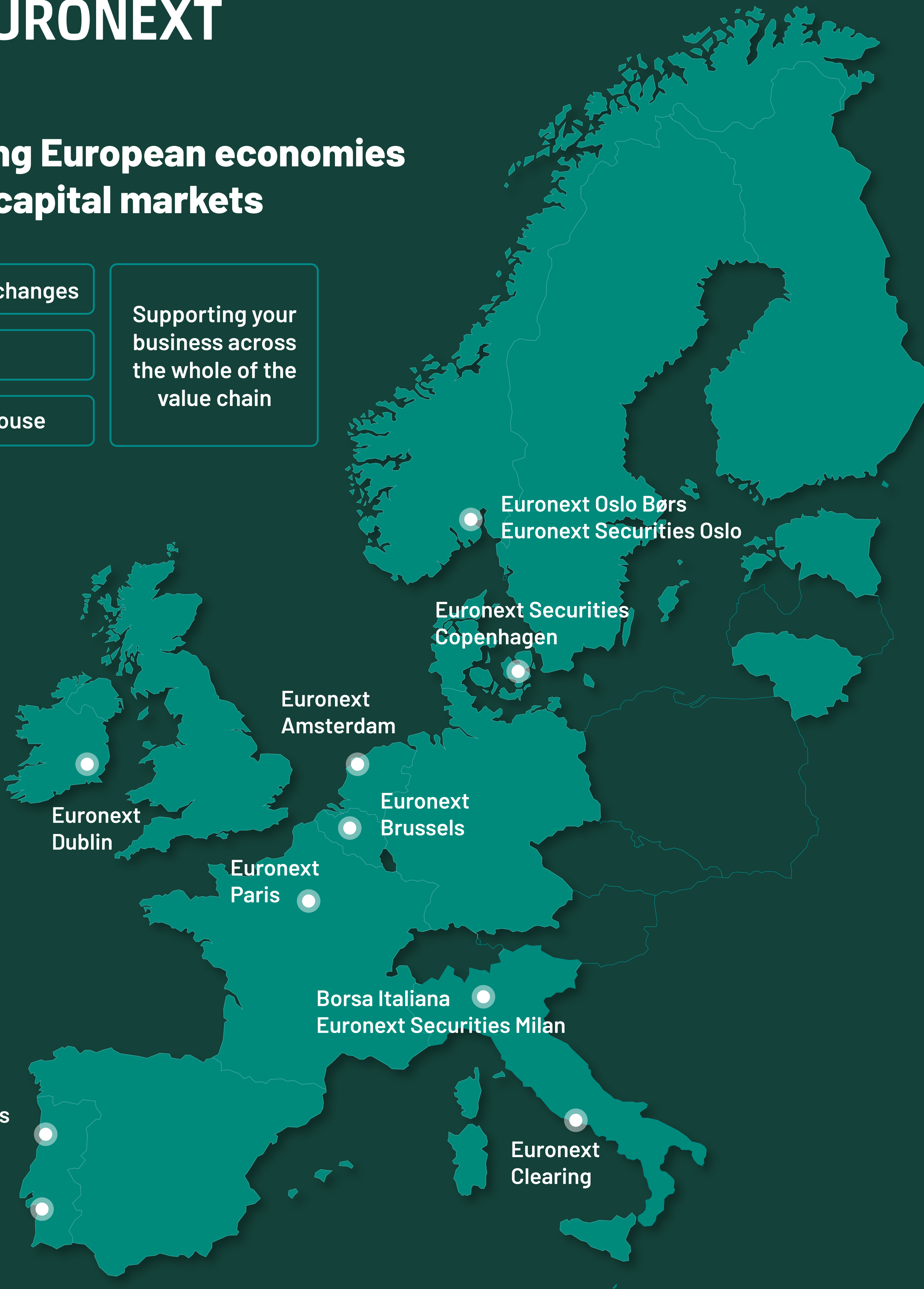

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Exploring the major capital markets trends in the Nordics

Contributed by Danny Green, Broadridge

The Nordic markets share common goals with their European counterparts, and we are now seeing a renewed focus on enhancing efficiency, upgrading infrastructure, and adapting to future market demands.

There is also a significant regional focus on environmental, social, and governance (ESG) issues, though it's worth noting that the transposition and implementation of the revised Shareholder Rights Directive (SRD II) in the Nordic markets still has an opportunity for wider market adoption.

Given developments across Europe and the rest of the world when it comes to market structure standardisation and modernisation, the Nordic markets are understandably keen to ensure they keep pace with these changes and retain their competitive edge – while keeping cybersecurity in mind and meeting the heightened requirements for operational resiliency in preparation for the EU's Digital Operational Resilience Act (DORA) in January 2025.

This means eventually moving to shorten the settlement cycle to trade date plus one day (T+1) and potentially beyond, when it makes sense. It also means connecting to centralised European platforms, such as the Target2-Securities (T2S) system, to drive cross-border efficiencies.

Adapting well to such changes in market infrastructure is essential to maintaining the long-term health and viability of the Nordic markets.

However, the "Capital markets trends in the Nordics" white paper by Firebrand Research reveals some apprehension in the Nordic markets regarding the transition to a shorter settlement cycle.

Adjusting to a new landscape

The move to a T+1 cycle in the Nordic region is anticipated to be a significant challenge due to the need for all market participants to revamp their operations to a more real-time model – and in light of the Central Securities Depositories Regulation (CSDR) penalty regime, which could potentially lead to greater costs if settlement failures increase.

The timing of the move to T+1 is still a big question mark for those in the Nordics, with most expecting the decision to be made in late 2024 but not implemented until after 2026. Some market participants have expressed deep concerns about the challenges the mismatch in settlement cycles between the North American markets and the Nordic markets will cause, but they are also keen for the domestic markets to take a measured and gradual approach to the move. Rushing to catch up with the US, Canada, and Mexico is not considered to be in the best interests of the local markets.

What is certain, however, is there is now a pressing reason for market participants to become more proactive in embracing automation and next-generation technology to help them modernise manual and often siloed processes.

Shareholder engagement is another top priority in the Nordic markets, especially concerning ESG considerations. The ESG agenda has long been a focus in the region's markets, with a particular emphasis on the 'E' and the 'G' especially. The region's differentiation is very much tied to strength in these areas, and this means a continuing focus on shareholder support and engagement. Furthermore, post-pandemic demand for digital and hybrid shareholder meetings in the Nordic markets indicates a strengthening shift towards a more digitalised issuer-to-investor chain overall.

One of the key goals is to also make the Nordic region more attractive to foreign investors. The retention of attractive local differentiators from a tax or capital raising perspective remains an understandable focus but greater standardisation and harmonisation with the EU can also deliver

APICHART_PATANA-ANEK/ISTOCK.COM

benefits, such as the ability to industrialise processes across many markets and automate as many risky manual processes as possible. Balancing local advantages with EU regulations, and implementing harmonisation where it makes sense, will help to broaden market appeal.

Financial institutions across the region are now seeking ways to improve efficiency across their operations to reduce costs and risk. There are numerous areas in which automation can reduce manual process burdens across the trade lifecycle with a view to meeting the future requirements of shorter settlement cycles. For example, the increased adoption of application programming interfaces (APIs) to facilitate faster and more efficient data delivery is on the roadmap for many Nordic market participants.

While adoption of other cutting-edge technologies, like distributed ledger, has been somewhat slower in the Nordic markets compared to other European regions, there is a growing interest in leveraging advancements such as artificial intelligence (AI) to drive revenue growth, enhance operational efficiencies, and modernise the financial services landscape.

By collaborating with technology and services partners, financial institutions can more actively explore and experiment with these technologies, positioning themselves to better capitalise on the benefits of next-generation advancements.

Keeping a close watch on cybersecurity

The system modernisation and digitalisation journey that market participants in the Nordics must undertake isn't without risks – and one such risk relates to an area of increased regulatory focus: cybersecurity and operational resilience.

The transition from manual to digital processes reduces operational risk but if it is implemented poorly, it can also result in increased cyber risks. In response, governments and regulators across the Nordic markets have focused on improving digital security within their markets over recent years. For example, the Danish government launched a cyber and information strategy back in 2018 that it has continued to bolster to reflect emerging threats.

Much like the wider European markets, Nordic countries have also cracked down on cybercrime related to terrorist financing. In 2020, the Swedish police launched the Swedish Anti-Money Laundering Intelligence Task Force (SAMLIT) and started sharing related information with the largest banks in Sweden. The focus of these efforts is on improving industry awareness of cyber threats, encouraging investment in cybersecurity, and reducing money laundering overall.

The Swedish Bankers' Association, amongst others, has indicated that much more attention and resources now need to be directed at cybersecurity within the market and has publicly praised DORA as a step in the right direction.

DORA aims to establish a clearer foundation for security and operational resilience in the financial services sector for EU financial regulators and supervisors, while also aligning with other EU measures on cybersecurity and data. DORA entered into force on 16 January 2023 and in-scope firms – such as banks, investment firms, and fintechs – must be ready for compliance from 17 January 2025.

The incoming regulation is seen as a means of compelling more firms to work with their critical third party services providers to improve their threat assessments, cyber incident management, and overall resilience. It's a positive step towards a more harmonised EU framework that will improve the digital operational resilience of financial services across the EU – but there is work to be done.

Entering an age of closer alignment

The Nordic markets are strategically aligning themselves with efficiency, ESG principles, and future technologies to maintain a competitive advantage in the global capital markets arena.

By adapting to market infrastructure changes, prioritising shareholder engagement and ESG values, and embracing cutting-edge technologies, the Nordics are positioned for success in the evolving financial landscape.

However, the geopolitical outlook for the region and the industry's increasing digitalisation mean that Nordic financial institutions must also work with their critical third party providers to address any cybersecurity weaknesses. DORA will place further pressure on firms to focus on this area over the next few years. ■

Danny Green *is Head of International Post Trade, Broadridge.*

For a more in-depth exploration of capital markets trends in the Nordics, read the full white paper by scanning the QR code.

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If schedule details change, the web and "B2match" app will offer the latest version. Btw, have you seen our platform overview on pages 2–3?

Nearly all sessions are 40 minutes.
Exceptions are noted in the headlines.

Wednesday 4 September 2024

OVERVIEW

Wednesday 4 September 2024

Topics: Custody · Settlement · Clearing · Collateral & liquidity · Technology · Regulation · The human element · Sourcing and procurement · Digital/digitalised assets · The Block Track

08:00

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Coffee?
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09:00
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(Block Track) The current practice, and promise, of DLT in ISSUANCE
Thilo Derenbach, Clearstream, **Johan Hörmark,** SEB, **Alex Krunic,** Commercial Bank of Kuwait (CBK), **Jorgen Ouaknine,** Euroclear, **Sonia Paston-Bedingfeld,** UBS **Fabian Vandenreydt,** NowCM
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Current trends in investor services
Johan Lindberg, CACEIS, **Virginie O'Shea,** Firebrand Research, **Gary O'Brien,** BNP Paribas, **Isa Ribeiro,** Clearstream Banking Luxembourg, **Adam Watson,** BNY Mellon
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Is faster better? Understanding T+1
Alan Cameron, BNP Paribas
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Post-trade regulation – the COMPLETE overview (Wednesday edition)
Hosted by JP Morgan
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(Block Track) The current practice, and promise, of DLT in ASSET SERVICING
Vic Arulchandran, Deutsche Börse, **Wayne Hughes,** BNP Paribas, **Ryan Marsh,** Citi, **Colin Parry,** International Securities Services Association, **Fabian Vandenreydt,** NowCM
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What's up next in the European Commission's campaign for settlement discipline
Gilles Hervé, European Commission
p41

Official opening: The forces shaping post trade through 2025 and beyond (55 min)
Philip Brown, Clearstream Banking SA, **Philippe Laurensy,** Euroclear, **Goran Fors,** SEB, **Thierry Chilosi,** Swift
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Bringing the issuer perspective
Maria Larsson, Svenskt näringsliv, **Tone Myhre-Jensen,** Cederquist, **Suvi Tyni,** Euroclear
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Modernizing core systems – heart surgery with low success rate or is there a reliable path?
Richard Rousset, Tietoevry Fintech Sweden AB, **Hugo Sundkjer,** Tietoevry Banking, Wealth, **Lina Troëng,** Avanza
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The future of securities services (with ISSA)
Philip Brown, Clearstream Banking SA, **William Hodash,** International Securities Services Association, **Colin Parry,** International Securities Services Association
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The TARGET Services – what's up and what's next
George Kalogeropoulos, European Central Bank
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Hear it from the players: the EQUITIES clearing market panel
Laura Bayley, SIX Clearing, **Timothy Beckwith,** Cboe Clear Europe, **Ivan Gilmore,** LSEG Post Trade, **Gabriel Vimberg,** SEB
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How are Asia and other Emerging Markets reacting to investment trends
Anand Rengarajan, Deutsche Bank, **Sean Tuffy,** Freelance
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Optimising your operating model for resiliency and scalability
Francisco Ceballos, BNY, **Adam Watson,** BNY Mellon
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Private markets to retail
Kerstin Lindgren, CACEIS
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Unifying the EU's market for financial market infrastructures – the when, who, and how (60 min)
Pierre Davoust, Euronext, **Karel Lannoo,** CEPS (CENTRE FOR EUROPEAN POLICY STUDIES), **Corentine Poilvet-Clédière,** LSEG Post Trade, **Ilse Peeters,** Euroclear, **John Siena,** Brown Brothers Harriman, **Richard Metcalfe,** World Federation of Exchanges
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Lunch?
In the Main expo hall, floor 4.
11:00–13.30 so plenty of time to avoid rush.

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Digital shift in withholding tax: FASTER, MiKaDiv, Trace & Co. challenging the financial industry
Roman von der Hoeh, RAQUEST Switzerland

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Intraday liquidity management, part 1: The sell-side themes
Olaf Ransome, 3C Advisory, **Ross Dilworth,** RDX Strategy, **Nick Jepson,** Liquidity Consultants, **Nicolas Nadeau,** National Bank of Canada, **Brian Nolan,** Finteum

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On the network manager's agenda for 2025 – Wednesday edition
Godefroid Lamboray, Clearstream, **Beatriz Molina,** The Bank of New York Mellon SA/NV, **Ulf Noren,** SEB, **Alpana Patel Johnsson,** SEB, **Alexia Salesses,** Euroclear

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The operational gains from AI, data, and cloud use cases in a private assets post-trade ecosystem
Rob Calder, Canoe Intelligence, **Matthew Goldblatt,** J.P. Morgan, **Lidia Jast,** J.P. Morgan

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Balancing scale with innovation: insights from the leading Nordic custodians
Hans Martin Aulie, DNB Bank ASA, **Mads Bøgh Arildsen-Walin,** Danske Bank, **Niklas Nyberg,** SEB, **Richard Wilson,** S&P Global

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Sweden's approach to T2S
Sandra Holmqvist, Euroclear, **Ola Mjorud,** Citi, **Christine Strandberg,** SEB, **Christina Wejshammar,** Sveriges Riksbank, **Urban Funered,** Swedish Securities Markets Association

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Technology development at the CSDs, and what's in it for participants
Indars Aščuks, Nasdaq CSD, **Alan Goodrich,** ERI, **Niels Hjort Rotendahl,** Euronext Securities Copenhagen, **Philippe Laurensy,** Euroclear, **Samuel Riley,** Clearstream Securities Services

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The fintechs, the global custodians, and their cooperation-competition balance
Alan Cameron, BNP Paribas, **Tom Casteleyn,** JP Morgan, **Virginie O'Shea,** Firebrand Research, **Adam Watson,** BNY Mellon

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The CCP market game – at strategic level (60 min)
Isabelle Girolami, LSEG Post Trade, **Matthias Graulich,** Eurex Clearing, **Patrik Löhr,** Nasdaq Clearing, **José Manuel Ortiz-Repiso,** SIX, **Vikesh Patel,** Cboe Europe, **Roberto Pecora,** Euronext Clearing, **Gabriel Vimberg,** SEB

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All-in-one or pick-and-mix? Nailing the future-proof IT architecture at the asset manager
Bastiaan Aalders, AlphaFMC, **Ulrik Modigh,** Nordea Asset Management, **Arne Martin Moen,** Storebrand Asset Management

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Our industry's state of new-technology implementations, as 2025 approaches
Roger Burkhardt, Broadridge Financial Solutions, **Francisco Ceballos,** BNY, **Duncan Cooper,** Northern Trust Asset Servicing, **Mack Gill,** FIS Capital Markets, **Virginie O'Shea,** Firebrand Research

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Suitability: From regulatory challenges to the latest trends
Kathelijne Marritt-Alers, SIX Financial Information

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The prospects of T+1 for the UK and EU
Haroun Boucheta, Securities Services, BNP Paribas, **Max Chan,** European Association of CCP Clearing Houses (EACH), **Sachin Mohindra,** Goldman Sachs, **Chiara Rossetti,** Euronext Securities

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16:00
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How America's T+1 has turned out for Europe's firms – and what's still to fix
Emma Johnson, JP Morgan, **Pete Tomlinson,** AFME, **Alan Cameron,** BNP Paribas, **Dirk Loscher,** Clearstream Banking AG, **William Hodash,** International Securities Services

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On the industry movers' minds – a conversation with ISSA Board members
Philip Brown, Clearstream Banking SA, **Roland Chai,** Nasdaq, **Margaret Harwood-Jones,** Standard Chartered, **Colin Parry,** International Securities Services Association, **Ankush Zutshi,** S&P Global Market Intelligence

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Products and partnerships – the Nordic differentiators
Henrik Reinfeldt, Swedbank, **Stuart Thompson,** State Street Bank & Trust Co

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Hear it from the players: the DERIVATIVES clearing market panel (60 min)
Christopher Anderson, Eurex, **Joanne Donaghey,** LSEG Post Trade, **James McNulty,** Euronext Clearing, **Alessandro Romani,** Nasdaq, **Francesco Somma,** SIX Clearing, **Francesco Valdini,** Cboe Clear Europe, **Gabriel Vimberg,** SEB

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16:45

Everybody, let's mingle! Main expo hall (M1, Level 4).

AGENDA

Iphone Android

Downloaded the app yet?

If schedule details change, the web and "B2match" app will offer the latest version. Btw, have you seen our platform overview on pages 2–3?

Nearly all sessions are 40 minutes. Exceptions are noted in the headlines.

Thursday 5 September 2024

OVERVIEW

Thursday 5 September 2024

Topics: Custody · Settlement · Clearing · Collateral & liquidity · Technology · Regulation · The human element · Sourcing and procurement · Digital/digitalised assets · The Block Track

08:00

Doors open. Come for a morning coffee and breakfast snack! Please have your QR code handy, either in your app or from an email we'll send to you the day before the event.

Coffee?

All day in the Main expo hall on floor 4!

09:00

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All safe? The latest and what's next in CCP recovery and resolution
Haroun Boucheta, Securities Services, BNP Paribas, **Joshua Hurley,** Davies, **Alex Krunic,** Commercial Bank of Kuwait (CBK), **Richard Metcalfe,** World Federation of Exchanges, **Randy Priem,** Financial Services and Markets Authority, **Owen Thorpe,** Cboe Clear Europe
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How markets should adopt ISO 20022 in securities services
Alex Dockx, JP Morgan, **Colin Parry,** International Securities Services Association, **Christine Strandberg,** SEB
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Post-trade regulation – the COMPLETE overview (Thursday edition)
Marcello Topa, Citi
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Time for change in the European capital market infrastructure
Pierre Davoust, Euronext
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Driving asset servicing automation: The path to transformation
William Hodash, International Securities Services Association, **John Kirkpatrick,** Broadridge, **Armanda Mago,** Citi, **Barnaby Nelson,** The ValueExchange
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Financial crime compliance (with ISSA)
Mark Gem, Clearstream, **Olivier Goffard,** Euroclear
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New possibilities in collateral management
Gael Delaunay, Clearstream, **Ingrid Garin,** BNY, **Olivier Grimonpont,** Euroclear, **Juha Sternberg,** BNP Paribas
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The stock exchanges CEO panel
Øivind Amundsen, Oslo Børs and Member of the Managing Board, Euronext, **Roland Chai,** Nasdaq, **Kristian Gårder,** SEB
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The tools out there to nail the settlements
Jennie Baisch, Swift, **Arjun Jayaram,** Baton Systems, **Per Nyquist,** Brokerway, **Sean Tuffy,** Freelance, **Tom Woolfenden,** OSTTRA
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11:00

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(Block Track) Health check on the PAYMENT leg: Ready to carry or still aching?
Rhomaios Ram, Fnality, **Phil Mochan,** Nomos Digital, **Olaf Ransome,** 3C Advisory, **Guillaume Chatain,** Societe Generale - Forge, **Elise Soucie,** Global Digital Finance
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Apples with pears. The challenge and promise of consolidating public and private market data in one operating model
Paula Avraamides, BNY Mellon, **Sahil Bhandari,** Growth Ventures
p50

Clearing 15 years on from Pittsburgh: Where next?
María José Gómez Yubero, National Securities Market Commission of Spain, **Perrine Herrenschmidt,** ISDA, **Gilles Hervé,** European Commission, **David Murphy,** LSE, **Rafael Plata,** EACH
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Securities services risks (with ISSA)
Emma Johnson, JP Morgan, **Karen Zeeb,** International Securities Services Association (ISSA)
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12:00

Pages 50–51

(Block Track) The current practice, and promise, of DLT in TRADING
Olaf Ransome, 3C Advisory, **Robert Barnes,** BPX, **John Hallahan,** Fireblocks, **Matthias Müller,** BX Digital, **Martin Watkins,** Montis Group Limited
p50

Emerging asset classes at the clearinghouses – and what clients' needs are driving the demand
Robert Bernstone, Swedbank, **Davide Masi,** Eurex, **Lennart Visser,** Cboe Clear
p51

In-house versus outsourcing – Striking the perfect balance for the operating model
Bastiaan Aalders, AlphaFMC, **Ulrik Modigh,** (former) Nordea Asset Management, **Rob Verheul,** Achmea
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T+1 and the Nordics
Danny Green, Broadridge, **Kamal Kannan,** S&P Global Market Intelligence, **Mikkel Mördrup,** Northern Trust, **Barnaby Nelson,** The ValueExchange, **Michele Pitts,** Citi
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Lunch?

In the Main expo hall, floor 4.
11:00–13.30 so plenty of time to avoid rush.

13:00
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Alternative approach to a multi-asset future in the Nordic markets
Scott Bachmann, Northern Trust, **Mikkel Mördrup,** Northern Trust
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Digital assets – the path to a regulated playing field
Hannah Meakin, Norton Rose Fulbright, **Floortje Nagelkerke,** Norton Rose Fulbright
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ESG derivatives – a look at their use and regulation
Achim Stefan Karle, Eurex, **Davide Masi,** Eurex
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On the network manager's agenda for 2025 – Thursday edition
Ulf Noren, SEB, **Ekaterina Rous,** BNP Paribas, **Ola Sveen,** DNB Markets
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What's up in the Nordic CSD scene
Kristine Bastøe, Euronext Securities Oslo, **Goran Fors,** SEB, **Niels Hjort Rotendahl,** Euronext Securities Copenhagen, **Roger T Storm,** Euroclear, **Hanna Vainio,** Euroclear
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Faster settlement creates currency conundrum
Paul Golden, Paul Golden Writing Services, **Peter Herrlin,** Northern Trust Bank, **Katie Renouf,** Mesirow, **Tara Taylor,** State Street Global Markets, **Nathan Vurgest,** Record Currency Management
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Intraday liquidity management, part 2: The investor-side and corporate view
Olaf Ransome, 3C Advisory, **Mark Croxon,** Thames Bench Ltd, **Imran Razvi,** The Investment Association, **James Sehgal,** Tonic
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Operational resilience (with ISSA)
Karen Zeeb, International Securities Services Association (ISSA), **Alejandra Glass,** DTCC
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The use of advanced technology in the financial industry - opportunities and risks seen from a sustainability perspective
Ida Bohman Steenberg, Tietoevry, **Marja Carlsson,** Nordnet, **Erika Eriksson,** Tietoevry, **Tomas Zimmermann,** Swedbank AB
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Defending against AI driven cyber attacks
William Rimington, Thomas Murray Cyber Ltd
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FIDA and the future of financial services
Alan Goodrich, ERI
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Official closing - Ready for the dinner? Insights on being social with fellow Nordic people and how culture shapes behaviours
Julien Bourrelle, Mondå Forlag
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The ESG data conundrum for asset managers
Cecilia Cisana, Morningstar Sustainalytics, **Isabelle Delorme,** Euroclear, **Valeria Dinershteyn,** Northern Trust Asset Management, **John Erikmats,** SEB Asset Management, **Therese Niklasson,** Newton Investment Management (BNY IM)
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Unravelling the optimisation conundrum
Joshua Hurley, Davies, **Neil Murphy,** OSTTRA, **Erik Petri,** OSTTRA
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(Block Track) Conclusions: The promise of DLT across the links of the post-trade process
Horacio Barakat, Broadridge Financial Solutions, **Thilo Derenbach,** Clearstream, **Katie Emerson,** J.P. Morgan, **Hannah Meakin,** Norton Rose Fulbright, **Colin Parry,** International Securities Services Association
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Dig where you stand! The PostTrade 360° editor's tips for your content marketing
Alexander Kristofersson, PostTrade 360°
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There's Always a Finreg Angle Podcast LIVE!
Virginie O'Shea, Firebrand Research, **Sean Tuffy,** Freelance, **Jonathan Watkins,** Global Custodian
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16:45
Everybody, let's mingle! Main expo hall (M1, Level 4).

18:30
Dinner. Main Congress Hall. Personal dinner registration required. You should see it in your personal schedule.
Take your seat from 18:30 for programme starting 19:00. Isaac And The Soul Company will have us dancing.

WEDNESDAY 4 SEPTEMBER

8:00

Doors open. Come for a morning coffee and breakfast snack!

Main expo hall (M1, Level 4)

Please have your QR code handy, either in your app or from an email sent to you the day before.

9:00

(Block Track) The current practice, and promise, of DLT in ISSUANCE

Room C1, Level 2

Panel • Technology • Digital/digitalised assets • The Block Track

Stakeholders sharing a "golden source" of data – replacing all the need to shovel documents – is one vision that issuance based on distributed ledger technology might just make real. Then, indeed, when the issued securites themselves can be loaded with smart contracts to execute the cashflows that result from them, the whole post-trade section of the life-cycle could change radically as a consequence.

The progress today is rapid, so where is reality at in September 2024, and what could be efficient approaches for us as market participants from here on?

Thilo Derenbach, Head of Sales & Business Development, Digital Securities Services, Clearstream
Johan Hörmark, Business Development, SEB
Alex Krunic, Advisor to the Chairman, Commercial Bank of Kuwait (CBK)
Jorgen Ouaknine, Global head of innovation and Digital Assets, Euroclear
Sonia Paston-Bedingfeld, Managing Director, UBS
Fabian Vandenreydt, Chief Product and Partnership Office, NowCM

Curious for a backgrounder? Why not check out the coverage of our 2022 Copenhagen session on the topic? posttrade360.com/news/technology/with-dlt-issuance-can-be-easier-and-the-securities-more-powerful/

"The block track" offers a series of sessions zooming in on applications of DLT in different parts of the post-trade landscape. We look at today's reality as well as tomorrow's possibilities. Each session is standalone, so you can pick your favourite ones. Yet, as a whole, the track offers a unique possibility both for expert post-trade DLT watchers and beginners to get deep and network.

Current trends in investor services

Room C4, Level 2

Panel • Custody

Some things get easier, some things get harder. Some processes get standardised, but investors' demand for customised services can still drive operational complexity. Then, of course, last years' interest-rate fluctuations have had a big impact on custodians (with higher rates being a positive for them).

All in all, what are the broad changes in play, and how should asset managers navigate their evolving service offers?

Johan Lindberg, Managing Director, Head of Regional Coverage Nordics, CACEIS
Virginie O'Shea, Founder and CEO, Firebrand Research
Gary O'Brien, Head of Bank and Broker Segment Strategy, BNP Paribas
Isa Ribeiro, Regional Director, Clearstream Banking Luxembourg
Petra Sjögerås, Head of Nordic Region, Northern Trust
Adam Watson, Global Head Commercial Product- Custody, BNY Mellon

Is faster better? Understanding T+1

Room C3, Level 2

Keynote • Custody • Settlement • Clearing • The human element • Regulation

BNP PARIBAS

Now that the US is on T+1, and the UK is preparing for it, Europe has to decide what to do. What are the important considerations? Why is enthusiasm so muted? What is the route ahead? Join Alan Cameron of BNP Paribas as he shares his view on potential operational issues under T+1, risk reduction, as well as the story so far in Europe's transition.

Alan Cameron, Head of Advisory FIC Client Line, BNP Paribas

Post-trade regulation – the COMPLETE overview (Wednesday edition)

Room C2, Level 2

Keynote • Regulation

J.P.Morgan

DORA, CSDR, EMIR, SRD II, WHT FASTER, CSRD, SFDR, MiFID … and then the CMU, T2S, T+1, not to mention everything coming up around crypto and tokenisation. Us post-trade folks love our regulation acronyms but this is the session that goes into what they actually mean – for you. J.P. Morgan's Alex Dockx, on Wednesday, and Citi's Marcello Topa, on Thursday, will present their fully independent takes on the topic, so if you are into this (and who isn't?), join both!

10:00

(Block Track) The current practice, and promise, of DLT in ASSET SERVICING

Room C1, Level 2

Panel • Custody • Technology • Digital/digitalised assets • The Block Track

Distributed ledger technology promises plenty simplification to processes in the asset servicing domain – but how is it actually panning out, and how should I take action over it?

Seek a bit of background? PostTrade 360° Copenhagen 2022 featured this session with Goldman Sachs' Amar Amlani, interviewed by Olaf Ransome: posttrade360.com/news/technology/these-will-be-the-two-stages-of-digitalisation-in-settlement-and-custody/

"The block track" offers a series of sessions zooming in on applications of DLT in different parts of the post-trade landscape. We look at today's reality as well as tomorrow's possibilities. Each session is standalone, so you can pick your favourite ones. Yet, as a whole, the track offers a unique possibility both for expert post-trade DLT watchers and beginners to get deep and network.

Iphone Android

Downloaded the app yet?

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Vic Arulchandran, Director, New Digital Markets, Deutsche Börse
Wayne Hughes, Head of Digital Assets, Securities Services, BNP Paribas
Ryan Marsh, Head of Digital Assets & Innovation, Securities Services, Citi
Colin Parry, CEO, International Securities Services Association
Fabian Vandenreydt, Chief Product and Partnership Officer, NowCM

What's up next in the European Commission's campaign for settlement discipline

Room C2, Level 2
Keynote • Settlement • Regulation

In the never-ending quest for greater efficiency and financial stability in the EU's markets, the European Commission announced a refit of the decade-old Central Securities Depositories Regulation (CSDR) last year. What followed was a flurry of controversy surrounding two proposals within the refit: progressive penalties for settlement fails and mandatory buy-ins (MBIs).

Heeding the input from the industry, the commission is now holding off on implementing the MBIs, instead stating that it will only be considered if the penalty mechanism has proven to be insufficient in preventing a level of fails that could impact the EU's financial stability.

What is the commission's perspective on the CSDR as it currently stands, and how likely are MBIs to be implemented given the progress so far? Join Gilles Hervé in this session to hear it straight from the horse's mouth.

Gilles Hervé, Senior Policy Officer at European Commission, European Commission

Official opening: The forces shaping post trade through 2025 and beyond (55 min)

Main Congress Hall (A1, level 4)
Panel • Custody • Settlement • Clearing • Collateral and liquidity • Technology • The human element • Regulation • Sourcing and procurement • Digital/digitalised assets

Let's grasp the full picture. The official opening session of PostTrade 360° Nordic 2024 sees a panel featuring some of our industry's most central strategic decision makers. What's on their horizon? What are the changes rolling in – and how should financial institutions leverage them to their advantage?
Conference moderator: Göran Fors, SEB.

Philip Brown, CEO, Clearstream Banking SA
Philippe Laurensy, Global Head of Group Product Strategy & Innovation, Euroclear
Goran Fors, Deputy Head of Investor Services, SEB
Thierry Chilosi, Chief Business Officer, Swift

11:00

Bringing the issuer perspective

Room C4, Level 2
Fireside Chat • Collateral and liquidity • Technology • Regulation

Common standards and related harmonization promise efficiencies in the coming years for financial institutions and investors. But what about the issuers' perspective? What are their needs and pain-points? Can developments such as SRD, ISO20022, digital voting and hybrid meetings offer meaningful improvements for them? Join us as we get issuers and financial institutions around the table to discuss what would move the needle in their world.

Maria Larsson, Senior legal advisor, Svenskt näringsliv
Tone Myhre-Jensen, Managing Partner, Cederquist

Modernizing core systems – heart surgery with low success rate or is there a reliable path?

Room C1, Level 2
Panel • Technology • The human element • Sourcing and procurement

Modernizing core systems can be perceived as a challenging and high-risk endeavor. In this session, Tietoevry Banking and Avanza will delve into their joint transformative journey of Avanza's adoption of Tietoevry Banking's core post-trade system, AbaSec. Esteemed experts with firsthand experience in this process will share their insights, lessons learned, and best practices aimed at ensuring a successful outcome. Join to gain valuable knowledge and actionable strategies for your own modernization initiatives.

Richard Rousset, Senior Product Advisor, Tietoevry Fintech Sweden AB
Hugo Sundkjer, Head of Strategy, Business Development and Sales, Tietoevry Banking, Wealth
Lina Troëng, Head of PMO, Avanza Bank

Continued

SCANRAIL/ISTOCKPHOTO.COM

Coffee?
All day in the Main expo hall on floor 4!

Lunch?
In the Main expo hall, floor 4, and its on us!
11:00–13.30 so plenty of time to avoid rush.

AGENDA

Nearly all sessions are 40 minutes. Exceptions are noted in the headlines.

Wednesday 4 September 11:00
Continued...

The future of securities services (with ISSA)

Room C3, Level 2

Panel • Custody • Settlement • Collateral and liquidity • Technology • Regulation • Sourcing and procurement • Digital/digitalised assets

ISSA has closely investigated the ten drivers that are forming your securities services of tomorrow. Its experts are set to share the outcome with you in Stockholm this Wednesday morning.

A deep-looking 2020 report by the International Securities Services Association (ISSA) turned the light onto ten forces that are driving the industry's change – often emanating from the businesses and operations of its clients. Yet its research didn't stop there so join in for the oven-fresh update. In the report, two sets of forces were singled out as particularly transformative: firstly,

• the shift in investor behaviour towards passive and ESG-driven investments which is driving down the premium paid for active management, and secondly,

• a range of changes in technology and technology-enabled competition – including the possibility of disruption by 'Big Tech'.

The list also featured…

• financial deepening and globalization,
• increased adoption of new technology,
• increased data and associated use cases,
• emerging new risks,
• increased sourcing and partnerships, and
• uncertain regulation.

So today – or rather, tomorrow – what is it we will face, and how will how is your business positioned for it?

Philip Brown, CEO, Clearstream Banking SA
William Hodash, Working Group Coordinator, International Securities Services Association
Colin Parry, CEO, International Securities Services Association

ISSA's highly active participation with PostTrade 360° Nordic ensures a great opportunity to update yourself on the cutting edge. In addition to the list of ISSA-hosted sessions, you'll find members of its board and working groups across other sessions, too.

Not least, the session "On the industry movers' minds – a conversation with ISSA Board members" at 16:00 today which will form a great natural combo.

The TARGET Services – what's up and what's next

Room C2, Level 2

Keynote • Settlement • Collateral and liquidity • Technology • Regulation

As Deputy Head of the ECB's market infrastructure development division, which manages the development of the TARGET Services, George Kalogeropoulos coordinates all efforts around onboarding of new markets and currencies to the services, including the Nordics.

Post-trade components among the TARGET Services include TARGET2-Securities ("T2S") as the pan-European platform for settlement (which Denmark and Finland have boarded but Sweden and Norway haven't yet) – and, starting November 2024, the Eurosystem Collateral Management System (ECMS). Join the session for a consolidated look into the most systemic underpinning of Europe's securities infrastructure and how it is evolving.

George Kalogeropoulos, Deputy Head of Division, DG Market Infrastructure and Payments, European Central Bank

12:00

Hear it from the players: the EQUITIES clearing market panel

Room C3, Level 2

Panel • Clearing

They'll spoil you with insightful analysis, but yes – the occasional sales-competition tackle has been observable, too, through the years. The PostTrade 360° on-stage meetings of representatives from the large clearing operators have established themselves as a regular highlight throughout our strings of national events in the past. As we now consolidate this to the pan-Nordic scope, we split it up between equities and derivatives. Gabriel Vimberg's moderatorship should still offer a sense of recognition.

Laura Bayley, Head Clearing Services & CEO, SIX Clearing
Timothy Beckwith, Head of Commercial & Business Development, Cboe Clear Europe
Ivan Gilmore, Head of Cash Equities, LCH, London Stock Exchange Group
Gabriel Vimberg, Head of Derivatives Clearing, SEB

How are Asia and other Emerging Markets reacting to investment trends

Room C1, Level 2

Fireside Chat • Custody • Settlement • Collateral and liquidity • Sourcing and procurement

Are EM flows still attractive? What are the emerging trends and how are regions like Asia capitalising on these new trends? Will these trends redefine Asset Services?

Anand Rengarajan, Global Head of Sales & Head of Asia Pacific, Middle East and Africa, Securities Services, Deutsche Bank
Sean Tuffy, Independent Consultant, Freelance

Optimising your operating model for resiliency and scalability

Room C4, Level 2

Fireside Chat • Custody • Collateral and liquidity • Technology

With the digital transformation that is currently sweeping through the industry, resilience and scalability are the two words on everyone's lips. On the one hand, technology can transform, streamline, and scale our operations; on the other hand, it can become the weakest link in the chain, the gateway through which vulnerable systems are exposed to cyber risks. How can organisations harness technology while avoiding its pitfalls? In this session, get an insight into how BNY manages this balance for its clients.

Francisco Ceballos, Head of Product, Data & AI, BNY
Adam Watson, Global Head Commercial Product- Custody, BNY Mellon

Intraday liquidity management, part 1: The sell-side themes.

Wed 13:00. *From top left: Ross Dilworth, RDX Strategy; Nick Jepson, Liquidity Consultants; Nicolas Nadeau, National Bank of Canada; Brian Nolan, Finteum; Olaf Ransome, 3C Advisory. This page.*

Private markets to retail

Room C2, Level 2

Keynote • Custody • Collateral and liquidity • Technology • Sourcing and procurement

Kerstin Lindgren, Client Coverage Nordics, Director, Caceis

Unifying the EU's market for financial market infrastructures – the when, who, and how (60 min)

Main Congress Hall (A1, level 4)

Panel • Settlement • Clearing • Regulation

The EU is envisioning its Capital Markets Union but so far, financial markets infrastructures have largely remained domestic businesses organised per member state, under scarce competition. (Their supervisory authorities, too, are still national.) Who benefits and loses from this, and what changes are we realistically up for? What setup would best support the continent's financial market, which – at least on comparison with the US – shows a lacklustre performance?

On the panel, meet top seniors representing European exchanges, CSDs and clearinghouses alike, joined by competition advocate Karel Lannoo (interviewed by PostTrade 360°, see pages 6–8).

Pierre Davoust, Head of Central Securities Depositories & Member of the Executive Committee, Euronext
Karel Lannoo, Chief Executive Officer, CEPS (Centre For European Policy Studies)
Corentine Poilvet-Clédière, CEO, LCH SA, LSEG Post Trade
Ilse Peeters, Head of Government Relationships & Public Affairs, Euroclear SA/NV
John Siena, Associate General Counsel, Brown Brothers Harriman
Richard Metcalfe, Head, Regulatory Affairs, World Federation of Exchanges

13:00

Digital shift in withholding tax: FASTER, MiKaDiv, Trace & Co. challenging the financial industry

Room C3, Level 2

Keynote • Custody • Technology • Regulation • Sourcing and procurement

Tax digitalization is gaining momentum. If all member states agree, FASTER will be implemented across Europe by 2030. The BZSt aims to launch its digital reclaim interface by 2025, at the same time the new MiKaDiv reporting procedure becomes mandatory for custodians and domestic paying agents. What drives this push for digitalization? While the digization efforts are commendable, the complexity and challenges for financial institutions remains high – let's shed a light on the status quo, scenarios and impacts for financial instiutions to adapt those new regulations.

Roman von der Hoeh, Managing Director, RAQUEST Switzerland

Intraday liquidity management, part 1: The sell-side themes

Room C1, Level 2

Panel • Collateral and liquidity

Regulatory scrutiny on liquidity management in financial services firms has been heightened in recent years, but the time might soon come when all involved could lighten up a little. Instant payment-versus-payment (PvP) settlement with currrency exchange is a reality that might not be far off in the horizon, promising transactions with no settlement risk. A few innovative firms are harnessing DLT to build payment solutions and intraday repo marketplaces that, when used in combination, will make such transactions possible.

This panel asks some pertinent questions: What are some of the new tools for intraday, real-time liquidity management and is an intraday repo market the be-all and end-all for achieving it? Are our current capabilities for margin management good enough? Are we paying enough attention to the cost of liquidity, and will DLT and tokenisation change anything?

Olaf Ransome, Director, 3C Advisory
Ross Dilworth, Strategy and Advisory, RDX Strategy
Nick Jepson, Founder, Liquidity Consultants
Nicolas Nadeau, Senior Manager - Intraday Liquidity, National Bank of Canada
Brian Nolan, Co-founder and CEO, Finteum

Is intraday liquidity management your thing? Make sure to also check out the session Part 2: The investor-side and corporate view on Thursday 5 September 14:00.

Seek a backgrounder? Read our recent Deep Look article "Banks still hitting the buffers on intraday liquidity management", featuring five interviewed experts on pages 56–58.

Continued

Coffee?
All day in the Main expo hall on floor 4!

Lunch?
In the Main expo hall, floor 4, and its on us! **11:00–13.30** so plenty of time to avoid rush.

AGENDA

Nearly all sessions are 40 minutes. Exceptions are noted in the headlines.

Wednesday 4 September 13:00
Continued...

On the network manager's agenda for 2025 – Wednesday edition

Room C2, Level 2

Panel • Custody • Regulation

Today's custodian banks operate under an increasingly complex environment. Technology is bringing new possibilities to the sector, but also unprecedented cyber related threats. Trade is more global than ever, necessitating the management of services across multiple jurisdictions, and the corresponding operational challenges and risks. As regulators tighten their oversight, compliance has become trickier, and the reporting burden, heavier.

Caught in the whirl of it all are network managers. Their role has evolved from managing the flow of operations across an institution to include risk management and relationship management with sub-custodians – and it's likely to keep evolving.

This session takes a look at what the near future might look like for network managers. What are some of the challenges that they might face, and how should they adapt to stay on top? Moderator: Ulf Noren

Godefroid Lamboray, Head of Network Management, Clearstream
Beatriz Molina, Managing Director, The Bank of New York Mellon SA/NV
Ulf Noren, Sales & Relationship Manager Sub-Custody, SEB
Alpana Patel Johnsson, Head of Risk & Market Advocacy, SEB
Alexia Salesses, Director, Network Management, Euroclear Bank

The operational gains from AI, data, and cloud use cases in a private assets post-trade ecosystem

Room C4, Level 2

Panel • Technology

J.P.Morgan

Artificial intelligence (AI), data, and cloud might just be the three biggest buzzwords in fintech today. On paper, they offer many possibilities in post-trade operations. But is the picture in actual application as rosy? What are some appropriate use cases and best practices that should be considered for realising the full potential of these tools in the private asset sector?

Rob Calder, Enterprise Sales Executive, Canoe Intelligence
Matthew Goldblatt, Head of Investment Operations Solutions Sales EMEA, APAC, J.P. Morgan
Lidia Jast, Head of Sales, Securities Services, Sweden, J.P. Morgan

14:00

Balancing scale with innovation: insights from the leading Nordic custodians

Room C1, Level 2

Panel • Custody • Settlement • Collateral and liquidity • Technology

As the custody services landscape increasingly experiences the commoditization of core services, with intensified competition, constant regulatory change and continued market consolidation, firms continue to rely on scale and efficiency to drive growth, but over the last few years technology driven innovation and collaboration has become central to their agenda. Join this session as the leading custodians in the Nordics discuss some of these challenges, and provide insights, on how they are re-positioning themselves for the future.

Hans Martin Aulie, Head of Clients & Producs, DNB Bank ASA,
Mads Bøgh Arildsen-Walin, Product Owner, Danske Bank
Niklas Nyberg, Head of Global Custody, SEB
Richard Wilson, Commercial Product Management, S&P Global

Sweden's approach to T2S

Room C3, Level 2

Panel • Settlement • Regulation

By implication, Riksbankens decision on 18 June, to seek membership with the Eurosystem's wholesale payments platform T2, shed light also on what we can expect in relation to the securities side – the T2S. Sweden's go-live would probably not happen until some year after 2030 but still, the direction towards joining seems determined – a development that could impact the market participant landscape notably, and see winners and losers.

Sandra Holmqvist, Chief Business Officer - Financial Institutions, Euroclear Sweden
Ola Mjorud, Nordic Head of Securities Services, CITI
Christine Strandberg, Head of Investor Services Banks Product Management, SEB
Christina Wejshammar, Head of Payments Department, Sveriges Riksbank
Urban Funered, CEO, Swedish Securities Markets Association

For background, read our recent interview with Christine Strandberg, page 22

Technology development at the CSDs, and what's in it for participants

Room C4, Level 2

Panel • Settlement • Technology

With CSDs at the heart of securities-industry practicalities at large, their progress in the systems area is of close interest for a large part of the community. What's up, and who's affected?

Indars Aščuks, CEO, Nasdaq CSD
Alan Goodrich, Regional Sales Manager, ERI
Niels Hjort Rotendahl, CEO, Euronext Securities Copenhagen
Philippe Laurensy, Global Head of Group Product Strategy & Innovation, Euroclear
Samuel Riley, CEO, Clearstream Securities Services

The CCP market game – at strategic level

***Wed 14:00**. From left, top row: Isabelle Girolami, LCH; Matthias Graulich, Deutsche Börse; Patrik Löhr, Nasdaq Clearing; Vikesh Patel, Cboe Clear Europe. Bottom row: Roberto Pecora, Euronext Clearing; José Manuel Ortiz-Repiso, SIX; Gabriel Vimberg, SEB. Page 45*

Coffee?

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Lunch?

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The fintechs, the global custodians, and their cooperation-competition balance

Room C2, Level 2

Panel • Custody • Technology • Sourcing and procurement • Digital/digitalised assets

Cloud connectivity, DLT, regulation and fee pressures are only some of the many drivers behind the technological innovation and system investments in the post-trade area. With new offers, upcoming "fintechs" can seem to challenge incumbent asset servicing firms and their traditional system providers in some areas. But, at the same time, many new alliances are built for shared gain – for example with custodians adding new third-party services as plugins, offering mutual clients a shortcut to system integration.

The emerging map can be difficult to navigate not only for the providers themselves, but not least also for firms on the user side. What are the new services and offers that will cause most change to the everyday work of operations professionals across the investments industry? How will these services be delivered/accessed? And what advice would the experts give to firms who consider endorsing new technical capabilities, in some different situations?
Moderator: Virginie O'Shea

Alan Cameron, Head of Advisory FIC Client Line, BNP Paribas
Tom Casteleyn, EMEA Head of Custody, JP Morgan
Virginie O'Shea, Founder and CEO, Firebrand Research
Adam Watson, Global Head Commercial Product- Custody, BNY Mellon

The CCP market game – at strategic level (60 min)

Main Congress Hall (A1, level 4)

Panel • Clearing • Collateral and liquidity • Regulation • Sourcing and procurement

Every game needs a strategy – so does the one that CCPs play. What are some of the biggest questions Europe's clearing landscape is facing today, and the strategies that can be deployed to tackle them? Get into the minds of some of the industry's most senior leaders to understand how to excel at the CCP market game.
Moderator: Gabriel Vimberg

Isabelle Girolami, CEO, LCH Ltd, LSEG Post Trade
Matthias Graulich, Executive Board Member, Eurex Clearing
Patrik Löhr, CEO, Nasdaq Clearing
José Manuel Ortiz-Repiso, Head of Clearing & Repo Operations, SIX
Vikesh Patel, President, Cboe Europe
Roberto Pecora, CEO & General Manager, Euronext Clearing
Gabriel Vimberg, Head of Derivatives Clearing, SEB

15:00

All-in-one or pick-and-mix? Nailing the future-proof IT architecture at the asset manager

Room C4, Level 2

Panel • Technology • The human element • Sourcing and procurement

To a high degree, managing asset management operations is very much to manage the systems that churn the transactions. And who would be more qualified to reflect on this than two of the Nordics' most senior operating officers: Ulrik Modigh and Arne Martin Moen?

The title illustrates one of the questions – where to go on the scale from all-in-one solutions to the idea of a cherry-picked selection of best-of-breed modules. Another scale is that from early- to late-adopter; then which automation level we target, etc. Outside the asset manager world, we see both custodians and system providers trying to position themselves increasingly as one-stop-shops for a growing range of modular services, hoping to maintain a client relation that stays as exclusive as possible. Is this what asset managers want, or just the dream of the providers themselves?

Here Ulrik and Arne Martin discuss the main features of their system architectures, which strategic considerations shaped it, and could possibly do so going forward. Let the meeting of professionals from different organisations give you the more nuanced picture of what different drivers and selection criteria are in play – and what happens when the new technical capabilities meet with the operational reality.
Moderator: Bastiaan Aalders.

Bastiaan Aalders, Director, EU Operations Practice, AlphaFMC
Ulrik Modigh, Chief Operating Officer. (former) Nordea Asset Management
Arne Martin Moen, Chief Operating Officer, Storebrand Asset Management

Our industry's state of new-technology implementations, as 2025 approaches

Room C3, Level 2

Panel • Technology • The human element • Sourcing and procurement

As much as we love those bold tech visions for the future, most technology efforts in our daily work are about established technology and how we should apply it under our unique circumstances. What implementations are we busy with right now, how do we manage them, and in what areas do we see our most promising next ones?

Roger Burkhardt, CTO Capital Markets, Broadridge Financial Solutions
Francisco Ceballos, Head of Product, Data & AI, BNY
Duncan Cooper, Chief Data Officer, Northern Trust Asset Servicing
Chris Daniels, Chief Data Officer - Corporate Bank, Deutsche Bank
Mack Gill, Head of Securities Processing, FIS Capital Markets
Virginie O'Shea, Founder and CEO, Firebrand Research

Continued

AGENDA

Nearly all sessions are 40 minutes. Exceptions are noted in the headlines.

Wednesday 4 September 15:00 Continued...

Suitability: From regulatory challenges to the latest trends

Room C2, Level 2

Keynote • Regulation • Digital/digitalised assets

SIX Suitability is a mandatory regulatory matter, requiring financial professionals dealing with investors to ensure that they are offering the most suitable product for an investor's profile. Most would therefore argue that there is little here to worry about for those in the post-trade space. However, with the world in a state of increasing geopolitical uncertainty, the use of sanctions and exclusions is unlikely to abate anytime soon. In addition, the emergence of digital assets is causing similar surprises for the unprepared.

Whereas new risk management and taxation approaches can quickly turn instruments into "toxic* assets. This session will explore why the assumption that this does not affect all of us is wrong and will analyse use cases and approaches that financial institutions can take to address these challenges.

Kathelijne Marritt-Alers, Senior Product Manager, Financial Information, SIX Financial Information

The prospects of T+1 for the UK and EU

Room C1, Level 2

Panel • Custody • Settlement • Clearing • Regulation

Observing that Europe is more complex than North America is the easy bit. Now, the question is still what action we should take when it comes to shortening the settlement cycle – in the EU, the UK, and elsewhere. Could the UK go first into T+1, or would the market prefer coordination with the EU? And indeed, when will we be ready for it at all? Three months into the American T+1 outcome, let's meet up to take the temperature on Europe's attitudes and circumstances.
Moderator: Max Chan, EACH.

The new format of the PostTrade 360° conference allows us to go deeper than ever into the systemic details. While this session looks at Europe's own possible moves towards T+1 settlement in its markets, also don't miss this other session "How America's T+1 has turned out for Europe's firms – and what's still to fix" at 16:00 today.

Haroun Boucheta, Head of Public Affairs, Securities Services, BNP Paribas
Max Chan, Risk Policy Adviser, European Association of CCP Clearing Houses (EACH)
Sachin Mohindra, Executive Director, Goldman Sachs
Chiara Rossetti, Regulatory and Government Affairs, Lawyer, Euronext Securities

16:00

How America's T+1 has turned out for Europe's firms – and what's still to fix

Room C2, Level 2

Panel • Custody • Settlement • Collateral and liquidity • Technology • The human element

With few reports of trouble, and over 3 billion dollars seemingly freed up overnight from the collateral chests of US clearinghouse NSCC (so, a quarter of 12 in total), America's late-May move to its shorter settlement cycle appears to have been, overall, a success.

But let's get more specific – and more European! How have our firms, in various roles, navigated the new process requirements and what have been their outcomes? Have some approaches paid off better than others? And what will be the right things to do for the operation of your own business, going forward? Meet this panel of absolute top industry seniors, moderated by AFME's Pete Tomlinson and representing different links along the chain from banks to securities services providers and infrastructure operators.

Emma Johnson, Executive Director, JP Morgan
Pete Tomlinson, AFME,
Alan Cameron, Head of Advisory FIC Client Line, BNP Paribas
Dirk Loscher, CEO, Clearstream Banking AG
William Hodash, Working Group Coordinator, International Securities Services Association

The new format of the PostTrade 360° conference allows us to go deeper than ever into the systemic details. While this session looks at the European

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11:00–13.30 so plenty of time to avoid rush.

effects of the T+1 move made in America, also don't miss this other session that looks into the probability of a shift to T+1 settlement in Europe's own markets from 15:00.

On the industry movers' minds – a conversation with ISSA Board members

Room C3, Level 2

Panel • Custody • Technology

Recent years have seen the International Securities Services Association (ISSA) reinforce its role, and its list of executive board members reads as a who's-who of the global industry. In this session, meet some of its members, highlighting the current trends and drivers that set the frame for what we do as service users or providers. The Board ensures that ISSA focuses on the big topics of the day, with a balance of custodians, CSDs/ICSDs and technology firms that enables it to shape the industry's future.

GEORGECLER/ISTOCKPHOTO.COM

Philip Brown, CEO, Clearstream Banking SA
Roland Chai, President of European Markets, EVP, Nasdaq
Margaret Harwood-Jones, Managing Director, Global Head of Securities Services, Standard Chartered
Colin Parry, CEO, International Securities Services Association
Ankush Zutshi, Managing Director, S&P Global Market Intelligence

ISSA's highly active participation with PostTrade 360° Nordic ensures a great opportunity to update yourself on the cutting edge. In addition to the list of ISSA-hosted sessions, you'll find members of its board and working groups across other sessions, too. Not least, this board conversation will form a great natural combo with the session "The future of securities services" on today at 11:00.

Products and partnerships – the Nordic differentiators

Room C1, Level 2

Fireside Chat • Custody • Settlement • Clearing • Collateral and liquidity • Technology

The Nordics presents market participants with unique challenges and characteristics. How can organisations thrive in this region? The answer might lie in products and solutions that are tailored for this landscape, as well as the right strategic partnerships. Swedbank, together with State Street, present their perspectives on bringing value to the Nordic experience, and the developments they have in the pipeline.

Henrik Reinfeldt, Head of Securities Services, Swedbank
Stuart Thompson, State Street Bank & Trust Co

Hear it from the players: the DERIVATIVES clearing market panel (60 min)

Room C4, Level 2

Panel • Clearing • Collateral and liquidity

Seeking what's on in Europe's derivatives clearing market? These representatives of the six top clearinghouses have it covered.

They'll spoil you with insightful analysis, but yes – the occasional sales-competition tackle has been observable, too, through the years. The PostTrade 360° on-stage meetings of representatives from the large clearing operators have established themselves as a regular highlight throughout our strings of national events in the past. As we now consolidate this to the pan-Nordic scope (and in effect pan-European), we split it up between derivatives and equities. Gabriel Vimberg's moderatorship should still offer a sense of recognition.

Find "The equities clearing market panel" on today at 12:00

Christopher Anderson, Fixed Income Sales, Nordics, Eurex
Joanne Donaghey, Regional Sales Director, Nordics, LSEG Post Trade, LSEG
James McNulty, Senior Sales Manager, Euronext Clearing
Alessandro Romani, Head of European Equity Derivatives Products, Nasdaq
Francesco Somma, Clearing Senior Sales Manager, SIX Clearing
Francesco Valdini, Derivatives Sales and Business Development Manager, Cboe Clear Europe
Gabriel Vimberg, Head of Derivatives Clearing, SEB

16:45 – 18:45

Everybody, let's mingle! (Wednesday edition)

Main expo hall (M1, Level 4)

Come and digest the first conference day with a drink!

THURSDAY 5 SEPTEMBER

8:00

Doors open. Come for a morning coffee and breakfast snack!

Main expo hall (M1, Level 4)

Please have your QR code handy, either in your app or from an email sent to you the day before the event.

9:00

All safe? The latest and what's next in CCP recovery and resolution

Room C1, Level 2

Panel • Clearing • Collateral and liquidity • Regulation

Banks are worried enough about the risk of having to pay for mistakes they themselves make in business. The mutual responsibilities that they can face as clearing members, if another one of those at their clearinghouse would default, adds the next layer: the risk of having to pay for mistakes that someone else made and you had no control over.

Setting the cost-splitting rules for the highly rare but potentially disastrous situations when things go wrong at the clearinghouse is a delicate balance. Banks have suggested that clearinghouses should stake more of their own money into the reserve funds (as "skin in the game"). The clearinghouses, perhaps naturally, emphasise the problems it could entail.

The discussion is age-old, but are we up for changes in practice? If so, will they be driven by the market or by regulation? What would such changes look like, and how would they affect clearing members and their market-participant clients?

Haroun Boucheta, Head of Public Affairs, Securities Services, BNP Paribas
Joshua Hurley, Director - Post Trade Consulting, Davies
Alex Krunic, Advisor to the Chairman, Commercial Bank of Kuwait (CBK)
Richard Metcalfe, Head, Regulatory Affairs, World Federation of Exchanges
Randy Priem, Coordinator of the markets and post-trading unit + Finance professor, Financial Services and Markets Authority
Owen Thorpe, Chief Risk Officer, Cboe Clear Europe

How markets should adopt ISO 20022 in securities services

Room C4, Level 2

Panel • Custody • Settlement • Technology

Implemented, but not fully adopted across the industry – that's the current state of ISO 20022. This panel examines the common barriers to the implementation of the new standard in securities markets, how adoption can be encouraged, and best practices for migration, based on the findings of the ISO 20022 Working Group set up by the International Securities Services Association (ISSA). Moderator: Colin Parry

Alex Dockx, Executive Director, Industry Development, JP Morgan
Juliette Kennel, Global Head of Standards, Swift
Colin Parry, CEO, International Securities Services Association
Christine Strandberg, Head of Investor Services Banks Product Management, SEB

ISSA's highly active participation with PostTrade 360° Nordic ensures a great opportunity to update yourself on the cutting edge. In addition to the list of ISSA-hosted sessions, you'll find members of its board and working groups across other sessions, too. Not least, the session "Securities services risks" at 11:00 today will form a great natural combo with this session.

Post-trade regulation – the COMPLETE overview (Thursday edition)

Room C2, Level 2

Keynote • Regulation

DORA, CSDR, EMIR, SRD II, WHT FASTER, CSRD, SFDR, MiFID … and then the CMU, T2S, T+1, not to mention everything coming up around crypto and tokenisation. Us post-trade folks love our regulation acronyms but this is the session that goes into what they actually mean – for you. J.P. Morgan's Alex Dockx, on Wednesday, and Citi's Marcello Topa, on Thursday, will present their fully independent takes on the topic, so if you are into this (and who isn't?), join both!

Marcello Topa, Director, Global Market Advocacy, Policy and Strategy, Citi

Time for change in the European capital market infrastructure

Room C3, Level 2

Keynote • Settlement • Regulation

While national control and well-established practices have their merits, a growing choir sees the national fragmentation of the EU's trade settlement and regulatory supervision as an impediment to developing the continent's financial market – obviously including its operational efficiencies. So, what developments do stakeholders advocate, what changes are in the making, and what should market participants and their service providers do?

Pierre Davoust, Head of Central Securities Depositories & Member of the Executive Committee, Euronext

Downloaded the app yet?

Iphone Android

If schedule details change, the web and "B2match" app will offer the latest version. Btw, have you seen our platform overview on pages 2–3?

10:00

Driving asset servicing automation: The path to transformation

Room C1, Level 2

Panel • Custody • Technology

Broadridge What is the case for transformation of asset servicing in 2024? What can we be doing differently to build scale into an industry that is faced with spiralling volumes and highly manual processing? This panel will discuss what new technologies firms are turning to today to drive automation in the short term – and then what the new market dialogue looks like to help us re-shape today's industry model.

William Hodash, Working Group Coordinator, International Securities Services Association
John Kirkpatrick, Product Manager, Broadridge
Barnaby Nelson, CEO, The ValueExchange

Financial crime compliance (with ISSA)

Room C3, Level 2

Fireside Chat • Custody • Technology • The human element • Regulation

ISSA The increased importance and complexity of financial crime controls in the securities industry will be in focus as some of the world's most central (and engaged) experts take the stage in Stockholm.

A step back on three years' implementation of the revised ISSA Financial Crime Compliance Principles will be among what's covered; as will the recent EFG OFAC settlement and its relevance for the industry.

Mark Gem, Chairperson of the Risk Comittee, Clearstream
Olivier Goffard, Chief Financial Crime Compliance Officer Euroclear SA/NV, Euroclear

New possibilities in collateral management

Room C4, Level 2

Panel • Clearing • Collateral and liquidity • Technology

New technology helps make it easier to monitor and move around collateral assets than it used to be, and in some areas we see new assets becoming eligible. This opens new possibilities when it comes to managing risk, sourcing cash and striking deals. How should I benefit?

Gael Delaunay, Head of Collateral Management, Clearstream
Ingrid Garin, Head of Markets, BNY
Olivier Grimonpont, Managing Director, Head of Product Management, Market Liquidity, Euroclear
Juha Sternberg, Derivatives Clearing, Nordic Region, BNP Paribas

The stock exchanges CEO panel

Main Congress Hall (A1, level 4)

Panel • Custody • Settlement • Clearing

Post trade rests on trade, and trade on markets. Let's meet the top leaders themselves to learn what are their visions for the Nordics. Which are the strongest change forces in play, where will we see the competitive combats … and what will be the implications for market participants and their service providers?

Øivind Amundsen, CEO, Oslo Børs and Member of the Managing Board, Euronext
Roland Chai, President of European Markets, EVP, Nasdaq
Kristian Gårder, Co-Head Equities, SEB

The tools out there to nail the settlements

Room C2, Level 2

Panel • Custody • Settlement • Technology • Sourcing and procurement

Everyone agrees our settlement success rates must come up, and the European Commission cracks its discipline regime whip to instill compliance. So what's the efficient way for individual market participants to move from general insight to concrete action?

Jennie Baisch, Securities Expert, Swift
Arjun Jayaram, Founder and CEO, Baton Systems
Per Nyquist, CEO, Brokerway
Sean Tuffy, Independent Consultant, Freelance
Tom Woolfenden, Director, Product Strategy, OSTTRA

Continued

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11:00

(Block Track) Health check on the PAYMENT leg: Ready to carry or still aching?

Room C2, Level 2

Panel • Settlement • Technology • Digital/digitalised assets • The Block Track

With the European Central Bank's (ECB) DLT settlement trials well underway and discussions surrounding wholesale central bank digital currencies (wCBDCs) taking over headlines in the financial sector, it's not hard to imagine that we might be on the verge of a major breakthrough in payments. Yet, there are obstacles – both regulatory and technological – to overcome before this becomes reality.

From interoperability to lobbying efforts for digital currencies, the push for a licensed stablecoin to the pros and cons of public chains, this panel looks at all things payment and the missing ingredients that are required before the next stages of development in the sector can fall into place.
Moderator: Olaf Ransome

Rhomaios Ram, CEO, Fnality
Phil Mochan, Founder, CEO, Nomos Digital
Olaf Ransome, Director, 3C Advisory
Guillaume Chatain, Head of Sales, Societe Generale - Forge
Elise Soucie, Executive Director, Global Digital Finance

"The block track" offers a series of sessions zooming in on applications of DLT in different parts of the post-trade landscape. We look at today's reality as well as tomorrow's possibilities. Each session is standalone, so you can pick your favourite ones. Yet, as a whole, the track offers a unique possibility both for expert post-trade DLT watchers and beginners to get deep and network.

(Block Track) Health check on the PAYMENT leg: Ready to carry or still aching?

Thu 11:00. *From left, top row: Guillaume Chatain, Forge; Phil Mochan, Nomos Digital; Rhomaios Ram, Fnality. Bottom row: Olaf Ransome, 3C Advisory; Elise Soucie, Global Digital Finance. This page*

Apples with pears. The challenge and promise of consolidating public and private market data in one operating model

Room C1, Level 2

Fireside Chat • Custody • Collateral and liquidity • Technology

BNY

Paula Avraamides, Client Executive and Country Manager, BNY Mellon
Sahil Bhandari, Managing Director, Growth Ventures

Clearing 15 years on from Pittsburgh: Where next?

Room C4, Level 2

Panel • Clearing • Collateral and liquidity • Technology • Regulation

At the tail of the 2007–08 financial crisis, a Pittsburgh summit in 2009 saw the G20 nations prescribe central counterparty clearing for all standardised derivatives contracts. This led to the publication in 2012 of the Principles for Financial Market Infrastructures – igniting a burst of stability-oriented regulation at global scale. 15 years later, there is a desire in the market to shift focus towards competitiveness and efficiency, though geopolitical concerns across the different jurisdictions are adding complexity. Join this high-level session for the ultimate temperature check on clearing in 2024.

María José Gómez Yubero, Head of Resolution, Benchmarks and Financial Stability Issues, National Securities Market Commission of Spain
Perrine Herrenschmidt, Head of Brussels Office, ISDA
Gilles Hervé, Senior Policy Officer at European Commission, European Commission
David Murphy, Visiting Professor in Practice, LSE
Rafael Plata, Secretary General, EACH

Securities services risks (with ISSA)

Room C3, Level 2

Fireside Chat • Custody • Settlement • Collateral and liquidity • Technology • The human element • Sourcing and procurement

ISSA

Securities services is risky business, and perhaps now more than ever, as age-old challenges such as credit, liquidity, and compliance risks are joined by a new threat – cyber security risk. In this session, Emma Johnson of JP Morgan and Karen Zeeb of the International Securities Services Association (ISSA) discuss the new and emerging risks within the securities services value chain and how best to manage them.

Emma Johnson, Executive Director. JP Morgan
Karen Zeeb, COO and Company Secretary, International Securities Services

ISSA's highly active participation with PostTrade 360° Nordic ensures a great opportunity to update yourself on the cutting edge. In addition to the list of ISSA-hosted sessions, you'll find members of its board and working groups across other sessions, too. Not least, "How markets should adopt ISO 20022 in securities services" at 9:00 today will form a great natural combo with this session.

12:00

(Block Track) The current practice, and promise, of DLT in TRADING

Room C2, Level 2

Panel • Technology • Digital/digitalised assets • The Block Track

Despite the buzz surrounding DLT, tokenisation has not taken off as quickly as some in the industry have expected it to. Fingers have been pointed at regulation, at how long it is taking to get up to speed with technological developments, but this is not stopping those with a grasp on the technology from innovating for a much more digitalised future.

Five DLT experts take to the stage in this session to discuss the application of the technology in their respective arenas and

Coffee?
All day in the Main expo hall on floor 4!

Lunch?
In the Main expo hall, floor 4, and its on us!
11:00–13.30 so plenty of time to avoid rush.

geographies. What does the future look like for tokenised money market funds, from Israel to Switzerland? Would DLT and fractionalisation make real estate more broadly available as an asset class? And would atomic trading and settlement have averted some of the crypto fallouts we've seen in recent years?
Moderator: Olaf Ransome

Olaf Ransome, Director, 3C Advisory
Robert Barnes, Co-CEO, BPX
John Hallahan, EMEA Head, Business Solutions & Advisory, Fireblocks
Matthias Müller, CCO, Member of the Executive Board, BX Digital
Martin Watkins, Chief Executive, Montis Group Limited

"The block track" offers a series of sessions zooming in on applications of DLT in different parts of the post-trade landscape. We look at today's reality as well as tomorrow's possibilities. Each session is standalone, so you can pick your favourite ones. Yet, as a whole, the track offers a unique possibility both for expert post-trade DLT watchers and beginners to get deep and network.

Emerging asset classes at the clearinghouses – and what clients' needs are driving the demand

Room C1, Level 2
Panel • Clearing • Collateral and liquidity • Sourcing and procurement

Robert Bernstone, Swedbank,
Davide Masi, Fixed Income and Currencies Product Manager, Eurex
Lennart Visser, Relationship Manager Sales, Cboe Clear

In-house versus outsourcing – Striking the perfect balance for the operating model

Room C4, Level 2
Panel • Sourcing and procurement

The choices of "make or buy" are core to the strategy of any business – and with the competitive pressure for operational efficiency in the asset management industry, expect its leaders to have given them a good thought. With both custodians and technology houses restyling themselves as department stores for an ever-broader range of outsourcing service capabilities, how should investor-side decision makers weigh their options?

Bastiaan Aalders, Director, EU Operations Practice, AlphaFMC
Ulrik Modigh, Chief Operating Officer, (former) Nordea Asset Management
Rob Verheul, Director, Operations & Transformation, Achmea Investment Management

T+1 and the Nordics

Room C3, Level 2
Panel • Custody • Settlement • Collateral and liquidity • Technology

North America moved to its T+1 settlement cycle this year (pretty smoothly), and Europe is discussing when to follow. Let us zoom in on the Nordic region: what is feasible here, what would be difficult – and what development would be desirable in the first place? What implications can we expect, and what action should market participants take if any?

Danny Green, Head of International Post Trade, Broadridge
Kamal Kannan, Director, S&P Global Market Intelligence
Mikkel Mördrup, SVP, Northern Trust
Barnaby Nelson, CEO, The ValueExchange
Michele Pitts, Managing Director, Global Head of Custody Data, Citi

13:00

Alternative approach to a multi-asset future in the Nordic markets

Room C1, Level 2
Fireside Chat • Custody • Collateral and liquidity • Technology • Sourcing and procurement

NORTHERN TRUST

Scott Bachmann, EMEA Head of Front Office Solutions, Northern Trust
Mikkel Mördrup, SVP, Northern Trust

Digital assets – the path to a regulated playing field

Room C2, Level 2
Fireside Chat • Regulation

The tech folks show little doubt that DLT-based securities solutions will give us more efficient systems and open new markets. So far, however, institutional investors are among those who stay on the sideline until there is stable-enough regulation. So what will it look like, and how do we get there?

Among other roles, Hannah Meakin is a member of the organising committee of the Post Trade Distributed Ledger (PTDL) Group, a part of the Global Blockchain Business Council.

Hannah Meakin, Solicitor, Norton Rose Fulbright
Floortje Nagelkerke, Partner, Norton Rose Fulbright

ESG derivatives – a look at their use and regulation

Room C3, Level 2
Fireside Chat • Clearing • Collateral and liquidity

EUREX

Achim Stefan Karle, E&I Sales EMEA, Eurex
Davide Masi, Fixed Income and Currencies Product Manager, Eurex

Continued

What's up in the Nordic CSD scene

***Thu 13:00.** From left, top row: Kristine Bastøe, Euronext Securities Oslo; Goran Fors, SEB; Niels Hjort Rotendahl, Euronext Securities Copenhagen. Bottom row: Roger T Storm, Euroclear Sweden; Hanna Vainio, Euroclear Finland. Page 52*

Thursday 5 September 13:00 Continued...

On the network manager's agenda for 2025 – Thursday edition

Room C4, Level 2

Panel • Custody • Regulation

Today's custodian banks operate under an increasingly complex environment. Technology is bringing new possibilities to the sector, but also unprecedented cyber related threats. Trade is more global than ever, necessitating the management of services across multiple jurisdictions, and the corresponding operational challenges and risks. As regulators tighten their oversight, compliance has become trickier, and the reporting burden, heavier.

Caught in the whirl of it all are network managers. Their role has evolved from managing the flow of operations across an institution to include risk management and relationship management with sub-custodians – and it's likely to keep evolving.

This session takes a look at what the near future might look like for network managers. What are some of the challenges that they might face, and how should they adapt to stay on top?
Moderator: Ulf Noren

Ulf Noren, Sales & Relationship Manager Sub-Custody,SEB
Ekaterina Rous, Network Manager, Securities Services, BNP Paribas
Ola Sveen, Head of Network & Tax, DNB Markets

What's up in the Nordic CSD scene

Main Congress Hall (A1, level 4)

Panel • Settlement

Harmonisation of a fragmented market; T2S implementation; DLT trials for wholesale central bank money (CeBM) – the list is a long one when it comes to pertinent topics in the Nordic CSD scene today. This panel gathers the people at helm in four Nordic territories to discuss their priorities in a time of major transformation and their perspectives on the sector's development.
Moderator: Goran Fors

Kristine Bastøe, CEO, Euronext Securities Oslo
Goran Fors, Deputy Head of Investor Services, SEB

(Block Track) The current practice, and promise, of DLT in trading

Thu 12:00. *From top left: Robert Barnes, BPX; John Hallahan, Fireblocks; Matthias Müller, BX Digital; Olaf Ransome, 3C Advisory; Martin Watkins, Montis Group.* *Page 50*

Niels Hjort Rotendahl, CEO, Euronext Securities Copenhagen
Roger T Storm, Chief Executive Officer - Sweden, Euroclear
Hanna Vainio, Chief Executive Officer - Finland, Euroclear

14:00

Faster settlement creates currency conundrum

Room C4, Level 2

Panel • Settlement • Collateral and liquidity • Technology

The international nature of US securities trading means market participants cannot afford to ignore the currency exchange implications of faster settlement. Finding the most appropriate solution is far from straightforward. Meet all these stakeholders.

For a deep backgrounder, read session moderator Paul Golden's article from the PostTrade 360° news site: *https://posttrade360.com/news/infrastructure/deep-look-faster-settlement-creates-currency-conundrum/*

Paul Golden, Principal, Paul Golden Writing Services
Peter Herrlin, Head of Client Solutions Capital Markets and Banking EMEA, Northern Trust Bank
Katie Renouf, Senior Vice President, Global Investment Management Distribution, Mesirow
Tara Taylor, Managing Director, State Street Global Markets
Nathan Vurgest, Trading Director, Record Currency Management

Intraday liquidity management, part 2: The investor-side and corporate view

Room C1, Level 2

Panel • Collateral and liquidity • Technology • Sourcing and procurement

From the UK gilt crisis of 2022 to the impact that the US' move to T+1 this May has on European markets, it's little wonder that liquidity has been a topic on everyone's mind in recent years. What are some of the lessons learnt from these major events, and what more can the industry do to prepare for them? Are operations on the buy-side under-developed compared to the sell-side? The investors and corporates are invited to weigh in, in this session.

Other pertinent questions to answer include: Are our existing tools, in particular uncleared margin rules, adequate for mitigating liquidity risks? Will enabling atomic trading and settlement make managing these risks easier? And what's the development status for fund tokenisation right now?
Moderator: Olaf Ransome

Olaf Ransome, Director, 3C Advisory
Mark Croxon, Founder, Thames Bench Ltd
Imran Razvi, Senior Policy Adviser, Pensions & Institutional Market, The Investment Association
James Sehgal, SME, Risk and XVA, Tonic

Is intraday liquidity management your thing? Make sure to also check out the session "Intraday liquidity management, part 1: The sell-side themes" on Wednesday 4 September at 13:00

Operational resilience (with ISSA)

Room C3, Level 2

Fireside Chat • Custody • Collateral and liquidity • Technology • The human element • Regulation • Sourcing and procurement • Digital/digitalised assets

ISSA With operational resilience increasingly becoming an area of focus for regulators, so has the related regulatory burden become heavier for market participants. How can firms meet the new requirements for operational resilience without the associated administrative complexities? The Operational Resilience Working Group by the International Securities Services Association (ISSA) suggests that the answer lies in applying a consistent methodology that enables process alignment and standardisation.

The ESG data conundrum for asset managers

Thu 15:00. *From top left: Elisabet Jamal Bergstrom, SEB; Cecilia Cisana, Sustainalytics; Isabelle Delorme, Euroclear; Valeria Dinershteyn, Northern Trust; Therese Niklasson, Newton Investment Management.* *Page 54*

Karen Zeeb, COO and Company Secretary, International Securities Services Association (ISSA)
Alejandra Glass, Head of Equities Clearing & DTC Settlement Product Management | First Line Resilience and Control, DTCC

ISSA's highly active participation with PostTrade 360° Nordic ensures a great opportunity to update yourself on the cutting edge. In addition to the list of ISSA-hosted sessions, you'll find members of its board and working groups across other sessions, too.

The use of advanced technology in the financial industry - opportunities and risks seen from a sustainability perspective

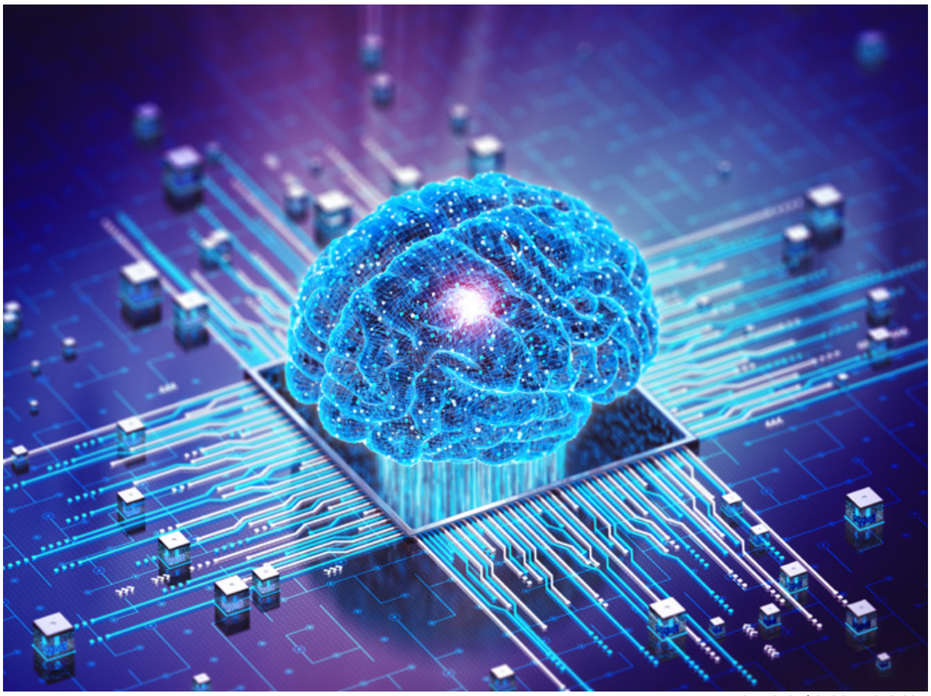
Room C2, Level 2

Panel • Technology • The human element • Sourcing and procurement

Sustainability is about more than just nice words on paper, or a pledge to align with the UN's sustainable development goals. In practice, it's about navigating a complex landscape of regulatory compliance, supply chain monitoring, and ethical considerations. To not do so would be remiss in today's climate.

This session invites four sustainability experts to share insights on how they manage ESG goals in the context of tech-focused corporations. Is technology a hindrance or an advantage? And what opportunities and risks does technology add to the sustainability race?
Moderator: Ida Bohman Steenberg

Ida Bohman Steenberg, Chief Sustainability Officer, Tietoevry
Marja Carlsson, Head of Sustainability, Nordnet
Erika Eriksson, Sustainability Manager, Tietoevry
Tomas Zimmermann, Senior Advisor Group Sustainability, Swedbank



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15:00

Defending against AI driven cyber attacks

Room C2, Level 2

Keynote • Custody • Technology

This Thomas Murray session will cover key insights into the current threat landscape including examples of AI driven attacks that need defending against. We will step through introductions to useful structures and approaches to adopt and how these link to current and future regulatory changes (DORA, NIS2 etc).

William Rimington, Managing Director, Thomas Murray Cyber Ltd

FIDA and the future of financial services

Room C1, Level 2

Keynote • Technology • Regulation

The financial services landscape is evolving. A significant transformation is underway, driven in Europe by the Financial Data Access (FIDA). Unlike most regulations, it is not simply a compliance checkbox, it is intended as guiding light towards a data-driven future.At its core, FIDA compels all participants in the financial services value chain to adapt or risk falling behind. But, what exactly does FIDA entail and how will it reshape the financial services industry?FIDA mandates that financial institutions unlock their vaults, the repositories where customer data resides. This data is the key to a wealth of information - the transaction histories, behavioural patterns, and preferences - that will shape the future of finance. Unlike PSD2, however, FIDA isn't merely a regulatory requirement; it is potentially a gateway to revenue and new business opportunities.The proposed timeline for FIDA demands that financial services providers must revamp their systems, processes, and mindsets quickly. Legacy systems are unlikely to be fit-for-purpose, as FIDA necessitates a substantial changes that enables real-time access and permission management.Join our panel of experts to know the how, why and what for financial institutions to become Open Finance and FIDA-ready.

Alan Goodrich, Regional Sales Manager, ERI

Continued

Coffee?
All day in the Main expo hall on floor 4!

Lunch?
In the Main expo hall, floor 4, and its on us!
11:00–13.30 so plenty of time to avoid rush.

Nearly all sessions are 40 minutes. Exceptions are noted in the headlines.

Thursday 5 September 15:00
Continued...

Official closing - Ready for the dinner? Insights on being social with fellow Nordic people and how culture shapes behaviours

Main Congress Hall (A1, level 4)

Keynote • The human element

With multinational business (as with a pan-Nordic conference), comes cross-cultural interaction and behavioural differences. We can easily joke about them but can we confidently manage them? Few have analysed this as seriously as Julien S. Bourrelle, a French-Canadian mover to Norway, with a background in … rocket science! His findings presented with his unique illustrations are guaranteed to let us reflect on ourselves (which, he argues, is the right place to start when trying to understand our relations to others). He adds useful tips for when we interact and lead diverse group of people – and will definitely let us have a good laugh. Julien's most-watched TEDx lecture has topped a million views and we are not surprised. Meet him live in Stockholm.

Julien Bourrelle, Author and speaker, Mondå Forlag

The ESG data conundrum for asset managers

Room C3, Level 2

Panel • Technology • Regulation • Sourcing and procurement

Recent years have seen a few greenwashing scandals within the financial sector – the raid of Deutsche Bank subsidiary DWS in 2002 might come immediately to mind. As a result, regulators are now keeping a watchful eye over ESG claims. Most asset managers have every intention to comply, but that's easier said than done when regulatory requirements are subject to interpretation and ESG data faces both coverage and quality issues.

ESG data can be based on estimates instead of actual measurements, contain outdated reporting, and compiled using methodology that oversimplify complex issues and lack transparency. Different financial products have very different requirements from data, which requires effort and resources from asset managers to tailor and adapt the data to their particular needs.

This session explores the minefield of data sourcing. How can data be better tailored to the requirements of asset managers, and how can its granularity, transparency and consistency be improved?
Moderator: Cecilia Cisana

Cecilia Cisana, Senior Vice President, Client Solutions, Morningstar Sustainalytics
Isabelle Delorme, Head of Strategy and Product Expansion for Issuers, Fund Managers and Sustainable Finance, Euroclear
Valeria Dinershteyn, Director of Sustainable Investing Client Engagement, EMEA, Northern Trust Asset Management
John Erikmats, Sustainable Investment Integration Lead, SEB Asset Management
Therese Niklasson, Global Head of Sustainable Investment, Newton Investment Management (BNY IM)

Unravelling the optimisation conundrum

Room C4, Level 2

Panel • Settlement • Collateral and liquidity • Technology

Optimisation is an increasingly important topic driven by regulation and a changing market environment. In this session OSTTRA will consider how results may be shaped by both your operating environment & optimisation objectives, as well as exploring key optimisation challenges - from capital through to collateral, by way of technology and workflows.

Joshua Hurley, Director - Post Trade Consulting, Davies
Neil Murphy, Director - Trade Lifecycle, OSTTRA
Erik Petri, Head of Optimisation, OSTTRA

16:00

(Block Track) Conclusions: The promise of DLT across the links of the post-trade process

Room C4, Level 2

Panel • Custody • Settlement • Collateral and liquidity • Technology • Sourcing and procurement • Digital/digitalised assets • The Block Track

DLT is opening up new possibilities in post trade that are getting the industry excited. The prospect of a more seamless custody process, real-time settlement, and a new way to document ownership is forcing us to rethink costly post-trade processes and challenging traditional structures.

Across the Block Track during this conference, we've covered DLT in issuance, asset servicing, payment, and trading. In this concluding session, we round it up by looking at the transformative potential of DLT in post trade.
Moderator: Colin Parry

Horacio Barakat, Vice President of Digital Innovation Capital Markets, Broadridge Financial Solutions
Thilo Derenbach, Head of Sales & Business Development, Digital Securities Services, Clearstream
Katie Emerson, EMEA Head of Agency Lending & Collateral Management Sales, J.P. Morgan
Hannah Meakin, Solicitor, Norton Rose Fulbright
Colin Parry, CEO, International Securities Services Association

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(Block Track) Conclusions: The promise of DLT across the links of the post-trade process

Thu 16:00. *From left, top row: Horacio Barakat, Broadridge; Thilo Derenbach, Clearstream; Katie Emerson, JP Morgan. Bottom row: Hannah Meakin, Norton Rose Fulbright; Colin Parry, ISSA. This page*

Coffee?
All day in the Main expo hall on floor 4!

Dig where you stand! The PostTrade 360° editor's tips for your content marketing

Room C3, Level 2

Keynote

POSTTRADE 360° Drawing on three decades as a journalist, Alexander Kristofersson shares the beliefs he has developed about engaging story telling for business purposes, and how efficient collaboration between the business manager and the creative professional (where applicable) will make it happen. What makes some articles fly, while others fall flat? Many companies have amazing stories to tell but lose track of them because of common PR misconceptions.

While not a writing lesson, the session offers a practical approach with real-life examples and plenty of dos and don'ts, but also some elements of theory. The value of explanation, personalisation and genuineness will be highlighted. The insights should be directly applicable whether for a big-scale media production or just a personal social media post.

Alexander Kristofersson, Editor, PostTrade 360°

There's Always a Finreg Angle Podcast LIVE!

Room C2, Level 2

Panel • Technology • Regulation

Now in its fifth season, Global Custodian's finreg podcast brings a light-hearted – yet informative – approach to the latest regulatory developments across the securities industry. Hosted by GC Editor Jon Watkins, the series features Virginie O'Shea and Sean Tuffy who will be recording their first ever podcast in-front of a live audience.

Virginie O'Shea, Founder and CEO, Firebrand Research

Sean Tuffy, Independent Consultant, Freelance

Jonathan Watkins, Managing Editor, Global Custodian

16:45 – 18:45

Everybody, let's mingle! (Thursday edition)

Main expo hall (M1, Level 4)

Done with this landmark conference? Join for a casual round-up!

Or set for the dinner party? Then, let this be your warm up!

Invited for dinner? Take your seat from 18:30 for programme starting 19:00. Isaac And The Soul Company will have us dancing.

MARKUS SPISKE/UNSPLASH

Banks still hitting the buffers on intraday liquidity management

By Paul Golden, PostTrade 360°

Despite the opportunity cost to banks of holding huge amounts of high quality liquid assets in payment systems, relatively few financial institutions have made meaningful progress towards measuring and managing intraday liquidity in real time. Join our contributor Paul Golden as he speaks with five experts to frame what it's all about and how to get better at it.

Regulations – notably Basel – require banks to maintain a certain amount of capital reserves to cover their exposure obligations. The problem is that some banks have set aside more capital than necessary because they don't have a real time understanding of all available sources and uses of liquidity.

The amount of cash we are talking about here is substantial. Data from the Basel Committee suggests that the largest global banks had a total of $4 trillion in liquidity buffers as of June 2023, of which as much as 30% was set aside for settling trades and making payments.

The precise opportunity cost for the major cash management banks from the enforced inactivity of these assets varies.

While they are unavailable for income-generating activities such as lending to businesses or investing in market opportunities, Pete McIntyre, liquidity expert at Planixs observes that in the UK the Bank of England is paying interest on these ring-fenced assets.

"For many large banks, keeping their liquid assets with the Bank of England might not be a bad option because the interest they receive can cover or exceed the cost they incur to attract deposits," he says. "However, the European Central Bank requires banks to hold a minimum set of reserves without any interest return."

In addition, with most experts expecting interest rates in the UK to start falling this year the difference between what banks pay to attract deposits and what they can earn from the central bank will narrow, making the decision to leave money inactive less economically viable.

Regardless of the opportunity cost, it is clearly in the interests of every bank to be able to measure and manage intraday liquidity in real time. A 2022 report produced by Oliver Wyman suggested most large banks worldwide have spent significant efforts and time enhancing their intraday liquidity management capabilities over the last decade.

"Broadly, there is no end-to-end thinking. Treasury are stuck with the assessment of the buffers while cash management deals with settlement."

Vinay Prabhakar, *Volante.*

Paul Randell, *SmartStream.*

Pete McIntyre, *Planixs.*

Olaf Ransome, *3C Advisory.*

More work to be done

However, Olaf Ransome, founder of 3C Advisory reckons they have a long way to go. "Broadly, there is no end-to-end thinking," he says. "Treasury are stuck with the assessment of the buffers while cash management deals with settlement."

The best that many banks have achieved is getting real time insights on balances. Some can see whether a certain counterparty has paid in or not, but very few can accurately track what is happening at the counterparty level with any degree of confidence.

That is the view of Alex Knight, head of EMEA at Baton Systems, who says most banks have limited capabilities that only cover a few core currencies. "They ultimately lack the real time visibility and control needed to effectively monitor, measure and manage intraday liquidity at the level required to proactively instigate the corrective actions necessary to minimise a liquidity shortfall," he adds.

While many banks claim confidence in managing data liquidity, in practice they often cannot update their intraday profiles in real time – and certainly not for all their accounts – or cannot compare these profiles to intraday forecasts says McIntyre.

"This discrepancy can hinder their ability to react effectively to market changes and stresses," he continues. "In addition, the lack of real time visibility and forecasting makes it difficult for banks to manage liquidity when they cannot anticipate or respond to fluctuations in client behaviour."

The mid-tier banks in the $10 billion to $100 billion asset size are where the greatest challenges lie since they are too big to perpetuate the manual and workaround-oriented approaches of smaller institutions but are not of a size to enjoy economies of scale in compliance or technology suggests Vinay Prabhakar, chief marketing officer at Volante Technologies.

Siloed infrastructures and the absence of a single source of real time data create significant data issues for intraday liquidity management according to Paul Randell, product manager cash & liquidity management at SmartStream.

"Banks may have invested in solutions to perform this business critical function, but these solutions must be reviewed frequently to ensure they address changes such as ISO 20022 and central banks' continued evolution of BCBS 248 reporting and periodic reviews," he says.

Paying the price

The Oliver Wyman report refers to smaller and less complex banks that have not prioritised investments in intraday liquidity management being incentivised to upgrade their capabilities in the face of increasing customer demand for instant payments. Real time settlement creates liquidity requirements when debits are out of sync with offsetting credits.

"The move towards faster payment settlement has made intraday liquidity management more challenging because there are more places where money is needed, which fragments liquidity," explains Ransome. "Estimates of what is needed mean buffers are driven by peaks

Don't miss our many sessions on liquidity and collateral

The art of sourcing the money to settle securities purchases is becoming increasingly central – for certain reasons to sell-side players, for other reasons to the corporate- and investor-side actors. PostTrade 360° Nordic will offer one session per each of the two sides, both led by Olaf Ransome:
- **Intraday liquidity management, part 1: The sell-side themes** (Wednesday), and
- **Intraday liquidity management, part 2:** The investor-side and corporate view (Thursday).

Article writer Paul Golden, additionally, leads a session on the adjacent topic of currency exchange – another increasingly hurried element of the settlement process when trading internationally:
- **Faster settlement creates currency conundrum** (Thursday).

The conference platform, available through web as well as our app, offers the latest on rooms and hours – and lets you filter out near 30 sessions relating to collateral and liquidity: posttrade360nordic.com
In this printed magazine, find session details, with near-definite hours etc., in the agenda block that starts on the mid-fold.

rather than actual data about patterns."

Faster payment mechanisms have become an option for intraday money movement at less expense and with greater transparency than traditional wire or RTGS (real-time gross settlement) services. The ISO 20022 standard enables the transporting of detailed data with each payment that can be used for intraday reconciliation.

"All these possibilities create challenges though," says Prabhakar. "Most treasury systems, like core banking and payment systems, are designed around start/end of day reporting and reconciliation workflows and cannot generate real time reports. Also, faster payment settlement systems are not merely faster – they are 24×7, extending reporting and reconciliation into a round-the-clock operation."

McIntyre suggests that although most banks are getting their heads around the infrastructure required to handle instant payments, there is insufficient consideration of the impact on liquidity and in particular, intraday liquidity.

"Instant payment systems are causing a shift in customer behaviour, moving away from more predictable patterns," he says. "This unpredictability poses a significant challenge to banks as they can no longer rely on past performance data to forecast future liquidity needs accurately. Without real time data and analytics, banks often resort to over-providing intraday liquidity to ensure they can meet any sudden demands arising from instant payments."

Netting not a panacea

Netting has improved intraday liquidity efficiency by reducing the number of transactions that need to be settled individually. But while this leads to lower funding costs, in many cases it also increases the operational burden on banks as the calculation and agreement processes often include manual processes.

> "Faster payment settlement systems are not merely faster – they are 24×7, extending reporting and reconciliation into a round-the-clock operation."

"The effectiveness of netting depends on the extent to which it is implemented across different markets and currencies," says Knight. "Banks that have comprehensive, automated and robust netting arrangements in place can manage their liquidity more efficiently, even in a fast-paced settlement environment."

Randell agrees that efficient netting reduces the number and value of payments and therefore the size of liquidity pools required to support them.

"This can be challenging in a bank that has fragmented internal payment infrastructures, although even netting within each individual payment system can provide reductions in payment volume and value," he says. "But banks should not only review their transactions with external parties. A programme to analyse the impact of intercompany cash movements at a large tier 1 bank found that putting in place netting for internal cash movements positively impacted intraday liquidity usage."

On the question of whether there is sufficient availability of technology solutions and vendor support to enable banks to monitor intraday activities and improve intraday liquidity management, Knight refers to growing availability of solutions and support that provide an advanced level of visibility and control across business silos.

"The challenge that remains, however, is to ensure that the pathway to the deployment of these solutions is as simple and riskless as possible, so interoperability with existing systems is key to success," he says.

Achieving the best outcomes

According to McIntyre, best practice intraday liquidity management involves three capabilities:

• Monitoring – assessing intraday liquidity in real time, understanding what is going on, and determining necessary actions.

• Active management – influencing the use of intraday liquidity either in real time or over a longer period. This includes strategies such as throttling payments to reduce liquidity usage, alerting to potential issues, and analysing historical usage to pinpoint which parts of the business drive liquidity needs and also involves changing business behaviours and counterparty relationships if they negatively impact liquidity performance.

• Risk and regulation – understanding intraday risks, identifying them, determining mitigations, conducting stress testing, and providing regulatory returns.

"Another important consideration is ensuring the solution meets the bank's functional and non-functional requirements," says Randell. "For example, does it have the value-add features that can automate the cash and liquidity processes? Banks need to think about features such as rule-based automated sweeping, real-time matching, liquidity alerting, transaction lifecycling, and intraday liquidity stress testing."

However, Ransome suggests availability of technology is not the major issue. "The real challenge is achieving a top-down understanding of costs and drivers and from that a desire to manage the process really well," he says.

Prabhakar agrees, suggesting that most financial institutions still see intraday liquidity as a regulatory requirement to which minimal resources should be allocated rather than an opportunity for improved internal treasury operations and increased visibility to customer flows.

> "While there is a clear need to integrate payment flow data and treasury visibility, most treasury systems and payment systems are developed independently – even where the same company supports both systems."

"As a result, investment in upgrading or replacing current systems is slow," he says. "Also, while there is a clear need to integrate payment flow data and treasury visibility, most treasury systems and payment systems are developed independently – even where the same company supports both systems. So there is a lack of true integration between vendors, which means that it is harder for banks to tap into the value of intraday money movement and liquidity management across operational silos." ■

Q&A with Matthias Graulich, Chief Strategy Officer at Eurex Clearing

EUREX

Contributed by Matthias Graulich, Eurex

Graulich, Chief Strategy Officer and executive board member at Eurex Clearing, will be participating in the session titled "The CCP market game – at strategic level". His responsibilities include strategy, business, and product development for fixed income and currencies (FIC) derivatives and repo across trading and clearing. In this interview, we look at Eurex's strategy and their focus on the Nordics.

So, tell us why you are in the Nordics, and why PostTrade 360°?

We have had a strong focus on the Nordics as it was an early mover to central clearing. We have all major Nordic banks active as members across our repo, clearing and listed offerings. Nordic clients have been strong supporters of our products such as credit futures, and we see a lot of interest in the region for our buy-side Repo memberships. This conference gives us the opportunity to bring all our teams together under one roof and meet our members and clients on their home turf.

TOMÁŠ MALÍKBON/PEXELS

Do you offer specific products for clearing in the Nordics, and what is popular in the region from Eurex's perspective?

With the obligation under the European Market Infrastructure Regulation (EMIR 3.0) to onshore more clearing to Europe, firms will look at more than just their Euro book. Pooling of business in a single CCP can reap substantial capital and operational benefits. Eurex offers interest rate swaps (IRS) clearing in Nordic currencies and we accept a wide range of Nordic securities as collateral. We also see strong support for listed credit derivatives in this region and have seen an uptick in activity in our FX futures, particularly in Nordic pairs.

So, I'd say we have offerings in repo, over-the-counter (OTC) and listed products that benefit the region and for which we see a strong appetite.

Why should firms consider Eurex over other CCPs?

For Euro IRS clearing, we have developed a deep liquidity pool (circa 20% of the overall market) that will continue to grow.

But our strategy doesn't solely revolve around IRS clearing; our aim is to become the home of the Euro yield curve. Firms trading and clearing all their Euro products at Eurex can realise significant capital, collateral, margin, and operational efficiencies. For example, participants can benefit from major margin savings (circa 70%) when trading TED spreads (Euribor v Schatz) at Eurex. Cross product margining also enables offsets between your listed and OTC positions.

The free-to-use margin calculator available on our website allows you to run your own margin analysis. Savings of 50-60% on initial margins are not unusual. By setting the basis we enable firms to comply with EMIR and benefit from efficiencies of doing all your business in one place.

Eurex's multi- asset offerings whether on the Euro yield curve or in FX and credit differentiate us from other exchanges and clearing houses and make us appealing to clients.

In which products have you seen the strongest growth?

Our listed short-term interest rate (STIR) segment has seen significant growth. Our Euro short-term rate (ESTR) futures capture around 60% of market activity with 100k+ lots average trading daily. Euribor has grown rapidly too, with similar daily volumes.

Futurisation of the swaps market with a focus on FX and credit is another growth area, with buy-side firms adopting these more efficient products to manage their risk. Both FX and credit futures continue to grow in volume and market share.

Repo is a significant growth driver. Rate increases and shrinking excess liquidity have driven a recovery of the European repo market. Eurex's Repo membership grants you access to over 160 counterparties including commercial banks, central banks, supranationals, debt management offices (DMOs), and buy-side firms. ISA Direct membership provides buy side firms such as pension and insurance funds quick and efficient access to deep liquidity. The Dutch pension fund community has embraced this. It would be great to see Nordic clients follow.

Any last thoughts?

Enjoy the conference and feel free to reach out to me and my colleagues for more information! ■

Mathias Graulich, *is Chief Strategy Officer and executive board member at Eurex Clearing*

Nasdaq's approach to adapting to **dynamic clearing markets**

Nasdaq

Contributed by Nasdaq

Since its inception, the clearing market has undergone significant changes and challenges. Following the implementation of the European Market Infrastructure Regulation (EMIR), EU central counterparty clearing houses (CCPs) have expanded their services across markets, currencies, and owners. As a result, there are now various CCPs in the EU, serving clients from all over the union and beyond. This comes in par with regulators' demand to consolidate a meaningful portion of clearing exposures within the EU area. In turn, CCPs should be prepared to seize new market opportunities, aiding in strengthening the stability of EU's financial system.

Swift response to regulatory changes and market demands allows CCPs to deliver value to their clients. One of the most significant changes in the history of over-the-counter (OTC) trading was the introduction of mandatory counterparty clearing. Following this development, Nasdaq reacted by joining the market with SEK interest rate swaps (IRS). This addition to our original offering, which covered standardised derivatives on housing and government in the Nordic market for interest rate derivatives, has been instrumental in meeting the changing needs of market participants.

After the implementation of Brexit, the clearing market experienced another significant transformation. The United Kingdom's withdrawal from the European Union led to a surge in regulatory requirements for EU-based clearing. In response to this, Nasdaq, which had already received approval to clear IRS in SEK, recognised that the evolving geopolitical and regulatory climate requires us to adjust to the changing market. Starting from June 2024, Nasdaq expanded its clearing services to include IRS in EUR with NOK and DKK to follow.

The decision to offer EUR-denominated IRS clearing is particularly important for all CCPs. Currently, most of the EUR IRS clearing market is dominated by the UK, which poses a risk to the financial stability of the European Union. Regulatory bodies argue that without a unified market and currency, along with a framework for collaboration with the EU's financial authorities, the involvement of third countries may impede the EU's interests.

In an attempt to balance the fragmented landscape, EMIR 3 now mandates holding an active account (AA) at an EU CCP. While the EUR has become the initial currency subject to AA requirements, additional currencies may also be impacted in the future. As a result, there has been a noticeable increase in demand from Nordic players to clear their transactions locally. This trend is expected to continue as the active account requirement comes into effect next year.

While necessary, the increasing regulatory oversight of OTC derivatives can be complex and costly for market participants. These challenges prompted Nasdaq to find a more efficient and innovative solution to manage their derivative exposures. Thus, we introduced custom basket forwards (CBF) as an alternative to OTC equity swaps. They help gain exposure to bespoke equity baskets with the benefits of having a CCP as a counterparty.

At Nasdaq, we view EMIR 3 as an opportunity to actively contribute to the development and improvement of the EU clearing landscape. As a local CCP, it is our responsibility to provide practical and cost-efficient services that cater to our clients' needs. To achieve this, we employ a variety of innovative tools such as collateral and specific instruments like CBF, while maintaining a close dialogue with our participants. Although transitional periods can be challenging for all market participants, these changes are essential for establishing a robust EU-based clearing market that will drive financial progress for everyone involved. ■

Embracing a **pan-European approach** to grow Europe's derivatives markets

Cboe Clear[SM]

Contributed by Vikesh Patel, Cboe Clear Europe

Few financial trends have been as prominent in recent years as the divergent performance of US and European capital markets. Europe's relative under-performance has perhaps been most pronounced in derivatives. Despite having similar levels of GDP and population, derivatives trading volumes over the last decade have skyrocketed in the US while remaining stagnant in Europe. This is particularly the case in equity derivatives.

This is concerning, not least because a healthy derivatives market serves a vital risk management function, helping investors to hedge their portfolios and generate additional income. We believe vibrant derivatives markets should be viewed as a key part of Europe's financial eco-system and a catalyst for its future growth.

So, why have European volumes stagnated and what can be done about it? The fragmented nature of Europe's market structure in derivatives, with multiple domestically focused exchanges and clearing houses, has led to high operating costs and poor margin efficiencies. When combined with the predominance of OTC/off-screen trading in European derivatives, new participants have been deterred from entering this market. Europe has also failed to engage the retail community in a meaningful way, with the small pockets of retail activity that does exist spread out among a variety of products such as CFDs, warrants and ETFs.

A recent survey of senior derivatives executives and trading heads undertaken by Acuiti found that a lack of retail participation and the fragmented market structure were the main reasons for Europe's poor performance. Interestingly, 62% of respondents said Europe's fragmented market structure had impacted their trading strategies in European options, with 50% allocating more to other regions as a result.

At Cboe, we believe we are uniquely placed to be part of the solution given our leadership position in US options and our long-standing European footprint in cash equites trading and clearing. It was these attributes that led us to launching Cboe Europe Derivatives (CEDX), a pan-European equity derivatives exchange with clearing provided by Cboe Clear Europe. The exchange went live in 2021 with equity index futures and options, and recently expanded into equity options, now offering over 300 options on the most-traded stocks in Europe from 14 countries. CEDX is pan-European by design – in terms of trading, clearing and market data – meaning participants don't have to connect to multiple exchanges and CCPs to achieve pan-European product coverage, and is also promoting deep and liquid on-screen markets.

CEDX's post-trade model is a key part of its value proposition. Cboe Clear Europe, which is the largest pan-European cash equities CCP, offers significant capital efficiencies to participants by operating a single, pan-European margin pool, with offsets available between CEDX's index and single stock products. Furthermore, for equity options, stock settlement (on options exercise and assignment) takes place in domestic CSDs, removing unnecessary costs and allowing for settlement netting with relevant cash equities transactions. Over time, we also hope to develop cross margining across cash equities and equity derivatives products.

Our goal with CEDX is clear: we want to grow European derivatives volumes through a simpler, lower cost and pan-European approach to trading and clearing, which lowers barriers to entry for institutional and retail users. The calibre of the firms that have recently connected to CEDX, including Interactive Brokers – as both a direct trading and clearing member - and IMC, demonstrates the broad appeal of the model. They join an existing suite of members that includes Morgan Stanley, Flow Traders and Susquehanna.

We know from experience it will take time to build a new pan-European ecosystem but believe many of the same principles that led to our success in equities can be replicated in derivatives. ■

Vikesh Patel *is President of Cboe Clear Europe.*

GUILLAUME PÉRIGOIS / UNSPLASH

Building the digital asset **ecosystem**

DKOSIG/ISTOCK.COM

clearstream | DEUTSCHE BÖRSE GROUP

Contributed by Thilo Derenbach, Clearstream

The world of finance is going digital, driven by the rapid growth of digital asset securities. Market participants around the globe are witnessing a surge in innovation, prompting established financial market infrastructures to take centre stage in shaping the future of the industry.

The digital asset evolution in the financial industry is progressing rapidly, especially at institutional levels among financial intermediaries. There is plenty of evidence of innovation with interesting application use cases. Clearstream, for example has reached a key milestone of 100,000 issuances in July 2024 on its next-generation digital post-trade platform D7, leading the industry in terms of number of transactions and value issued in euros. Most recently, KfW issued their first benchmark security worth 4bn EUR on D7, in aggregate increasing the issued value on D7 to roughly 8bn EUR. This significant progress is evidence that digital solutions are scalable already.

European Central Bank (ECB) trials: a catalyst for accelerated evolution towards asset tokenisation

The journey does not end with digitisation. The ECB trials on wholesale central bank digital currency (wCBDC) are a major catalyst for the acceleration towards securities tokenisation. As a distributed ledger technology (DLT) market operator, we provide seamless processing of digital assets and high quality cash on-chain, which is a crucial step in developing a digital European securities landscape. Our participation, as one of the first market infrastructures involved in the trials, underscores our commitment to driving this evolution. Across all our central securities depositories – the German CSD, our International CSD, and LuxCSD in Luxembourg – we are actively exploring all three payment solutions offered by the ECB. This includes Deutsche Bundesbank's Trigger Solution, the TIPS solution from Banca d'Italia, and the DLT solution of Banque de France. This way, we ensure our clients have the most extensive range of trial options available.

Through partnership, innovation, and standardisation, we are building a solid foundation for a future where digital assets are seamlessly integrated into the financial ecosystem – be they digital or tokenised securities.

In the first use case in Wave 1 of the trials, Clearstream marked the first institutional-grade tokenised issuance in Germany on DLT using wCBDC, together with DekaBank and DZ Bank. This transaction represents a significant milestone for the creation of stable digital capital markets in Germany and Europe, demonstrating the power of digital solutions in enhancing safety, liquidity and efficiency.

Foundational principles for industry standardisation

The rise of DLT presents both opportunities and challenges. For the technology to be adopted wholesale in the financial industry, coordinated efforts are required from within and by the industry. Major hurdles on this journey are the lack of standards in the blockchain ecosystem, lack of interoperability between existing island solutions, and mobility of asset tokens across these blockchain solutions.

Together with the Depository Trust and Clearing Corporation (DTCC) and Euroclear, we recently published a blueprint for an industry-wide digital asset ecosystem. Our joint white paper, "Building the digital asset ecosystem", outlines six key principles, the "Digital Asset Securities Control Principles" (DASCP), to guide the successful adoption of tokenisation. These principles provide a framework for the industry to develop standards for the digital asset marketplace. The DASCP aims to spark industry-wide discussions that will pave the way for the development of robust and comprehensive standards for the digital asset marketplace.

Europe is contributing its fair share to these developments, with comprehensive regulatory frameworks at domestic market levels with more robust European-wide regulation in the horizon. It is important to remember that our traditional financial system will not disappear overnight, but gradually migrate towards more modern technology solutions, giving issuers as well as investors of securities and financial instruments greater options, flexibility, speed, transparency, and efficiencies in the future. Clearstream aims to be an integral contributor to this evolution, working with our clients and partners to deliver viable business cases that quickly scale. ■

Thilo Derenbach *is responsible for the business development, strategy, and commercialisation of Clearstream's digital solutions. He has been working at Deutsche Börse Group for more than 23 years and has held various positions at Clearstream for the past 18 years, mainly in the area of Sales and Relationship Management.*

Cyber security: An existential threat to private equity firms

FLYD/UNSPLASH

Thomas Murray


Contributed by Kevin Groves and Stephen Merry, Thomas Murray

Most private equity firms now see cyber security as a key investment risk. General partners (GPs) need to know before a deal is made – and ideally before exclusivity – whether a company's security is immature, poorly governed, or already compromised.

This saves time, reputations and, ultimately, portfolio value. But, in March 2024, the securities lending platform EquiLend began sending letters to its employees, advising that the firm had been subjected to a data breach in the wake of a January 2024 ransomware attack.

EquiLend has remained in business, but others aren't so lucky. In 2020, the Australian hedge fund Levitas Capital was forced to close after one of its founders clicked a link to a fake Zoom invite. That was all it took for hackers to access Levitas's accounts and steal millions of dollars. Although the firm was able to retrieve a large portion of the stolen money, the reputational damage spooked its largest client, Australian Catholic Super, into withdrawing its custom.

The groundbreaking initial report from Thomas Murray's Analytics Lab, "Calculating the cost of cyber attacks: An economic analysis of the worldwide impact", determined that the average cost to a national economy of each cyber attack is US$50m.

IBM's "Cost of a data breach report 2023", meanwhile, puts the average cost to an individual company of a successful breach at US$4.45m – a 15% increase over only three years. Many private companies do not have the liquidity to absorb these costs, and few can afford the reputational fallout from a breach with clients, investors and the general public. Accusations in the wake of the SolarWinds hack that the company's private equity owners 'sacrificed cyber security to boost short-term profits' – and thereby made the company 'an incredibly easy target to hack' – were a stark reminder of what is at stake operationally and reputationally.

Private equity houses are aware of the damage a breach can inflict on their portfolios. They know they should be checking whether target companies have cut corners in security while pursuing performance, and they understand the need to monitor, quantify and reduce cyber risk throughout their portfolios. The problem is knowing where to start.

Managing cyber risk successfully requires some initial and ongoing investment, but it is key to value creation and client retention. Everyone needs to be aware of the effects of digitisation, the risks to firms' balance sheets, supply chain and third-party risk, and what resources are available to assist them. The next steps are strategy, policy, implementation, and ongoing monitoring.

Private equity firms are uniquely well placed to capitalise on the opportunities available in private markets, but as such they are uniquely exposed to the risks. Private companies can be unpredictable, with underdeveloped governance, immature security teams, and lack of investment coinciding with rapid digitisation and development that can outpace the most basic security considerations. ■

This is an extract from ***"The private equity guide to cybersecurity",*** *an introduction to cybersecurity for private equity firms that have a general awareness of the risks, but want a clearer idea of how to address them. It discusses the current threats to private equity houses and their portfolios, the regulatory landscape, and some of the key steps to developing the basis of an effective cybersecurity strategy now and for the years ahead. To read the full paper, scan the QR code.*

Transforming capital markets platforms: Beyond heart surgery

tietoevry

Contributed by Hugo Sundkjer, Tietoevry

In the fierce competition for market share, businesses often prioritise superior end-customer solutions. However, the foundation of these services – the core business platforms – must be equally robust and flexible to support innovation. Just upholding operational resilience and regulatory compliance at satisfactory cost levels is a challenge for many firms. When innovation and competitiveness are added to the equation, firms may realise the necessity of a comprehensive overhaul of their core platforms. Transforming these platforms in the capital markets is akin to heart surgery – complex, risky, costly, and requiring utmost precision. Decisions to move forward must be weighed carefully, anchored at the highest strategic level, and informed by true learnings from successful projects.

Legacy systems: A ticking time bomb

Legacy systems suffer from outdated technology, scalability issues, and inadequate vendor support. These systems incur high maintenance costs and pose significant risks to business continuity, data security, and regulatory compliance. Often, 80% of IT costs are devoted to maintaining these systems, hindering competitiveness and responsiveness to evolving demands. Persisting with legacy systems can lead to reduced profitability, loss of market share, and even revocation of operational licences. Transitioning to modern platforms is challenging but necessary to mitigate these risks.

The paralysis of fear

Transforming critical systems involves addressing deep-seated fears and resistance within the organisation. Limited appetite for high-risk projects, combined with high-profile failures, creates a paralysing fear among senior management. Dependencies and integrations, along with potential service disruptions, exacerbate this wariness. Consequently, customer-facing capabilities often get priority over core platform renewal.

The decision to transform: Weighing risks against opportunities

Significant divide between business and IT priorities leads to misalignment and budget constraints. Many firms lack clear business cases due to hidden costs of maintaining the status quo and difficulty in calculating transformation benefits. A robust business case should highlight potential savings, but also benefits like resilience, risk reduction, and flexibility. Standardised platforms shared with a larger community can enhance innovation, cost-efficiency, and compliance. A thorough pre-study is essential but should be scoped to avoid endless analysis and secure top management buy-in.

Making the right choices

When ready to act, organisations must consider strategies like lift-and-shift, rewrites, new vendors, partnerships, or outsourcing. Selecting a platform from a vendor with a solid track record and prioritising APIs is critical. Proof of concepts can aid decisions, but organisations must evaluate the feasibility of phased transformations. Choosing a vendor with continued maintenance and development priorities, and sufficient revenue and profitability, is crucial.

Ensuring smooth transformation

Success depends on a well-executed discovery phase, detailed vendor clarifications, and a partnership approach with transparent joint KPIs and milestones. Viewing the project as a transformation, not just a system change, and managing risks are vital. Incremental deliveries, thorough pre-go-live processes, and involving the right people with adequate resources are essential. Senior project management with domain competence and strong sponsorship are key to navigating the journey.

Learning from success

In business and IT, learning from mistakes is crucial. For critical system transformations, failure is not an option. Leveraging insights from successful projects provides invaluable guidance. Establishing a culture of continuous improvement and learning is vital for long-term success.

Conclusion: Transform or perish

In capital markets, the transformation of core business platforms is no longer a choice but a necessity. The stakes are high, but so are the rewards. Organisations that successfully navigate these transformations can avoid unnecessary turbulence and achieve a competitive edge in a rapidly evolving market. The analogy of heart surgery is apt, but with strategic vision, robust planning, attention to details and unwavering commitment, transformation will not just keep you alive, but allow you to thrive in a highly competitive domain.

***Hugo Sundkjer** is Head of Strategy, Business Development and Sales within Wealth, Tietoevry*

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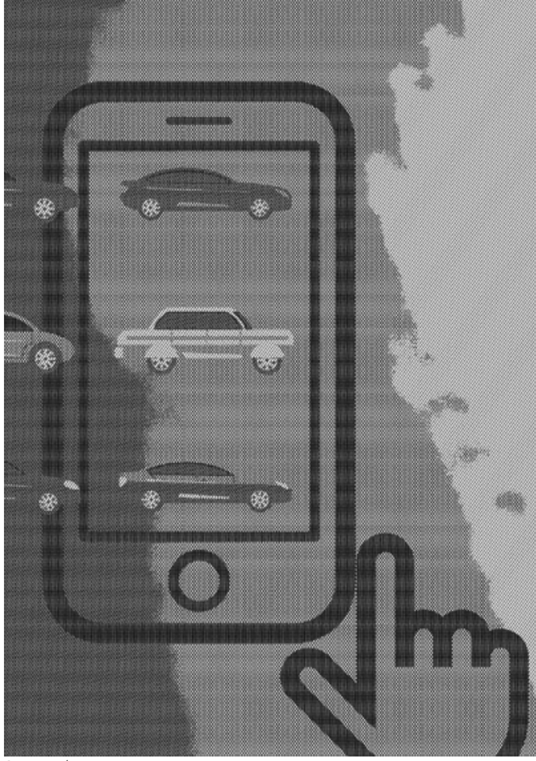
If Uber did post trade: How operations are moving towards real-time control



CLAUDIA / PIXABAY

From monitoring bank balances to tracking package deliveries, we've grown accustomed to having information at our fingertips. But what about the state of post-trade operations in capital markets? As regulations tighten and demands for efficiency were increased by the recent transition to one-day settlement cycles in US securities, the need for real-time visibility and control in post-trade operations is becoming paramount.

Contributed by Steven French, Osttra

The act of onboarding clients and the processes around trade allocation, confirmation and affirmation are unlikely candidates for headlines about transformative technology innovation when pitched against the thrill of front office trading and the excitement that AI and blockchain technologies still generate. And usually they can't compete – even if all institutional trading relies on the efficient and robust running of post-trade systems behind the scenes.

But this year is post-trade's time to shine. The SEC's decision to shorten settlement times to T+1 has sparked a rush of interest in the sector: once the bonnet was opened, market participants started wondering if it was time for a full vehicle inspection. Even though the focus of the regulation for T+1 settlement is securities, there is an indirect effect on FX and fixed income too, and many firms are now taking a holistic view on operations processes across all asset classes. Shorter FX trading-settlement time frames reduce the window for resolving issues, necessitating efficient and timely technical account onboarding, data completion, and issue escalation, especially given the complex, multi-regional nature of cross-asset processes.

Regulation and oversight as key drivers

Post-trade efficiency is firmly in the sights of regulators and industry oversight bodies. In currency markets, the FX global code of conduct is calling for better operational processes, including more timely confirmations as well as a general technology upgrade to increase efficiency and accuracy.

The standard-setting body for OTC derivatives, the International Swaps and Derivatives Association (ISDA), continues to focus on give-ups and the timings associated with communications around them.

In European securities markets, the settlement discipline regime of the Central Securities Depositories Regulation (CSDR) has introduced several measures to reduce the number of settlement fails, to prevent such failures and to cajole market participants into settling accurately on the intended dates.

In the futures markets, the Futures Industry Association (FIA) and DMIST, the Derivatives Market Institute for Standards, jointly announced the publication of the final standard for improving timeliness of trade give-ups and allocations, designed to improve the delivery and processing of allocation instructions by establishing 30-minute time frames for completing steps in the allocation process[1].

In summary, regulators and oversight bodies are quite clear in their messaging to market participants: operational failures such as trade breaks, and system outages will be met with a zero-tolerance policy from rule makers, and full historical visibility into trade breaks is a must.

What it takes to turn post-trade into a five-star rated experience

Just like when you decide to cancel your Uber ride because your driver is stuck in unexpected traffic, market participants should be notified about any and all events that impact trade matching. Factors to monitor should include physical and logical connectivity, system outages, platform performance as well as failed and pending messages, which impact match statuses, trades processed and associated market participants.

With T+1 settlement leading the charge, the push for transparency and efficiency will extend beyond equities to encompass other asset classes like FX and fixed income, and far beyond the borders of the United States of America. Embracing this paradigm shift to real-time post-trade tracking, proactive diagnostics, and swift resolution isn't just about technology evolution – it's a necessity for staying relevant in an increasingly competitive landscape and avoiding a post-trade polaroid moment.

Steven French *is Head of FX and Securities Product Strategy, OSTTRA.OSTTRA is the home of industry-shaping businesses MarkitServ, Traiana, TriOptima and Reset.*

[1] *FIA DMIST Standard, June 2023.*

The road to institutional DeFi

MJH SHIKDER / PIXABAY

Deutsche Bank

Contributed by Dan J Sleep, Northern Trust and Boon-Hiong Chan, Deutsche Bank

The evolution of decentralised finance (DeFi) – and the potential to apply it to institutional use cases where financial applications are built on blockchain technologies deploying smart contracts – is being met with great interest by industry spectators.

Proponents see a strong case for the rise of a new financial paradigm, which is based on the principles of cooperation, composability, open-source code; and is underpinned by open, transparent networks. As a space that has moved into the spotlight, the road to utilise DeFi for regulated financial activities is now under construction.

The continuously evolving macroeconomic and global regulatory landscape has hampered widespread meaningful progress, with developments predominantly occurring in the retail space or via incubated sandbox style settings. Over the next one to three years, however, institutional DeFi is widely expected to take off, converging with greater digital asset and tokenisation adoption – financial institutions have been preparing for this eventuality for several years.

This trajectory is fuelled by progress related to blockchain infrastructure, in the form of Global Layer 1, or interlinking networks to accommodate organisations that are operating under regulatory-compliance requirements. Possible solutions to address key uncertainties for regulated entities are also emerging, including compliance and balance sheet requirements, as well as the anonymity of blockchain wallets and how to satisfy know-your-customer (KYC) and anti-money laundering (AML) requirements on public blockchains. As these conversations advance, it is becoming clear that centralised finance (CeFi) and DeFi are not binary; and that comprehensive adoption at the institutional end of the finance spectrum might only be viable for those organisations with a blend of centralised operating governance in the ecosystem.

In institutional circles, exploration in this space is generally positioned as a voyage of discovery into a domain that shows attractive potential for innovative investment products to be developed, to reach new pools of consumers and liquidity previously untapped, with new digital-based operating models and more cost-efficient market structures. Only time (and innovation) will tell whether DeFi evolves to exist in its purest form, or we instead see a compromise that allows for degrees of decentralisation to enable a bridging of financial worlds.

In our "The road to institutional DeFi" white paper in partnership with Northern Trust, we reflect on the recent history of DeFi and seek to demystify some frequently used terms, before taking a closer look at several key driving forces in the DeFi domain. Finally, we will consider what lies in store for the institutional financial services community on that road to institutional DeFi. ■

Dan J Sleep *is Senior Vice President, Digital Assets and Financial Markets APAC, Northern Trust*

Boon-Hiong Chan *is Industry Applied Innovation Lead, Head of Securities and Technology Advocacy APAC, Deutsche Bank*

The white paper "The road to institutional DeFi" is available through this QR code.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A new era of efficiency: Enabling T+0

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Contributed by Petra Sjögerås, Northern Trust

The shortening of the securities settlement cycle from T+2 to T+1 in North America in May this year has prompted interest in the next stage in market efficiency: the move to same-day settlement (T+0).

Effective T+0 implementation will require significant changes to financial markets, increasing pressure on back offices to automate and streamline their systems and processes. Looking at the options today, there are two ways to enable T+0: digitisation and end-of-day batch settlement. Through digitisation, trades are executed and settled in real-time, although we are still years away from a fully digitised asset ecosystem. The more near-term solution to T+0 is end-of-day batch settlement, where trades are batched and settled by close of business.

Enabling T+0 in the future: The digital asset ecosystem

Real-time settlement of trades, a hallmark of digital assets and tokenisation, is a significant shift from today when trade, cash movement and foreign exchange processing can occur at the end of the day and overnight on trade date.

In a digital asset ecosystem, execution and settlement of trades occur simultaneously and distributed ledger technology (DLT) serves as a single source of data for all counterparties. While DLT will be a benefit in the long run, most market participants lack the technology to support it, though various global market participants are taking steps to enable tokenisation.

The Depository Trust and Clearing Corporation (DTCC), for example, announced its acquisition of Securrency, now known as DTCC Digital Assets[1], to leverage its capabilities such as the on-chain transaction signing ability to instantly settle trades against tokenised cash[2].

Another example of the industry moving to tokenisation is the Singapore Exchange (SGX CDP) making a blockchain enabled bond issuance platform by Marketnode available to market participants[3]. The platform utilises DLT and tokenisation so issuers can incorporate digital assets.

Enabling T+0 today: End-of-day batch settlement

While a digital asset ecosystem may be the future, it is years away. The more immediate way to achieve T+0 is end-of-day (EOD) batch settlement, where trades are batched and settled at close of business. Service providers have until the end of the day to process trades, allowing market participants to use the multilateral netting process. Less market innovation is required to accommodate this model and it would allow the markets to transition to a hybrid model of legacy and tokenised securities. EOD batch settlement can offer faster, more efficient processing, making it an easier transition to T+0.

EOD batch settlement, however, is not without its challenges. Global markets dealing with time zone differences may need to redesign their operating models to accommodate overnight processing.

T+0 is within reach

In the ever-evolving financial landscape, T+0 settlement can cultivate efficiency and risk mitigation. Real-time settlement and digitisation will require significant changes to systems and processes, making EOD batch processing more feasible.

It is likely that regulators will review T+0 in the coming years. Although there will be challenges to overcome, the technology is available today to enable such a shift, making T+0 a real possibility. ■

References

1–3) The sources referenced in this text can be explored as hyperlinks through the online version of this magazine, scan this QR.

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***Petra Sjögerås** is Head of Nordic Region, Northern Trust.*

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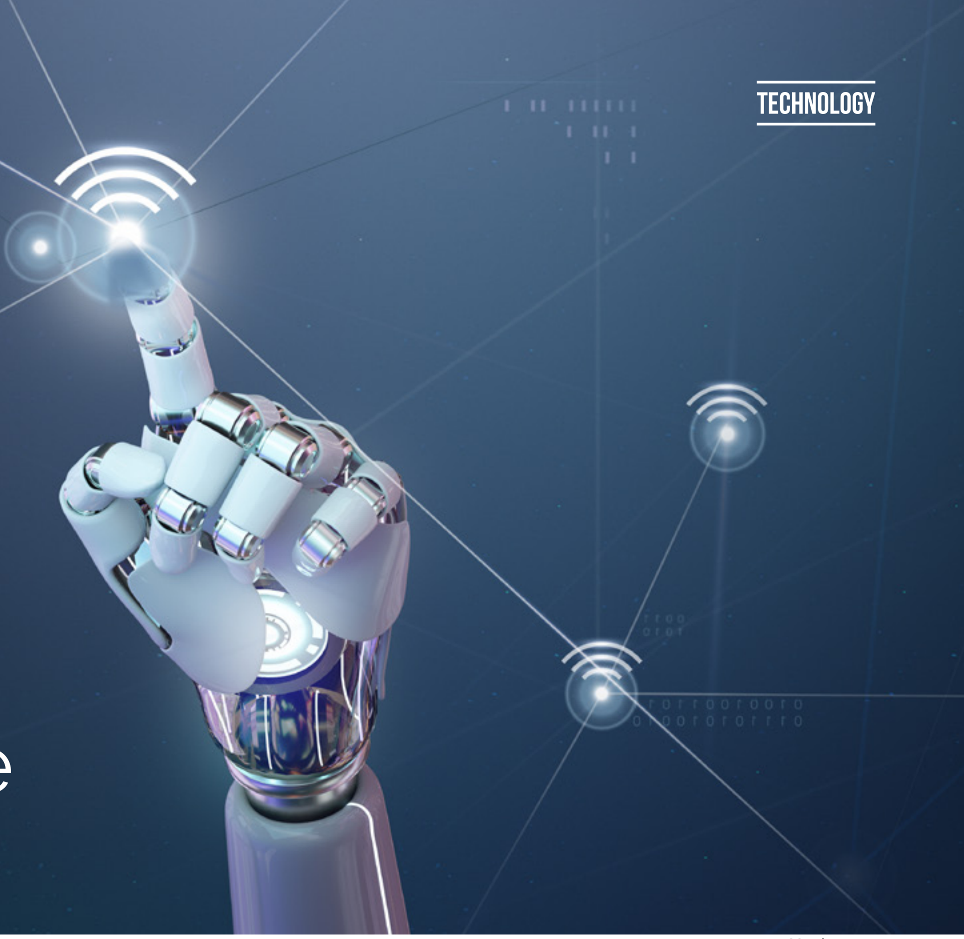
Next-generation robotics: AI-powered innovations in back-office operations



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Brokerway//

Contributed by Per Nyquist, Brokerway

The financial industry is on the cusp of a transformative leap driven by the imperative to modernise technology and enhance communication across institutions. Standards like ISO20022 are pivotal in this evolution, offering a unified framework for efficient data exchange.

A critical aspect of this transformation is the advent of next-generation robotics, empowered by AI technology, directly integrated into back-office securities systems. These robots represent a significant advancement over traditional RPA systems, which were limited by their ability to interact with legacy systems.

Next-generation robots are envisioned as advanced colleagues capable of administering and supervising complex processes autonomously. Unlike their predecessors, which followed predefined rules, these robots can make intelligent decisions based on both instructions and accumulated experience. Below are examples of the potential that AI will bring to back-office processes:

- Increased automated end-to-end processes like corporate actions and tax administration, significantly reducing operational costs and processing times. They handle data capture, validation, and processing with precision and speed, minimising errors associated with manual intervention.
- Real-time analysis of data, detecting anomalies and adapting to dynamic scenarios. By learning from past experiences and market conditions, they optimise decision making processes, thereby enhancing operational agility and risk management.
- Adherence to regulatory standards by automating compliance checks and generating accurate reports. This not only reduces compliance risks but also standardises processes.

Overall, the integration of AI and other advanced technologies into securities back-office operations will reshape the clerk's role within financial institutions. Below, find examples on how the clerk's role will change from performing monotonous work tasks to business development and client-centric initiatives:

- Analyse insights provided by robots, identify trends, and develop innovative strategies to enhance business growth and customer satisfaction.
- Shift towards client-facing roles that build stronger customer relationships, address complex inquiries, and leveraging their skills and expertise.
- Clerks can play a pivotal role in optimising processes and integrating new technologies. In collaboration with technology teams, they can improve automation capabilities and ensure alignment with evolving business objectives.
- While system built-in robots ensure operational efficiency and regulatory compliance, human oversight remains crucial for ethical decision making. Clerks monitor processes and outputs, intervene when necessary, and uphold ethical standards in financial operations.

In conclusion, the successful integration of next-generation robotics into back-office processes relies on a strong partnership between business and technology specialists. This collaborative approach not only drives operational efficiency and innovation but also enhances decision making capabilities and customer relationships. By harnessing the collective expertise of both teams, financial institutions can build future-proof back-office operations ready for the never-ending changes within the securities industry. ■

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