POSTTRADE 360°

AMSTERDAM 2020

"Every single asset class was being sold"

Covid-19 puts post trade to toughest test since Lehman. Here's how we coped. 4

Pick your post-trade future

DACSI's **Henk Brink** has spotted the two top uncertainties that will determine how you should act. Get ready – for whichever way they tilt 8

... and here's your agenda for 28 October 5

OUR SPONSORS' PREDICTIONS

And by the way, did we just save the world's markets?

Capital market crashes are spectacular, and the virus-induced one this spring was no exception. Then those markets ticked up again – in relative quiet, as is usual when they go up. Yet what may be most remarkable is the speed of the cycle rather than the amplitude. By summer, experts and public alike could look with surprise at the split economy: masses unemployed, our local shopkeepers and bar owners struggling – but stocks prices back near peak levels.

How could this be? Now, this is where post trade comes in. The big market fear in a crash is not that a single firm A goes down, but that it triggers dominos that take firms B, C and D with it as it cancels payments to suppliers, banks and investors. In 2008, the lack of transparency made it hard to predict who might fall with Lehman. This year, a combination of quick and massive credit commitments from the US and EU, together with ten years of structured resilience-building in the market infrastructure, seem to have taken a lot of drama out. Are the rising stocks and bonds perhaps not reflecting short-term business expectations, but rather a new level of long-term trust in the infrastructure's ability to stop dominos? If so, dear post-trade pro – thanks for your hard work lately.

Alexander Kristofersson
Editor of PostTrade 360°
news@posttrade360.com
+46-73-947 11 95

Find the 28 October agenda on pages 5–6 ▶

PostTrade 360° – Events and news for post-trade pros

Our origins can be traced decades back in the Nordics, where we are the leading player. With the PostTrade 360° initiative, debuting 2019, we take a next step.

Our idea is to shift the focus over to you, the post-trade professional, to supply not just an event but a sense of a community all year around. We added a **news site** with its own editorial desk, and you will find some of its stories in **this magazine** – here mixed with thought leadership contributions from our sponsors. Our news flow is free, both on our web page and through our **weekly newsletter**, at www.posttrade360.com. Recently, we have also started publishing **full-session videos** of presentations from our events, see next page.

2019 saw Amsterdam added as our fifth city for **yearly events** beside Stockholm, Copenhagen, Oslo and Helsinki. In June 2020 we added a yearly full-day **Web Summit** with 60 speakers, reaching 1,000 delegates. Going forward, our physical events, too, will offer web-based participation remotely.

This QR code leads to **our LinkedIn flow**. Please click Follow – then let your colleagues know about us!

Do you have news, views or tips on what we could cover? Don't hesitate to contact our news desk at news@posttrade360.com.

Head of PostTrade 360°
Daniele Truini
daniele.truini@contentlab.se
+46-72-243 41 73

Commercial relations
Kim Ersson
kim.ersson@contentlab.se
+46-70-149 53 31

Layout: Alexander Kristofersson

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"Every single asset class **was being sold**"

At the PostTrade 360° Web Summit in June, **Patrick Pearson** of the European Commission summed up how the spring's covid-19 crisis had put markets to a tough test – against which they stood up well.

"The infrastructure in the European Union proved to be resilient," says Patrick Pearson, head of financial market infrastructure and derivatives at the European Commission.

By Alexander Kristofersson, PostTrade 360°

"We saw that settlement fails increased three- to four-fold in the third week of March – and that immediately caught the attention of regulators who reached out to their infrastructures," says Patrick Pearson, explaining how the situation came to lead to credit challenges, a halt in securities lending markets, and other questions.

Despite this, and despite a highly challenging credit climate for some time, casualties turned out to be relatively few. A main explanation was the "quick oxygen" by central banks such as ECB and the US Fed.

"And I think the infrastructure held up remarkably well. The infrastructure in the European Union proved to be resilient, as it proved to be in the major jurisdictions with whom we have important trading relations."

"There is one technical point that I would like to stress here, and that is that the margin models the clearing houses were using also really met the demands in the significant stress that we faced," Patrick Pearson adds.

"Those margin models were on point, and it demonstrates that the anti-procyclicality measures that ESMA and our regulators put in place actually worked. I think one important read-out from those margin models were that they were predictable. There were no unsuspected surprises and swings in the margin calls. They were entirely predictable and robust. I think that's a very, very important takeaway for the regulatory community in the European Union."

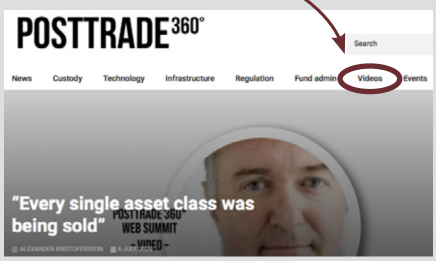
At the onset of the crisis, the strain on liquidity in the market was serious.

"We not only saw a huge demand for cash, we also saw that every single asset was being sold – every class, including gold which says quite a lot – and we saw what some people call a scramble for collateral."

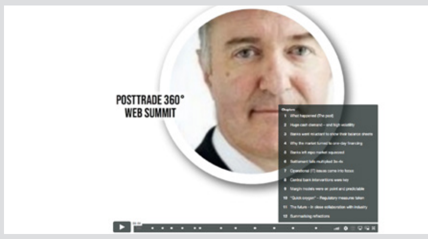
Patrick's original presentation on the day was troubled by transmission issues; we are thankful to him for this video, which is a re-recording. ■

See our full videos here

See Patrick Pearson's full 15-minute video presentation – like many other conference presentations – on our news site at posttrade360.com. You find them via the new Video entry in the top menu bar on the site.



The video is indexed so you easily find the parts of it that interest you the most. A menu icon in the player bar lets you see the whole list of "chapters".



Iwan Baan, Eye Filmmuseum

Nope, no physical attendance at the Eye this year – but hopefully next.

Choose your Dutch post-trade delights

Event URL: next.brella.io/events/PT360A
The conference is free of charge, and digital-only. You may need Join Code: PT360A

WEDNESDAY 28 OCTOBER

08:25 Chairman's Opening Remarks
Bastiaan Aalders, Director, CEO Dutch Office, Alpha FMC

08:30 OPENING MACRO KEYNOTE: The view from here
Wouter Sturkenboom, Chief Investment Strategist EMEA & APAC, Northern Trust

09:00 REGULATORY KEYNOTE: What's next in Post Trade
Emma Johnson, Director, Securities Regulation & Market Reform, Deutsche Bank

09:30 Panel: ETFs and current post trade environment
Moderator: ***Marc Knowles***, Head ETF and Indexing, Alpha FMC
Panelists:
Jan Treuren, Head of Product Management, EuroCCP
Ben Sturgeon, Equity Derivatives Product Manager, Tradeweb
Benjamin Meeuwissen, Business Development, Flow Traders

10:00 Coffee

10:30 KEYNOTE: Regulatory ESG Data
Janine Hofer-Wittwer, Senior Product Manager, Financial Information, SIX

11:00 CASE STUDY: A collaboration between ABN AMRO and Aegon to invest with impact
Vincent Triesschijn, Director Sustainable Investing, ABN AMRO

11:30 KEYNOTE: Focus on the CSDR Settlement Discipline Regime
Igor Gramatikovski, Director and Product Manager for Trade Processing, SimCorp

12:00 Lunch

13:00 KEYNOTE: COVID 19 and the impact on alternatives assets and the fund raising environment
Johnnie Barnett, CFA, Director, Private Markets, The New Amsterdam Group

Continues ›

13:20 KEYNOTE: How diversity & inclusion and ESG go hand in hand

Benjamin Versluijs, Vice President, Business Development Manager, Northern Trust

13:45 KEYNOTE: Operational Risk Management

Vincent Molino, Front Office Solutions, Practice Executive, Head of Risk and Operational Risk Management Solutions, Northern Trust

14:15 Coffee

14:45 European OTC derivatives markets – Access to liquidity, and the drive for operational efficiencies and margin optimisation

Heiko Cassens, Head of Sales and Relationship Management, EMEA and APAC, LCH
Petra Verhulst, Director, Sales and Relationship Management, LCH

15:15 KEYNOTE: A new car for post-trade? Future scenarios for the Dutch securities post-trade industry

Henk Brink, Senior Market Intelligence Officer, CACEIS, and Chairman, DACSI

15:45 Coffee

16:15 PANEL: 3 Dutch banks on digital assets developments

Moderator: ***Olivia Vinden***, Director, Alpha FMC
Panelists:
Mariana Gómez de la Villa, Program Director Distributed Ledger Technology, ING
Claudia Terpstra, Blockchain Specialist, Rabobank
Martijn Siebrand, Innovation Manager Digital Assets, ABN AMRO

16:45 KEYNOTE: An overview of the Dutch fintech ecosystem

Marcel van Oost, Connecting the dots in FinTech...

17:15 Chairman's closing remarks and end of conference

Bastiaan Aalders, Director, CEO Dutch Office, Alpha FM

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Marcel Van Oost
Connecting the dots in FinTech...

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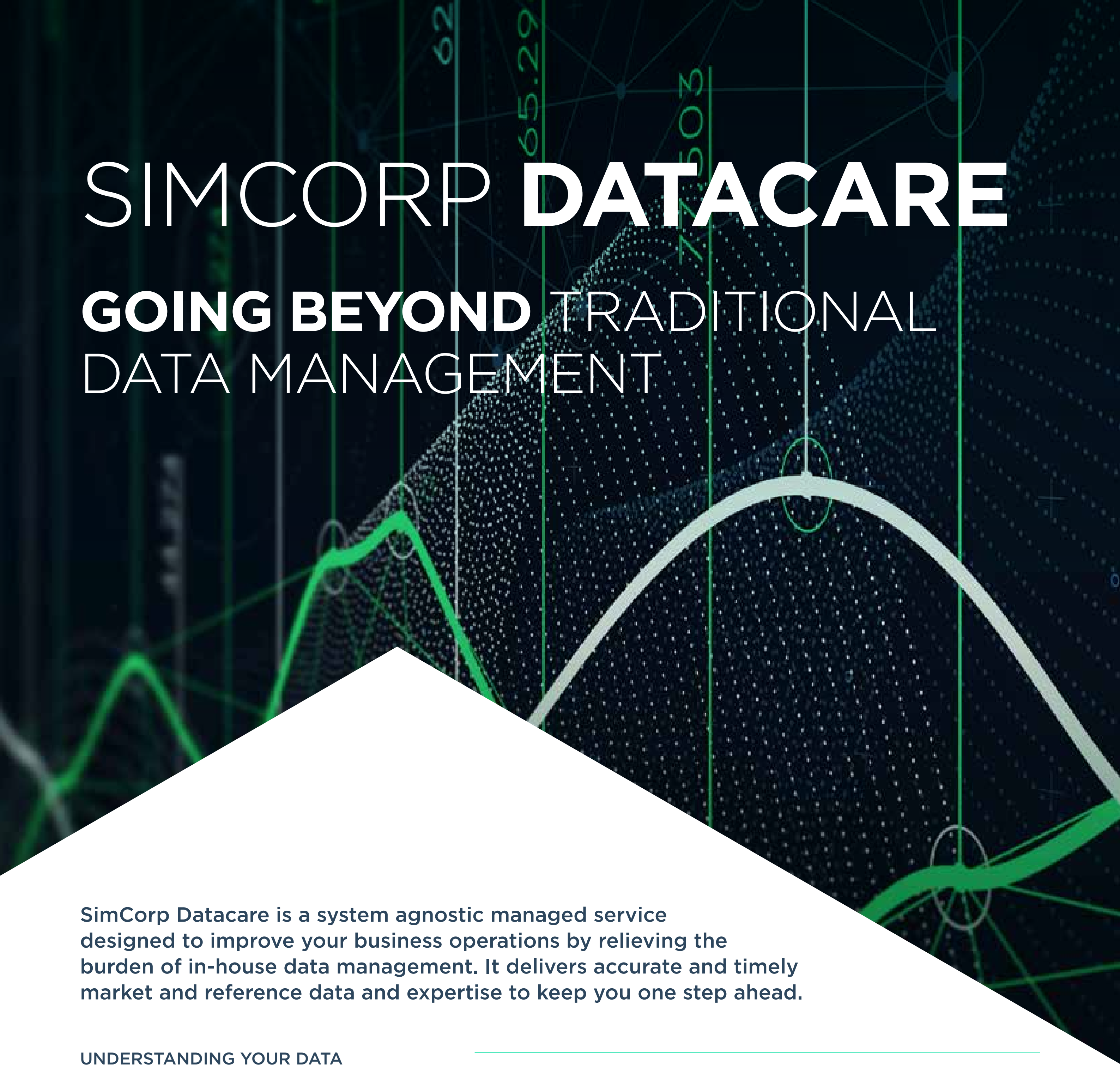

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Find your future faster

– with this post-trade map

Get ready for the future, whichever way it goes, by discussing these four alternative directions with your colleagues – and by watching out for the early indications of either. Dutch post-trade association DACSI, with chairman **Henk Brink**, wants to see us all better prepared.

By Alexander Kristofersson, PostTrade 360°

"Whichever scenario becomes reality, it will impact your profit-and-loss, your product lines and your innovation budgets," says Henk Brink.

Will technological innovation speed up or lag? And how fast will the EU financial market move towards integration on the back of political willingness?

A fresh 37-page scenario white paper, from Dutch securities-industry association DACSI, posts these two questions as the most decisive uncertainties that will be shaping our near future.

"So we came to these four plausible scenarios, to illustrate what the European post-trade sector might look like in the next five to 10 years," says Henk Brink, chipping in a reflection:

"I've been in this industry for almost 40 years, and five to ten years is not a very long period. Things take a long time in post trade."

"Whichever scenario becomes reality, it will impact your profit-and-loss, your product lines and your innovation budgets," says Henk Brink, urging industry professionals to take stock of the different possible future outcomes. He emphasizes that reality will not jump up looking exactly like one of the scenarios in the box, but that it will show a mix of features from several – to higher or lesser degrees.

"Use the early warning signals, because the scenarios are not set in stone."

Overwhelmed by the input

This interview was made just before Henk Brink would present his organization's scenario-planning efforts with the PostTrade 360° Amsterdam 2020 conference (28 October). Half a year of investigation and analysis, by a task force of five experts including himself, has boiled down to the 37 pages– and a set of slides.

"The problem was not any lack of data and information – but that the data and information, and the underlying reports and desk research, were overwhelming," says Henk Brink.

"There were so many studies and papers and strategy issues. We had to make a selection to come up with a focused document. We could have written a report of 300 pages but we said, well, nobody's going to read that much."

People in finance are familiar with forecasting, often to generate a single number for the value of an asset. But the mindset in scenario planning is different, and for many, it takes a little practice getting used to. Scenarios are not about valuations, but about a preparedness for quick and coordinated action whichever way the major uncertainties turn out. Henk Brink calls them "what-ifs".

"We hired a consultant with a profound knowledge of scenario analysis, and with knowledge of the ecosystem. He helped us tremendously in the method of scenario analysis – explaining what it is but also what it is not: it is not a prediction of the future."

Tech will drive – but which way?
Some trends can be expected with more certainty, showing effects in either of the scenarios.

"Technology will change the world as we know it, and waves of consolidation among the current market participants is also something we see in all scenarios – though not in the same way in all of them," says Henk Brink.

"Existing actors will continue to work with fintechs to, at least incrementally, innovate post trade. And we will see a continued interest in harmonization and standardization. We've come a long way, but we still have a long way to go." ■

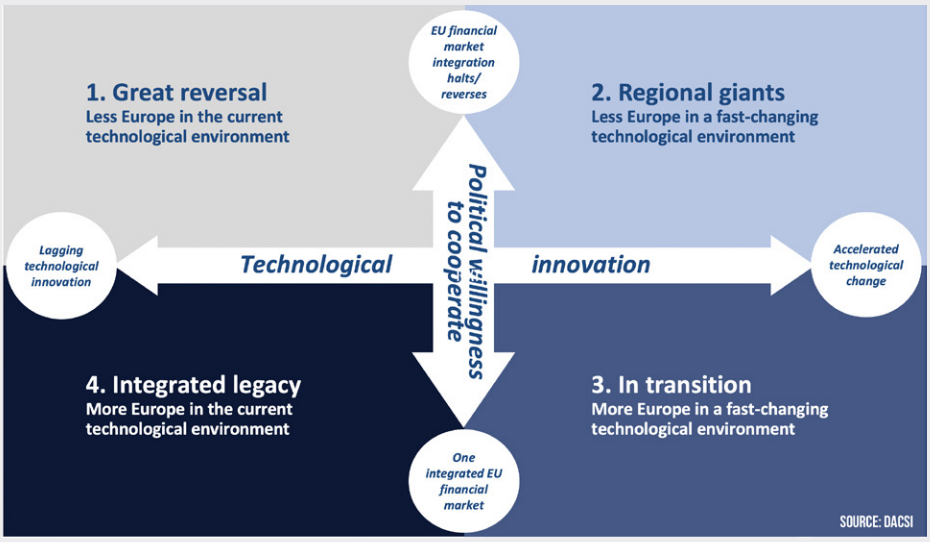
To receive the report, send a mail to ***secretariat@dacsi.nl****.*

Two axes makes four boxes

DACSI's new scenario whitepaper sketches four alternative scenarios for Europe's securities post-trade sector in a five-to-ten-year perspective. It discusses the implications that each of these could have on CCPs, CSDs, custodians and other actors in the field.

According to the analysis, the outcome will depend on two dominant uncertainties:

1. The degree of political willingness to cooperate. This determines the level of regulatory integration of European financial markets, including oversight and barriers.
2. The degree of technological innovation. The speed at which new and existing technologies will accelerate change in post-trade solutions and services.



With either of the two variables moving either back or forward, it makes for four combinations – four qualitatively different futures. If the movement towards market integration would halt or reverse, we are up either for a "great reversal" or a landscape of "regional giants".

If, on the other hand, the EU could actually create an integrated financial market, we would enter either an "integrated legacy" scenario or an existence "in transition".

In the DACSI report, each of these are accompanied not only by closer descriptions and lists of the impacts they would have on post-trade actors. There are also lists of the early-warning signs that ought to trigger closer planning or action. For example, the list of possible early indications of the "In transition" case (a technologically fast-changing, and financially integrated, market) includes, among other points …

• EU adoption of regulation for tokenised assets,

• an agreement on convergence of securities laws, agreements on tax withholding procedures, or

• the event that a FinTech/ BigTech launches an app that integrates pre- and post-trade into a user-friendly solution.

With this as inspiration, your organization could take the next step: to identify what would be the consequences for you, and what indicators you should look out for to know when you should trigger alternative activities.

Next, it takes **innovation**

Although markets may have calmed down following the extraordinary volatility in March/April 2020, financial institutions are bracing themselves for further Covid-19-induced uncertainty and stress. Low interest rates along with unpredictable asset price gyrations are playing havoc on return generation at banks, asset managers and investors.

If organisations are to withstand this ongoing crisis, they need to engage with post-trade service providers who are not only robust but innovative.

Contributed by Brendon Bambury

Central to the Swiss Stock Exchange's ethos is a desire to innovate and provide leading solutions to solve real-world client problems. As the seriousness of the pandemic became increasingly obvious, financial institutions scrambled to access repo markets in order to obtain high quality liquid assets (HQLA) enabling them to meet collateral calls and facilitate redemption requests as in the case of asset managers. The entities which implemented automation and operational efficiencies into their collateral management activities – either internally or through leveraging platforms such as the Swiss Stock Exchange's Future Tri-Party Agent (FTPA) service - have largely weathered the volatility.

Longer-term, institutions – including wealth managers and private banks - will likely struggle to deliver alpha. In order to safeguard client assets amid the revenue uncertainty, institutions will need to identify operational savings so as to maximise performance. One way this can be done is through tax optimisation. However, a number of institutions are reliant on antiquated technologies and manual intervention when performing tax optimisation functions, which can be disadvantageous for clients insofar as they may not benefit from the tax relief they are entitled to. Tax optimisation can have a material impact on portfolio performance, so it is essential organisations take it seriously. In response, the Swiss Stock Exchange has developed a new Advanced Tax Service (ATS) which provides financial institutions with tax reclaim support, helping them to deliver further value for their clients.

Evolving with the times

Digitalisation has been a recurrent theme in post-trade circles as custodians and market infrastructures look for ways to remain relevant in this rapidly evolving environment. The Swiss Stock Exchange fully recognises that markets are undergoing an unprecedented transformation, which is why it has created the SIX Digital Exchange (SDX), a fully integrated issuance, trading, settlement and custody infrastructure for digital assets. Nonethe-

“Most critically, organisations need to be technology agnostic when developing new products.”

less, financial institutions do need to be pragmatic and realistic in how they implement these ambitious technology change programmes.

Most critically, organisations need to be technology agnostic when developing new products. Although SDX is leveraging R3’s Corda Enterprise Blockchain solution to facilitate trade settlements, it is also using commoditised technology sourced from NASDAQ, which is not Blockchain-enabled. This is because there is limited point in building an exchange platform on a Blockchain.

While Blockchain has many applications and use cases, organisations need to be sensible in how they deploy it. If existing technologies can solve commercial problems or deliver business-wide efficiencies, then firms should look to make use of those solutions instead. ■

Brendon Bambury is a specialist in strategic business development and client relationship management. In his position as Head of Post Trade Sales for the UK and Nordics, since June 2017, he is responsible for sales and relationship management. Brendon was initially appointed as a senior sales manager, during which time he strengthened the core servies of SIX in UK and international markets. In addition to managing a portfolio of key clients, he is responsible for all of the activities of the Post Trade Sales team based in the UK and the Nordics.

Back to the future 4.0 – a digital journey

The banking and financial services sector is buzzing with digital transformation noise, making it challenging for institutions to distil out what is required for their businesses to not only survive but, more importantly, thrive going forward.

Contributed by Alan Goodrich, ERI

Within this sector, the post-trade world of securities settlement and clearing is dependent upon the flows of business generated through managing and growing wealth through investments in securities and funds. The participants and stakeholders in this value chain were already facing significant challenges, even before COVID-19, all of which contain some digital transformation twist to them, including:

- Cost effectively addressing an ever-increasing burden of regulatory compliance and corporate governance;
- Achieving operational efficiency in the face of more complex instruments, products and services, as well as enhanced client interactions across digital channels;
- Establishing new sources of revenue replacing the evaporating streams of transaction fees and interest income, while embracing the shift towards advisory and performance-based fees;
- Adapting to the shift in customer demographics and behaviour. As Gen X and Y (Millennials) will inherit an estimated €8 trillion euros from their baby boomer parents over the next 5 to 10 years, their focus will move from a purely financial purpose towards a more holistic life-planning approach that includes; impact investing, education and healthcare, as well as possibly restructuring existing debt in tax efficient ways;
- Tackling the competition, presented by; GAFAs, their Chinese and Japanese counterparts, and other non-banking challengers, that are making ever-deeper inroads into financial services.

Despite the financial crises making a dent in consumer confidence, the established banking and financial services institutions still have the advantage in brand trust, for now, over the neo-players. The key to avoiding becoming disenfranchised is to re-establish, or reinforce, the cradle-to-grave style of trusted relationship that has been the bedrock upon which the industry was built.

Money's gone

For Baby Boomers, the bank was a trusted advisor and custodian of physical assets, i.e. cash and securities. However, both cash and securities have become dematerialised, or digital, and their safe custody is about to become an entirely commoditised service on distributed ledger technology (DLT) and blockchains. Therefore, for banks and financial services providers to continue to enjoy profitable, long-lasting, relationships with Gen X and Y (Millennials), as well as their Gen Z and Alpha Gen children, reinventing

"The key to avoiding becoming disenfranchised is to re-establish, or reinforce, the cradle-to-grave style of trusted relationship that has been the bedrock upon which the industry was built."

and recreating this trusted status is the only option.

Fortunately, times have changed. The younger generations are far more comfortable with new technology and the digital delivery of products and services. A phenomenon that should be in the industry's favour. If established institutions were to attempt to re-build a trusted relationship using the traditional one-to-one, human-to-human paradigm, then the operational expense would be simply too great. However, the behavioural characteristics of the newer generations, provides these institutions with the opportunity to leverage their trusted brands and use new digital technology to cost effectively achieve the equivalent one-to-one customer experience and personalised service that their parents and grandparents valued.

So, whether a financial institution is adopting a strategy of organic business transformation, or creating a green-field entity to fast-track itself into the new digital age, at the core of the ability to transform will be the use of technology. A core platform that embraces open banking and fintech-ready APIs, which allows seamless, agile integration of the latest expert systems is key. For example, enabling the combination of the institutions own data with external big-data sources and an AI engine to derive life-event and propensity scores that allow hyper-personalisation of products and services. Equally critical are; award-winning levels of front-to-back process automation and platform agnostic technology that permit flexible deployment models, e.g. on premise or in a cloud-based SaaS model. Last, but not least, in importance is that the supplier has credibility, in terms of depth of experience and expertise, as well as a track record of successful implementations.

For the digital journey to achieve its objectives, a return to the values of the past using the latest new technology innovations, holds the key to making a successful leap into the future. As the quote from the movie goes, "Roads? Where we're going we don't need roads!" But, we will need trust built on digital foundations. ■

Alan Goodrich is Regional Sales Manager at ERI, supplier of the OLYMPIC Banking System, a solution offering award-winning levels of post-trade automation.

DeLorean Rentals / unsplash

Securities services 2030

Beyond the digital frontier

"It's 2030, and it's the middle of the night …" The industry's reality ten years from now is the starting point for a new vision whitepaper by Northern Trust.

Contributed by Justin Chapman and Howard Rapley, Northern Trust

It's 2030, and it's the middle of the night. Despite the time, a pension fund manager is awake, and wants to access settlement data for two digital currency transactions. They then want to see all the pension scheme's assets across all systems, geographies and platforms, in a single book of record, at T+0. They don't have to worry about reconciliation data, because reconciliation no longer exists. But they want to leverage their securities service providers' technology to run several investment scenarios to decide what hedging programmes to adopt across a range of assets. And they want to do all of this on their digital device.

A world where fund managers and asset owners can access data and gain actionable insights in real-time, wherever they are and however they want, may seem distant but it's closer than you might think.

The securities services industry is in the midst of an unprecedented transition to digital ecosystems, and client expectations of their custodians are widening to encompass a host of additional services around cyber security, artificial intelligence, cloud computing, data analytics, and blockchain technology. While asset servicers have always adapted their operations to keep pace with the ever-changing requirements of their clients, they will now have to be flexible, agile, creative, and digital in ways we haven't seen before.

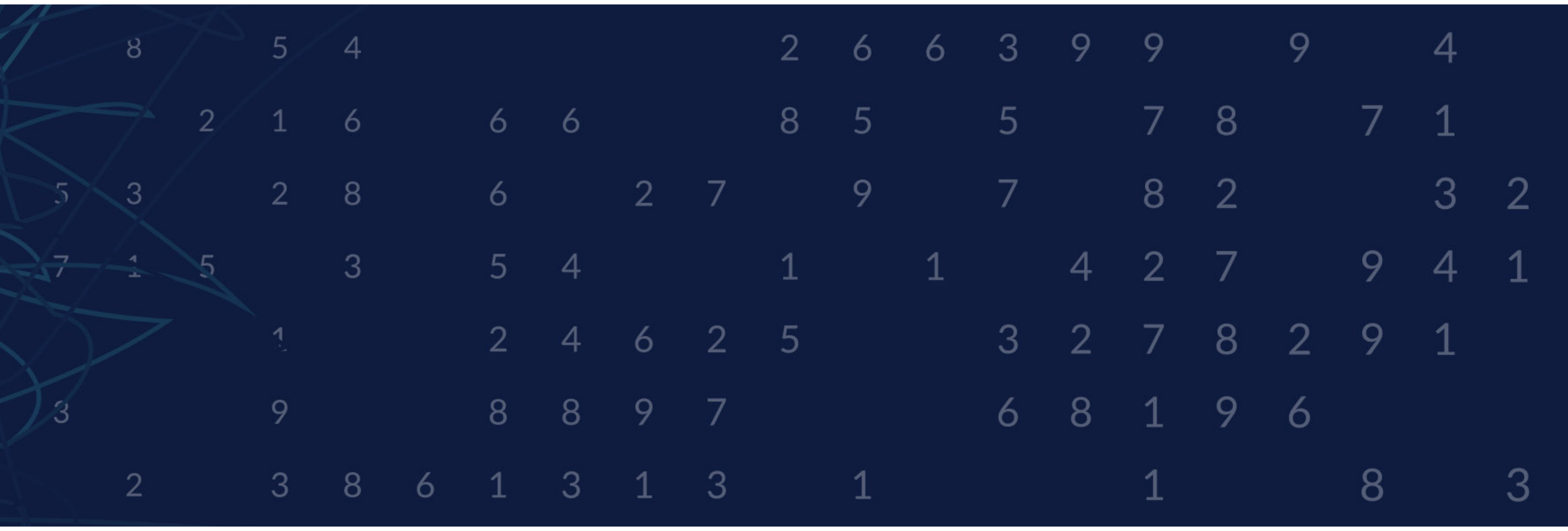
The custodians of 2030 will be client centric and focused on asset safety , but will also be providing a new, collaborative ecosystem where both digital and traditional solutions exist side by side –

New asset classes, new market spaces

The asset servicing landscape will have profoundly changed and technological advancements will require global custodians to act as digital conduits for their clients – enabling access to an ever-broadening array of markets spanning traditional geographies as well as emerging digital infrastructures. We are seeing the drivers for this already – for example, the Australian Stock Exchange's efforts to transition to Distributed Ledger Technology (DLT) or Deutsche Börse's work building digital asset market infrastructure.

Digital assets – assets that are issued, exchanged and settled digitally – will be commonplace across all sectors, whether it is bonds, private equity, exchange-traded funds (ETFs),

> **"They don't have to worry about reconciliation data, because reconciliation no longer exists."**



special purpose vehicles, precious metals, real estate, and more. Beyond these traditional assets, new market spaces will normalise digital currencies and foster the development of entirely new asset classes.

Embracing change

With so much change and a raft of new skill requirements, custodians will need to have embraced cultural change, with success likely to be based on proactive leadership, and an inclusive, cognitively diverse workforce.

The importance of digitalisation cannot be overstated, and its impact will have been felt across the full value chain of the securities services industry. The complexity of this emerging landscape is likely to encourage co-operation between asset servicers with competition based on service and the ability to add value – in particular, from actionable insights – rather than the ability to execute on standardised process, which will be commoditised.

Operational efficiency

As much as asset servicers are required to be innovative and creative in their approach, they will also be expected to continue to demonstrate their operational efficiency – new technologies are offering plenty of opportunities to do so. Under current models, data is created multiple times at each asset servicing firm, for example, and systems and infrastructure have high costs. By 2030, custodians will be working more closely with one another – data will be created once and synchronised across all firms, with shared systems and processes to reduce cost. Operational functions will become self-learning and self-functioning, with the integration of data becoming much easier.

Similarly, there will always be reporting and auditing requirements, but this process will become real-time with auditors and regulators given direct, live access to transactions. Recent regulations with a focus on accountability and governance have already encouraged the creation of new technologies for dramatically enhancing transparency, and regulators around the world are working to understand and enable financial innovation.

The brave new digital world

Faced with this brave new digital world, custodians will evolve, or they will fall by the wayside. By 2030, successful asset servicers will be the ones who have bridged the gap between traditional and digital assets, and helped their clients navigate the transition between the two. No matter how advanced technology becomes, custodians will always have to demonstrate that they are a trusted and stable provider. Their evolution, as it always has been, will be client-centric and, in 2030, more time will be spent giving clients information on what they need to know, and enabling them to make better decisions.

The next decade promises greater efficiency, immediacy and customisation of data and insight provision from custodians – the enablers of innovation – which will allow clients to focus on their core competencies. However, 10 years is an incredibly long time in the custody industry with the investment landscape in constant flux as new products, asset classes and technologies come to the fore. As ever, custodians must stand ready to adapt as far more could happen in ways we cannot anticipate. ■

Justin Chapman is Global Executive, Securities Services and Global Head of Market Advocacy & Innovation Research, Northern Trust.
Howard Rapley is Global Product Lead, Securities Services, Northern Trust

Northern Trust's paper "Custody Reimagined: The Outlook for Global Securities in 2030" can be downloaded at ***https://www.northerntrust.com/europe/insights-research/editorial-articles/asset-servicing/custody-re-imagined***

Theodor Vasile / Unsplash

Past 2020's uncertainty – a **bright** future

Markets have calmed but the economic outlook still looks bleak. EuroCCP lines out the advantages it sees in becoming part of the Cboe group – against a turbulent backdrop.

Contributed by EuroCCP

2020 has been a hugely challenging year for European financial markets. At the beginning of the year few could have foreseen, let alone adequately prepare for, the onset and impact of a global pandemic. While markets have calmed following the wild volatility and market gyrations seen in March, largely due to the unprecedented actions of central banks designed to soften the worst impacts of the coronavirus, the economic outlook still looks bleak. And while we now know that the UK has left the EU, the terms of its future relationship with its biggest market is unclear. Financial services firms will only be able to continue to access EU markets if the UK is given regulatory equivalence, an outcome which is looking increasingly unlikely. Until this issue is resolved – a final decision on equivalence might not be made until next year – firms will need to navigate their way around a complex mishmash of national regulations, causing even more uncertainty and hindering the growth prospects for the sector as a whole.

Acquisition done

Despite this difficult operating environment, in July we announced the completion of the acquisition of

EuroCCP by Cboe Global Markets, one of the world's largest exchange holding companies. This followed a strategic review initiated by EuroCCP in 2019 which focused on seeking new opportunities to diversify and grow our business. In December 2019 Cboe made an offer to buy 100% of EuroCCP's stock.

Worked long for open access

There are numerous natural synergies between both companies as they have long championed competition, open access and clearing interoperability in Europe. EuroCCP currently clears trades for 37 trading venues, which represent close to 95 percent of all equity trades executed on organised markets in Europe.

Looking ahead, an important area of collaboration for the firms will be the development of derivatives trading and clearing capabilities in the region. It was recently announced that Cboe plans to launch Cboe Europe Derivatives in the first half of 2021, subject to regulatory approvals. This Amsterdam-based market is expected to initially offer trading in equity futures and options based on six Cboe Europe Indices: the Cboe Eurozone 50, Cboe UK 100, Cboe Netherlands 25, Cboe Switzerland 20, Cboe Germany 30, and Cboe France 40. In addition, Cboe plans to add futures and options on additional European benchmarks at a later date, based on customer demand. EuroCCP will provide clearing services for the platform, subject to regulatory approval.

Cécile Nagel is CEO of EuroCCP.

"The various ETF initiatives that we have undertaken in the last 18 months are expected to gain significant momentum in 2021"

ETFs gaining speed

Furthermore, the various ETF initiatives that we have undertaken in the last 18 months are expected to gain significant momentum in 2021. We continue to discuss with market participants opportunities to expand our ETF clearing capabilities, including further OTC RFQ connectivity. We also have plans for a new service for primary market clearing of ETFs – which will be the first of its kind in Europe – to go live later this year. Our aim is to help create efficiencies and support the growth of the European ETF market – in line with what is already happening in the US.

A new chapter

We firmly believe that the completion of the transaction with Cboe has positioned EuroCCP to continue our long-term success and marked the beginning of the next chapter for our business in Europe. In addition to building out our derivatives clearing services, we see many opportunities to collaborate with Cboe to expand our product offering, not just in ETFs but in other asset classes too, as well as to become the region's leading advocate of open access and competitive clearing. With our shared values and focus on innovation and client service, we will do even more to develop capital markets in Europe. ■

"We see many opportunities to collaborate with Cboe to expand our product offering, not just in ETFs."

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