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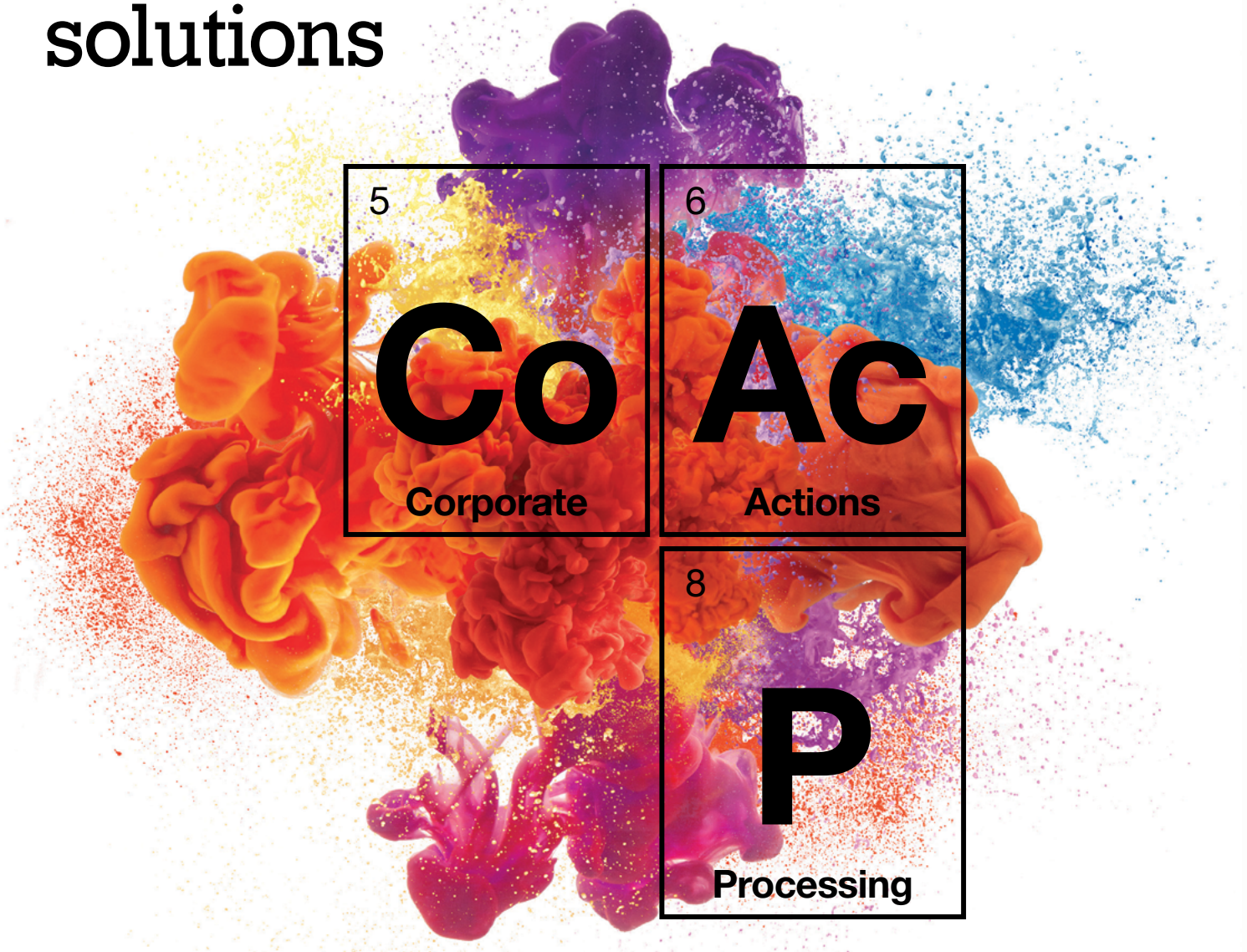
SmartStream-STP

Combining the elements for highly responsive solutions



At SmartStream we believe that starting with a solid foundation of elements is vital when creating new operating models. As a result, it's never been easier for firms to access highly responsive, tailored solutions which can be deployed at speed and with immediate impact.

Our innovative technology offers clarity and predictability across the complete corporate actions event lifecycle; this serves to provide the transparency and control organisations demand for decision support, operational efficiency and processing risk.

So, whether you are looking to replace legacy systems, build an internal processing utility, utilise the cloud or outsource your entire operation, partnering with SmartStream is the perfect chemistry.

In conversation with Sean Cain, Director, Product Management, Fidelity Corporate Actions Solutions, on the continuing evolution of straight-through-processing

ISS Magazine: Can you give us some background on the topic you intend to discuss and the ground you plan to cover?

Sean Cain: There is an industry need to automate Corporate Action (CA) processing into downstream systems such as accounting, trading, and brokerage systems. As each downstream system is different, and there are currently no industry standards when it comes to CA Entitlements Processing, the vast majority of downstream processing is manual and extremely risky.

ISS: For new readers, can you sketch out the industry context in which the discussion will take place?

SC: The CA industry has made major strides in the past few decades in regards to risk reduction. The industry has done a great job in standardizing and automating CA notifications, instructions, and payments via SWIFT messaging. When you attend industry conferences, much of the discussion is dominated by continued work in these areas.

ISS: We've heard you use the phrase 'Forgotten STP'. What's the significance of that?

SC: Forgotten STP refers to the downstream processing of CA entitlements into accounting, trading, or brokerage systems and is a critical area that requires more dialogue. While currently there is a large focus in the industry on continued standardization and STP for notifications, instructions, and payment messages, in comparison there is very little industry focus and discussions on the CA entitlement processing to downstream systems.

ISS: Can you explain what you see as the key trends in that area?

SC: CA entitlements processing automation differs greatly from system to system. As every system is unique, the capabilities of each system and the enhancements required to automate processing in each system is extremely varied. There tends to be a lot of automation in the industry on simple income and mandatory events (cash and stock dividends, stock splits, interest payments, etc). These events are less complex by nature, but do make up a large percentage of the action volume, which is a good start.

ISS: But it is only a start?

SC: Yes, and there is a long way to go. There is very little automation on voluntary events and complex mandatory events, yet this is where the majority of complexity and risk is. These types of events can cause significant issues with costly errors and compensation to the front office, business partners, and individual investors.

ISS: Does the lack of a central authority help or hinder in the development of greater STP?

SC: Corporate Action processing is executed on a wide variety of proprietary systems so I don't believe there will ever be a central authority to oversee the process and mandate automation. Companies are doing the best they can in the current environment by added controls and oversight, but the lack of automation stifles the ability of operations to grow with scale and take on increased complexity. In addition, no matter how strong the operational controls are, if a process is being done manually, there will at some point be a breakdown and it could result in significant financial exposure.

ISS: Sounds grim, and complicated. What do you think needs to change?

SC: It is very difficult to automate CA processing. Basic processing can be automated easier; however, when taking into account rebooks, cancellations, and complex processing, this requires substantial investment and continuing supervision. Aside from the larger firms that can make this substantial investment, all other firms will need to rely on their vendors and service providers to drive this automation.

ISS: A case of many hands make light work?

SC: When vendors partner on integration and automation, it benefits everyone. For example, if a CA Workflow System can automate CA processing with an accounting or trading system, it is instantly attractive to a prospective client. The automation provides immediate business value to the client by improving their controls, automation, efficiency, and ability to scale. From a vendor's standpoint, this results in a more satisfied client that is able to fully entrench all of their CA workflow into the application. Risk in the operations world will always be a top concern and vendors that can differentiate themselves by managing information and workflow seamlessly through multiple applications will fill an important gap.

ISS: Which way next, do you think?

SC: I think we will see a greater emphasis on CA entitlements processing automation as a next step in the industry. It is an important differentiator to clients when choosing between multiple systems. For example, if I've already implemented a trading or accounting system, and I'm looking into a CA workflow system, if one is integrated with my current downstream system, it makes the decision very easy as there are immediate benefits to improving workflow, controls, accuracy, scalability, timeliness, service to business partners and STP, while reducing risk, time spent, and resources.

ISS: And finally?

SC: It is no longer feasible for operations teams to function properly without a CA Workflow System. Without even taking into account benefits such as scalability, growth potential or enhanced service to business partners, all it takes is one small manual mistake and resulting exposure to justify a CA system. As more operations teams bring on CA Workflow Systems, they will become more entrenched in the overall process, and in turn operations teams will demand and require further automation such as downstream processing.

FIDELITY CORPORATE ACTIONS SOLUTIONS

Expanding Regulation – Another Challenge for Consumers of Corporate Actions Data

Jonathan Bloch, Chief Executive Officer, Exchange Data International

Accurate and timely corporate actions data, and associated securities reference data, are critical to market participants as they seek to meet recent regulatory changes such as MiFID II, Solvency II and IRS 871(m). Without reliable data firms face the risk of delayed or rejected returns resulting in fines or other sanctions.

Despite the increasingly critical nature of this data, there is still no standardisation determining how or when this information is disseminated. Issuers provide announcements as free format text which means that each must be analysed, so that its full impact can be understood and all key terms and conditions extracted. As regulations and tax law vary from market to market local expertise is often required to ensure accuracy. With so many moving parts, the risk of human error in interpreting or entering the data exists for even the simplest announcement.

Apart from the shareholder impact, the options and rights arising from any corporate action must also be analysed to determine whether the event will result in a change to any or all of the myriad of security and market identifiers related to the instrument. The changes to local identifiers, SEDOLS, ISINs and others need to be captured quickly as they are the linkages that tie together the vendor feeds with the in-house databases and systems required to report accurately to the appropriate regulators and tax authorities.

As the scope of regulations continue to expand to include derivative instruments these difficulties multiply. A single corporate action can affect thousands of derivative instruments traded on multiple markets around the globe. For example, a single Apple Inc event can impact over 10,000 active derivative instruments traded across 8 exchanges.

This is one of the challenges faced by derivative dealers following the January 2017 implementation of The US Treasury Department & Internal Revenue Service regulations 871(m). 871(m) imposes a 30% withholding tax on 'Dividend Equivalent' holdings for non-US persons – that is any derivative holding where the underlying security is one which could give rise to a US sourced dividend. This includes US equities as well as any indices deemed in-scope by the regulations. The withholding must be made and all parties to the transaction must be provided with statements detailing the amount of the dividend equivalent payments in a timely fashion.

This requires derivatives dealers to have accurate linkages to data relating to the underlying instrument, and complete, accurate and timely notification of all dividend payments – preferably in a format they can easily feed into their systems.

Traditionally, derivative dealers have relied on corporate actions notices from the derivatives exchanges but these must be manually reviewed and then key data extracted and entered into a firm's back office systems. To add insult to injury these are not always timely and EDI spot checks have identified lags of up to 18 days between the date of the issuer announcement and inclusion in its Worldwide Corporate Actions service and the relevant derivative exchange notice.

All of this makes compliance with 871m time consuming, complex and prone to error and few firms feel confident about their ability to do so. In fact, the Futures Industry Association wrote to the IRS in November of last year asking for a delay to the implementation as they felt the industry needed more time to prepare. The request fell on deaf ears and 871(m) went live on 1 January 2017. Firms are struggling and are looking to data vendors for solutions to save them time and money while reducing the risk of non-compliance.

EDI's corporate actions products provides structured, accurate and timely access to announcements – including dividends and payments. These are all in a standard, database ready format with accurate linkages to all of the derivatives the action might impact. EDIs derivatives product suite provides further 871m support with global end of day pricing, daily delta calculation and markers for qualified indices.

All data is cross referenced with a number of market and industry standard identifiers including local identifiers, SEDOLS, ISINs and FIGIs. It can be delivered in a variety of formats and easily integrated into the existing back office systems to facilitate complete and timely compliance.

While the future of several financial service regulations is uncertain given the stance of the Trump administration, this is a mere hiccup in the growth of regulation and tax compliance. Without an accurate and updated Security Reference File firms will find it impossible to make the necessary security linkages and comply. And maintaining accurate security reference data relies on daily, if not intraday, corporate actions processing.

exchange data international

THE CORPORATE ACTION TOTAL SOLUTION

VISIT US AT CORP ACTIONS 2017

The Corporate Action Company has the technology, skills and experience to transform your Corporate Action Operations

Specialists in the implementation of quality, robust software solutions addressing the difficulties and reducing the risks of processing corporate actions.

You can achieve the benefits of **CATS** within as little as 8 weeks from project sign off, due to our minimal integration and commissioning times.

Corporate Action processing often involves working with incomplete pieces of information, with teams utilising many distinct systems and different data sources.

CATS automates to reduce processing risk, volume sensitivity and achieves quantifiable cost savings.

CATS clear and consistent diary, task management and reporting functions, provide transparency within your environment.

CATS automation, combined with its Exception Management, enables significant increases in STP.

CATS, in production since 2000, is robust and secure and has proven itself globally for our customers in the Financial Centers of Germany, India, Japan, the UK and the USA.

CATS is designed to help you realise your vision of improved efficiency and control.

CATS is a modular and scalable software suite addressing both tactical and strategic corporate action processing needs.

CATS provides a consistent, controlled processing environment- a key component regardless of the size of your organisation.

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THE CORPORATE ACTION COMPANY

The Emperor's New Clothes

Per Nyquist, CEO Brokerway AB

I think it is interesting to reflect on the European securities industry and the ongoing regulatory tsunami. There are parallels to HC Andersson's famous fairy tale 'The Emperor's New Clothes' - on the surface everything is logical, but we are all trying desperately to understand what the magic fabric looks like. A great number of resource-intensive mandatory regulatory projects are underway to stay in the business. But we are all thinking of what the little boy said in Andersson's famous tale.

The key question is what positive effects on the European financial market will initiatives like MiFID II, MiFIR, EMIR, PRIP, CSDR etc have? Or are they not just a number of very costly projects that hinder the market without any clear benefits? To understand this the European market must be studied from a global perspective. To create a single regulatory framework will strengthen the European market and make it easier for investors throughout the world to do business here. This is of course easy to understand and positive. But will these regulations when fully implemented avoid future Lehman crashes or Madoff scandals? Absolutely not.

It's clear that the Greek financial crisis, Russian activities in Ukraine and a future Brexit make Europe more uncertain and unpredictable. The US election clearly shows an increased mistrust of powerful elites, globalization, and concerns regarding the veracity of the news. The trends here in Europe are the same. Costly EU projects need to have some sort of positive effect for ordinary people. Otherwise, there is an absolute risk that we will see more countries choose to leave the EU. Information has become more than ever an important instrument in the battle of the truth. The new media landscape requires increased scrutiny of news sources. Being able to guarantee the accuracy of information will become an increasingly important competitive factor for companies, especially within the financial sector.

The main drivers for EU-regulations are to achieve lower risk, greater transparency and increased competition between the financial institutions. But it requires access to available human resources and financial strength to cope with all these costly projects. The cost of safekeeping and settling financial transactions has decreased considerably over the past 10 years. Meanwhile, the threshold to operate a financial institution has increased significantly. The decreased profitability in combination with costly regulatory projects has reduced the number of financial institutions. This development has limited the diversity and the securities industry's willingness to develop. I believe that this is a serious problem and directly the opposite to the expected effects of agreed EU legislation.

General regulations, together with T2S, drive the introduction of harmonized settlement and corporate actions processes. This is of course positive. But still, for the corporate actions space, there is more talk than action. For the most part, financial institutions use the ISO15022 standard as a natural part of the processing of corporate actions. And surprisingly often manual processes are still also used.

It would be desirable if EU regulators could focus on supporting the securities industry with clear and concise guiding principles and technical standards. There are good initiatives through ESMA (European Securities and Markets Authority), but even here I find extreme volumes of complex texts where it is easy to get lost.

ISO20022 has advantages in relation to ISO15022, but it is not enough. The ISO20022 standard has been slow to gain acceptance in the corporate actions area because there are no binding measures. In short, there is no clear business case for the implementation of ISO20022. How strange that must sound, it would be refreshing if the EU set a date for a mandatory implementation of the ISO20022 format. It would encourage the securities industry to clean up outdated technology and build business models that are fully adapted to today's digital society. Technology development is the only way forward and it is unstoppable. This development will change the financial landscape. Regardless of what the EU or the big financial institutions want. But it requires courage, sincerity and finally the majority's acceptance to succeed. I predict that we will see a new generation of young economists and engineers who will clearly and perceptively analyse the outcomes from these EU regulations in the same spirit as the little boy in HC Andersson's fairy tale: that he doesn't have anything on!

Brokerway's system STX takes care of the complete workflow throughout corporate actions life cycle i.e. event capture, processing, reconciliation and messaging. Everything is based on market standards and the workflow processes to achieve the perfect balance between automation and the need to perform certain operations manually. This has resulted the most flexible, cost-effective corporate action system in the global securities market. Everything is packaged in proven modern technology built on Java, open standards and top performance.

Brokerway//

Welcome to CorpActions 2017, March 7th 2017!

Greater detail, more subject matter experts and renowned industry leaders.

8.15 **Registration Opens**
Morning refreshment and pastries
Meet the exhibitors including product demonstrations and begin networking with your peers from across Europe

8.50 **Chairman's Welcome**
***Tom Casteleyn**, Managing Director, BNY Mellon*

9.00 **Chairman's Keynote: The Place Of Utilities In The Corporate Actions Arena**
***Tom Casteleyn**, Managing Director, BNY Mellon*

9.30 **Technology Vs Humans - Corporate Actions 2050: Who Wins?**
An overview of innovation and technology within the Corporate Actions (and asset servicing) industry

- Connectivity solutions and interfaces between market infrastructure systems are part of the finance ecosystem, but how far can we - and how far do we wish to – minimise human input?
- To what extent is technology and innovation already shaping the asset servicing industry of tomorrow?
- Can technology ever replace the human relations required for businesses to work together to offer the best market solutions?
- Can the customer survive without a human service provider contact to guide and support them?
- How will the role of the human corporate actions professional change in the future?
- What role will "people" – and the institutions they work for – have in regulating the rise of technology: how can we keep the industry safe, secure and stable for the good of the wider markets while remaining competitive, cutting-edge and efficient?
- What are the latest trends in this area and how do we see these developing with the rise of technology?

***Diane Nolan**, Managing Director, Global Lead Management Consulting, Capital Markets, Accenture*
***Andreas Fletcher**, Employee Group Business & Product Development, Deutsche Börse AG*
***Paolo Ferraroni**, Product Manager Securities Services, Intesa Sanpaolo*
***Yves Zigrand**, Product Development Manager, Clearstream*
***Brendan P. Farrell**, Executive Vice-President, FIS Global*

10.15 **Offshoring, Nearshoring, Outsourcing**

- Firms are offshoring, nearshoring and outsourcing - what are the implications?
- What are the main reasons for considering employing a near shore / far shore / outsource processing model?
- What are the main requirements to be considered and addressed before implementing a near shore / far shore / outsourced processing operating model?
- How do we bring on the next generation of experts and also retain existing expertise?
- How do you manage the Operational risk as it becomes more geographically distributed?
- What are the key considerations when managing remote processes?

***Adam Stern**, Managing Director, Ibacas*
***Philippe Mior**, Head of GTB Securities Component Products, Deutsche Bank AG*
***Stuart Warner**, Global Head, Asset Services, Markets Operations, HSBC Bank Plc*
***Dave Pettitt**, Regional Head of Asset Servicing EMEA, Credit Suisse*
***Scott Nicol**, Head of EMEA Compliance, Franklin Templeton Investments*

11.00 **Networking Break with Vendor Demonstrations**
Meet the exhibitors and network with your peers

11.30 **Business Model Evolution in Asset Servicing**
They say that change is the only constant. This is as true today as ever with the implementation of new regulations and roll out of large scale infrastructure projects combining to reshape the European post-trade landscape. Join us for this panel to find out more about the new business models that are emerging in this new environment, and what this means for corporate actions. We'll also explore what opportunities are there to improve operational efficiency through new ways of working, new technologies and new services and uncover which areas are ripe for disruption.

***Mathieu Mitevoy**, (moderator), Euroclear, Director, Head of Product Management Europe*
***Dean Little**, Asset Servicing Product Development Manager, Citi*
***Mark Savvas**, European Sales Manager, Infomediary, Brown Brothers Harriman*
***Robin Chisholm**, EMEA Head of Corporate Actions, Blackrock*

12.15 **Global and Regional Infrastructural Developments**

What are the key developments in global infrastructure that will impact upon corporate actions and asset servicing over the next 5 years?

- We take a look at both European and US-based developments to review which changes have occurred, what we need to be preparing for and how to respond
- Impact to Corporate Actions processing with the Shortened Settlement Cycle to T+2
- How firms are handling changes, including participation in industry wide testing and impact on liability in voluntary events within the US versus the European implementation of T+2
- ISO 20022 messaging for corporate actions
- Industry experiences regarding supporting ISO 20022 messaging for corporate actions
- The latest on DTCC Corporate Actions Transformation
- The evolution of ISO 20022 impacting the industry Globally and within Europe as a result of Target2-Securities.
- Global Harmonisation
- Key dates; are we seeing markets moving to standard date sequence for corporate actions I.E. Security distributions using a sequence of Ex date, Record date, Pay date.
- Processing of CSDs; are we seeing CSDs evolving to support the industry with the processing of corporate actions?

***Michael Collier**, (moderator) Product Management, Market Advocacy at Deutsche Bank*
***Christine Strandberg**, Product Management, Sub Custody, SEB, co-chair of the SMPG Corporate Actions Working Group, as well as the chair of the EMEA SWIFT Alliance*
***Tom Casteleyn**, Managing Director, BNY Mellon*
***Quinnie Luong**, Senior Product Manager, Fidelity Corporate Actions Solutions*

1.00 **Networking Lunch**
Meet the exhibitors and network with your peers

2.00 **Afternoon Keynote: Giles Elliot, TCS**

The industry is giving a significant focus to the investigation of ways to leverage new technologies and digital sophistication to make material inroads into asset servicing processing efficiency and investment performance. What realistic options are available for firms to drive material benefits from such initiatives, and what barriers stand in the way to achieving these.

***Giles Elliot**, Head of Business Development, TCS BaNCS*

2.30 **State Of Play: What Is The Current State of Automation and Working Practices: What Are The Drivers**

- What is the current state of corporate actions processing.
- What levels of automation have been achieved
- Where are the gaps in the lifecycle
- Where are these gaps bridgeable
- What new areas of complexity, market change or regulation are disrupting this
- What are the risk and cost implications to overcome this
- How do we evaluate the business case for action

***Virginie O'Shea**, (moderator) Research Director, Aite Group, Head of Institutional Securities & Investments*
***Adam Cottingham**, Solution Manager, Smartstream*
***Ben van der Velpen**, Senior Securities Market Consultant, ING*
***Steve Lamarra**, Head of Investment Position Keeping, BNP Paribas Investment Partners*

3.15 **Networking Break with Vendor Demonstrations**
Afternoon refreshment and pastries

3.45 **Regional Focus: Corporate Actions Reform In Russia and Its Impact Upon Wider Europe**

A series of significant reforms to Russian Corporate Actions practices, aimed at bringing Russia's financial market infrastructure in line with international standards, are also rich in lessons for other markets looking to make corporate actions issuance and processing more efficient.
This session will explore how Russia tackled the obstacles to greater efficiency, and draw lessons from the experience for other markets.
Topics covered will include:

- Lack of standardization
- Reducing levels of automation
- High levels of intermediation
- Incentivising issuers, investors and fund managers to change behaviour
- Ensuring that all parties gain from the reform of corporate actions

***Dominic Hobson**, Co-lead of Aon McLagan Investment Services (moderator)*
***Maria Krasnova**, Deputy Chair of the Executive Board of the NSD*
***Frank Slagmolen**, Deputy Head of Global Capital Markets, Euroclear*
***Ulf Noren**, Global Head, Cash and Sub Custody Sales, SEB*
***Jonathan Smalley**, Vice President, Asset Servicing Product Development Manager, Citi*

4.30 **Blockchain and Disruptive Technologies**

Advocates suggest Distributed Ledger Technology and Blockchain could be transformational, not just in corporate actions, often posited as a perfect fit, but also have far-reaching effects across the whole settlements and messaging infrastructure. On this view its success would fundamentally shake up parts of the securities industry framework.
Others have been more cautious, highlighting its limitations and functional impediments. This session outlines what it is, reviews the evidence thus far, the industry developments that are occurring, the limited trials that have taken place and what additional layers might be required running above it to make it an appropriate fit.
This session will also take the opportunity to review the assertions from previous sessions over the day and try to come to a consensus on who will be affected, what changes we should expect to see and what the longer-term effects will be for corporate actions, asset servicing and the wider industry.

***Antony Peyton**, Deputy Editor, Banking Technology*
***Brian McNulty**, Managing Director, R3*
***Devesh Gupta**, Global Product Head TCS BaNCS Corporate Actions, TCS*
***Angus Scott**, Head of Product Strategy and Innovation, Euroclear Group*

5.15 **Chairman's Closing Remarks and Drinks Reception**

***Tom Casteleyn**, Managing Director, BNY Mellon*

5.20 **Drinks Reception - Sponsored by**

TCS BaNCS IBACAS THE INSIDE TRACK AIM Advanced Information Management

Tackling the final frontier of back office automation

Angus Scott, Head of Product Strategy and Innovation, Euroclear

For all the effort banks have put in to automating their back offices, one activity remains stubbornly hands-on: claims management.

Banks generate thousands of claims against each other every day – many of them related to coupon and dividend payments. But rather than having an automated process, these claims are still matched and cleared for payment on a one-to-one basis by operations staff armed with little more than email, a phone and an Excel spreadsheet.

This is just not efficient, and firms have to deal with between a quarter and a third of their claims which fail to settle on the allotted date. Teams of people find themselves chasing their counterparts, disputing, correcting, and finally reconciling and posting payment details.

It's no wonder that the costs associated with claims management are so high.

There are other costs as well

A large firm can often have 20,000 open items a month (per type of claim) with up to 30% of them being open an average ten days after the agreed contractual settlement date. There is a direct cost here in terms of manpower – but hidden ones in terms of liquidity and other areas such as risk, regulatory capital inefficiency and client money.

Delays in receiving funds that are due squeeze a bank's cash, particularly where it is committed to contractual settlement with the client. Delays in paying sums owed, perhaps because of a simple failure to match, oblige a bank to ring-fence the amount in question, tying up more cash. The funding costs for larger firms, for example, can amount to USD 2 million annually.

Time to automate claims management

At Euroclear we have partnered with Merit Software, a provider of specialised claims management software, to tackle these issues. SetClaim is our automated solution that streamlines the process by matching claims between banks and their counterparties via a central hub.

By replacing time-consuming bilateral matching with a multilateral system, SetClaim reduces the scope for error and frees up operations staff to focus on exceptions. This enables you to reduce costs and make better use of your resources. Faster reconciliation also frees up cash for use elsewhere and simultaneously releases capital.

There are other gains too. SetClaim makes it possible to net and aggregate payments while still enabling full reconciliation to the underlying items. That in turn cuts the number of payments that have to be made. And it is scalable: a rising volume of claims will no longer mean more feet under desks.

Now banks can finally bring the claims management process into line with the way they manage their transactional activities. That is long overdue.

Find out more at euroclear.com/setclaim

About the author

Angus Scott is Head of Product Strategy and Innovation for Euroclear group. He has over twenty years of experience in capital markets infrastructure and securities services, specialising in strategy and strategic change management.

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speakers

TOM CASTELYN / Managing Director, Head of Product Management for Custody, Cash and Foreign Exchange, BNY Mellon
Tom Casteleyn is Head of Product Management for Custody, Cash and Foreign Exchange and has oversight of BNY Mellon's response to Target2 Securities. He is a member of the BNY Mellon EMEA Operating Committee and is based in Brussels.

DIANE NOLAN / Managing Director, Global Lead Management Consulting, Capital Markets, Accenture
Diane Nolan is a Managing Director for Accenture Financial Services leading Accenture's Capital Markets Management Consulting practice globally. Capital Markets management consulting is focused on business transformation at top financial institutions such as, corporate and investment banks, asset managers, wealth managers, exchanges & clearing as well as CSD's and custodians.

ANDREAS FLETCHER / Employee Group Business & Product Development, Deutsche Börse AG
Andreas Fletcher, Blockhain entrepreneur, currently with the Deutsche Boerse Group AG, offers a healthy mix of academic and business expertise and flair to Clearstream's panel debate: "Technology Vs humans - Corporate actions 2050: Who wins?"

FABIAN NELISSEN / Executive Vice President, Global Head of Asset Services, Clearstream Services
After his studies in Business Administration, Fabian Nelissen gained professional experience in Luxembourg and Bristol, before joining Clearstream Services in December 1997. Working initially in Securities Management as deputy manager and Asset Servicing expert, Fabian took on global responsibility for the Asset Services department of Clearstream in November 2010.

PAOLO FERRARONI / Product Manager Securities Services, Intesa Sanpaolo
Paolo Ferraroni has been overseeing Securities Services products development for Financial Institutions since 2006 within the Corporate and Investment Banking Division of Intesa Sanpaolo. Based in Milan and with over 25 years of banking IT solutions experience in Securities Services.

DEVESH GUPTA / Global Product Head TCS BaNCS Corporate Actions, Tata Consulting Services (TCS)
Devesh is a seasoned technology leader with strong domain experience in capital markets. He has almost 25 years of IT Industry experience with top IT organizations. Devesh is managing complex business requirements into robust cost-effective technology solutions and has delivered the same for major financial organisations such as Bank of New York, JPM Chase, Fidelity, Royal Bank of Canada, Standard Chartered Bank, Standard Bank South Africa, CBA Australia.

STUART WARNER / Global Head of Asset Services, Markets, HSBC
Stuart Warner has 18 years Asset Servicing experience having previously worked for both a leading custodian and several large investment banks. Stuart's experience covers both operations and change roles which range from the day to day processing and management of corporate actions and dividends through to delivering automation as part of strategic change programmes.

MARK SAVVAS / European Sales Manager, Infomediary, Brown Brothers Harriman
Mark Savvas is an Assistant Vice President and European Sales Manager in Infomediary, BBH's highly customizable, hosted communications platform. Based in London, Mark is responsible for business development of the full suite of Infomediary products across Europe including InfoAction, a hosted technology platform for asset managers to manage the complete life-cycle of corporate events.

MICHAEL COLLIER / Product Management, Market Advocacy, Deutsche Bank AG
With a substantial background at several Corporate Action specific organizations, including Euroclear, Cantor Fitzgerald and UBS, Michael Collier brings with him a wealth of Asset Services experience. Michael joined Deutsche Bank in 2009, responsible for the oversight of the Voluntary Corporate Action team, applying his market and product knowledge across equity and fixed income products.

SCOTT NICOL / Regional Compliance Manager, Franklin Templeton Investments
Scott Nicol joined Franklin Templeton as UK Compliance Officer in May 2008. He is the registered Compliance Officer and MLRO and is responsible for the operation the Compliance framework within the UK. In addition he is the Regional Compliance Manager for Investment Advisory within the EMEA region.

MATHIEU MITEVOY / Director, Head of Product Management Europe, Euroclear
Mathieu Mitevoy, Director, is Head of Product Management Europe for ESES and Euroclear Bank. In this capacity, he drives the development of new products and services for European markets and defines the overall portfolio of asset servicing and settlement services for Euroclear clients.

VIRGINIE O'SHEA / Research Director, Head of the Institutional Securities & Investments practice, Aite Group
Virginie O'Shea is a research director with Aite Group, heading up the Institutional Securities & Investments practice and covering data management, collateral management, legal entity onboarding, and post-trade technology. She brings to the firm more than 13 years of experience in tracking financial technology developments in the capital markets sector, with a particular focus on regulatory developments and standards.

speakers

DEAN LITTLE / Asset Servicing Product Development Manager, Citi

Dean joined the Citi regional Direct Custody product management and development team within EMEA in April 2010 having specific responsibility for the asset servicing product across the 34 markets within the EMEA region. In 2013 his role expanded to cover both Citi's direct and Global Custody franchise which extends to over 104 markets.

CHRISTINE STRANDBERG / Product Manager Sub Custody, Skandinaviska Enskilda Banken (SEB), co-chair SMPG CAWG

Christine is a product manager for sub custody at SEB, based in Stockholm, Sweden. She is responsible for SEB's sub custody asset servicing product and SEB's custody-related SWIFT messaging. She has worked for SEB since 2000.

BEN VAN DER VELPEN / Senior Securities Market Consultant, ING

Ben van der Velpen joined ING bank on January 1, 1984. After several management functions within the post-trade securities environment Ben became a member of diverse local and European Committees dealing with securities harmonisation and standardisation initiatives. From this perspective he is for example a member of the T2S Corporate Actions Sub Group, Corporate Action Joint Working Group as well as the Global Securities Market Practice Group for Corporate Actions.

ADAM COTTINGHAM / Solution Manager, Smartstream

Adam Cottingham is a Solution Manager at SmartStream, where he is responsible for their TLM Corporate Actions offering. Key to his role is promoting the importance of effective governance of corporate actions, as the volume and complexity of events continues to increase. This is driving the need for proactive operational controls and automation across the event lifecycle, which is inherent within TLM Corporate Actions.

STEVE LAMARRA / Head of Investment Position Keeping, BNP Paribas Investment Partners

Steve Lamarra is an operations man through and through. He is currently Head of the Investment Positions Keeping teams based in Brussels and Paris for BNP Paribas Investment Partners. After graduating from Loughborough in 2007, he started his career with Euroclear in the Corporate Actions team.

DOMINIC HOBSON /co-lead Aon McLagan Investment Services

Dominic Hobson is co-lead of Aon McLagan Investment Services. He was one of the founders of Asset International, whose titles include Global Custodian. After Asset International was sold in 2009, Dominic founded a peer group network for fund managers. As an independent consultant, he has worked with banks and infrastructures.

MARIA KRASNOVA / Deputy Chair, Executive Board, NSD Russia

Maria Krasnova is the Deputy Chair of the Executive Board of NSD responsible for Client Relations and Network Management, Market Analysis, Corporate Governance, Risk Management and Legal Matters. She currently has immediate responsibility for the ongoing Corporate Actions Reform - one of the key development areas of the Russian financial market.

ADAM STERN / Manging Director, IBACAS Consultancy

Adam Stern has been involved in Asset Services since processing his first dividend payment in 1988. Prior to founding Ibacas in 2002, Adam performed a number of Asset Services related roles, from processing, to Ops Management, to Change Management, in both Custody and Investment Banking environments for Citi, Morgan Stanley and ABN Amro. Since forming Ibacas, Adam has focused on market level initiatives such as ISO standards,

QUINNIE LUONG / Senior Product Manager, Fidelity Corporate Actions Solutions

Quinnie Luong is senior product manager of Fidelity Corporate Actions Solutions. Ms. Luong has more than 20 years of experience in the financial services industry. In her current role, she is responsible for leading product strategy and development for corporate actions announcements across 150+ markets and 70+ event types.

GILES ELLIOT / Head of Business Development, TCS BaNCS

Giles Elliott has a wealth of experience across the Asset Servicing industry having spent his career leading teams in Global Custodian and Local Custodian Banks and more recently, advising these organizations as well as market infrastructures on strategy. He has developed a unique insight into the industry and client business growth options.

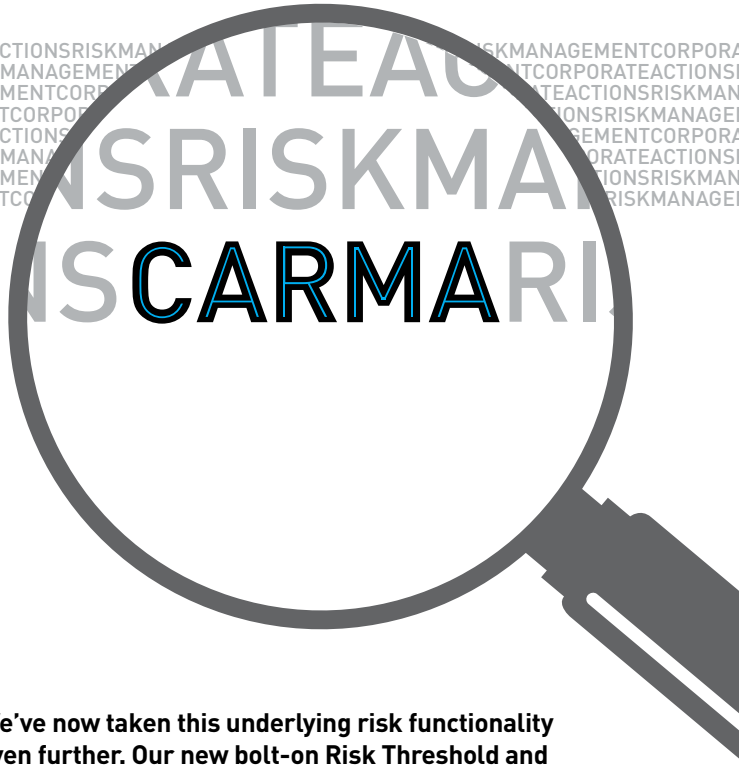
ANTHONY PEYTON / Deputy Editor, Banking Technology

Antony Peyton is Deputy Editor of Banking Technology. He has worked in journalism for 12 years in China, Japan and the UK.

BRENDAN P. FARRELL / EVP, FIS

Brendan P. Farrell, Jr. is an executive vice president at FIS. He is responsible for managing the company's Corporate Actions Solutions & Services businesses. Mr. Farrell was a founder and chief executive officer of XSP, acquired by SunGard in 2012. Prior to XSP, he held positions as managing director, Xcitek, vice president of sales and marketing at Financial Information, Inc. and various management positions at The Bank of New York (now BNY Mellon).

Bring your CA risk into sharper focus



In a world where the measurement, reporting and management of risk is mission-critical, the exposure associated with post-trade Corporate Actions processing can be dangerously underestimated.

Your concerns are simple. You need work done on time. Accurately. With minimal impact on your customers.

But you can't rely on the traditional levels of assumption about risk. The way it has always been done is simply not good enough in an industry where a split-second delay or a wrong decision can have devastating knock on effects, both financially and reputationally.

With Ibacas's ground-breaking software, you don't need to make a risk decision based on a flawed or incomplete assumption.

That's because Ibacas is the industry leader in risk measurement of corporate actions. We have insider experience, earned at the processing coalface. We understand your business and how it works.

Carma – Corporate Actions Risk Measurement Application – is our system-agnostic application that seamlessly welds to your existing Corporate Actions platform to measure absolute risk of individual actions in monetary terms, in real time.

We've now taken this underlying risk functionality even further. Our new bolt-on Risk Threshold and Workflow Alert modules use the underlying risk data to determine processing priorities, and highlight peaks in processing risk. This allows you to operate using a truly risk-based processing model rather than a best-guess framework.

Carma is a solution delivering graded levels of risk, putting you in control of your workflow, and allowing your best people to be allocated to your toughest tasks, thereby minimising the possibility of costly errors.

Carma focuses on risk so you can focus on managing the process efficiently.

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THE INSIDE TRACK

If you would like to learn more about the new functionality of Carma and how it can transform your management of Corporate Actions-related risk, please drop by our stand or contact us to arrange a demonstration.

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ULF NOREN / Global Head, Cash and Sub Custody Sales, SEB

Ulf Noren works with Custody Sales & relations in SEB. He has 33 years of Global Custody and Sub-Custody experience. Now mainly involved in the sub custody business line that is performed in the Nordic/Baltic and some strategy initiatives in Norway. Ulf is active in a number of Industry Associations such as Association of Global Custodians, European Banking Federation and the Russian ICC initiative. Active information sharing via Twitter as @ulfnoren

JONATHAN SMALLEY / Vice President, Asset Servicing Product Development Manager, Citi

Currently product development manager for asset servicing covering direct custody & clearing and global custody product lines. Responsible for covering strategic developments, market mandatory/regulatory and client requested changes across Citi's global windows and 30+ EMEA direct custody branches.

FRANK SLAGMOLEN / Deputy Head of Global Capital Markets, Euroclear

Frank Slagmolen is Deputy Head of Capital Markets at Euroclear. Mr Slagmolen is responsible for defining and designing the vision and strategy, along with aligning all business initiatives across the global capital markets. In this capacity, Mr. Slagmolen leads the discussions and partners with market authorities and regulators in local and international markets across the world, with the objective of implementing solutions that help market liquidity, resulting in a stronger macroeconomic climate.

PHILIPPE MIOR / Head of GTB Securities Component Products, Deutsche Bank AG

Philippe Mior is the Head of GTB Securities Component Products at DB. For the last 20 years, he has worked in Securities - with BNYM Global Custody, Euroclear Group and DB GTB. During those years, he worked in a variety of roles: Operations, Business Analysis, Project/ Program Management, Strategy and Product Management. He was the chairman of the Belgian ISO NMPG, participated to the SMPG and was very recently a member of the ISO20022 Securities SEG.

BRIAN MCNULTY / Managing Director, R3

Brian is a Managing Director at R3 responsible for global client relations and operations. Prior to R3, Brian founded the PTDL (Post Trade Distributed Ledger) Group whilst working as CEO of DBFS Consultants, a FinTech Consultancy he co-founded, growing it from start-up to 100+ staff and across over 50 blue-chip financial clients before exiting in 2016.

ANGUS SCOTT / Head of Product Strategy and Innovation, Euroclear Group

Angus Scott is Head of Product Strategy and Innovation at Euroclear Group. He has over twenty years' experience in capital markets infrastructure and securities services, specialising in product management, strategy and strategic change management. In his current role, Angus is responsible for creating and delivering a portfolio of new, commercially viable product opportunities that support Euroclear's strategic agenda.

DAVID PETTITT / EMEA, Asset Servicing Regional Head, Credit Suisse

David Pettitt has worked in the Asset space for over 30 years at various Investment Banks, latterly Credit Suisse. He is currently the UK Entity head of Asset Services for the IB with captive staff based in four locations and a vendor team in India.

ROBIN CHISHOLM / Vice President, EMEA Head of Corporate Actions, Blackrock

Robin leads a team responsible for ensuring the integrity of all BlackRock client assets impacted by corporate actions. Robin is also accountable for driving technological change on BlackRock's corporate actions system. Robin has 15 years of Asset Servicing experience on the both the buy and sell sides of the business.

Technology and Humans: The New Conversation in Corporate Actions

Brendan Farrell, Executive Vice President, FIS

Corporate actions don't lend themselves to automation. Some of the events are quite complex and require a human to understand the impact –potential entitlements, exposure to customers' accounts, whether you can partake or not. It's no surprise then that much of corporate action processing remains manual. The problem is that it's a zero-value-add proposition.

Yes, corporate action processing reduces exposure and risk, and is key to good customer service. But there's no direct correlation between it and revenue. You don't pay extra for a steering wheel when buying a new car – it was part of the deal. In the same way, if you're providing fiduciary services, your customer expects you to take care of the corporate actions that affect their holdings.

So, in a world of growing margin pressure, how do you turn something that doesn't earn revenue into less of a drain on resources?

The answer is technology and experience. When it comes to corporate actions, technology can provide some standard efficiencies, such as automating the review and management of the more straightforward, high volume events.

However, to avoid processing errors, firms also need experienced people in front of the technology to make the right decisions for customers. The complexity of such deals and the potential risks to firms and customers require that someone with knowledge of corporate actions and the overall market reviews the data.

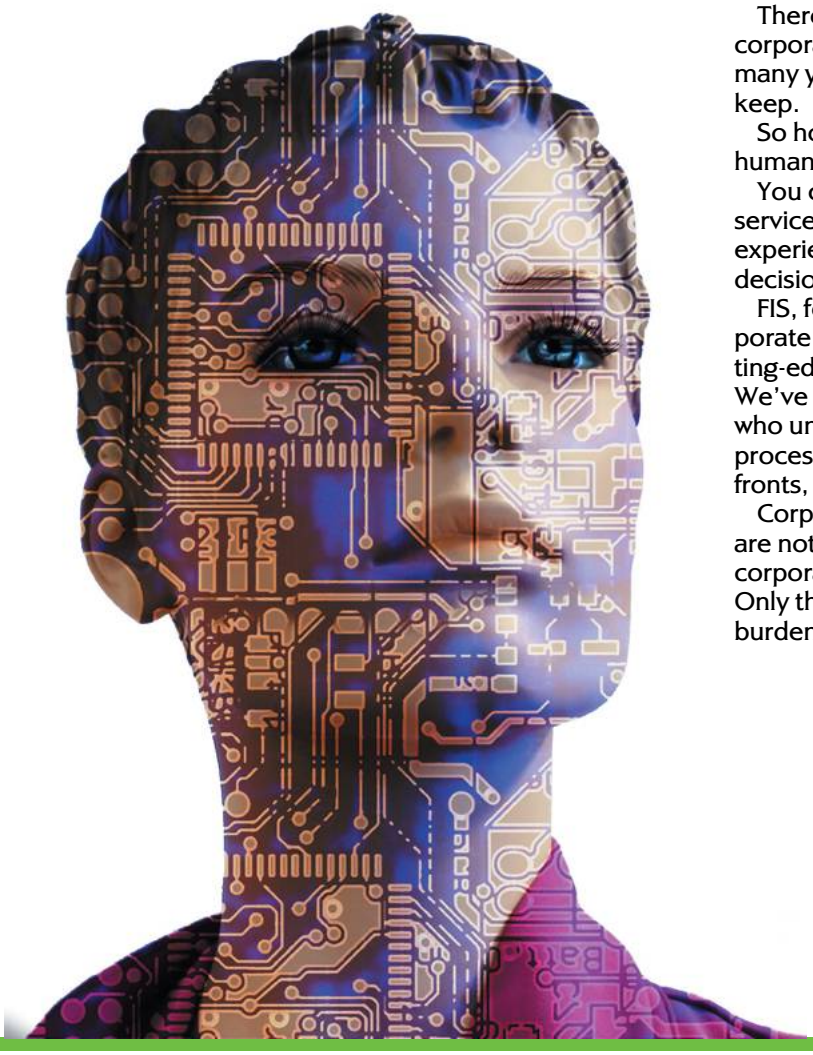
There's no book that tells you exactly how to process corporate actions, so people build up their knowledge over many years. Such experts can be expensive – and hard to keep.

So how do you obtain both advanced technology and human expertise without increasing costs?

You can now get a mix of state of the art technology and services that allow you to automate the workflow, alongside experienced professionals to execute the tasks and make decisions.

FIS, for example, has spent decades developing our corporate actions processing technology and adopting cutting-edge initiatives such as software delivery via the cloud. We've also invested in our talent by hiring industry experts who understand the complexities of corporate actions processing. This has positioned us to support firms on both fronts, in the most cost-effective manner.

Corporate actions differs from other functions in that they are not a question of technology versus humans. To manage corporate actions accurately and efficiently, you need both. Only that combination can take the costs and administrative burden off your list of concerns without increasing risk.



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Corporate Actions: A Front Office Process?

David Baxter, Managing Director, TScape

The processing of corporate actions is widely regarded as a back office process undertaken, naturally, by the Corporate Actions Operations team. Understandable, given that the first touch point in terms of processing usually occurs here; with the receipt of a notification from an agent/custodian or data vendor. However, given the significant role the front office has to play, especially in relation to elective events, it might seem odd to an outsider that they play such a peripheral role in the actual processing of an event.

Nevertheless, this is easily explained. As with any process, unless the right tools exist with the correct level of functionality and usability, engagement is unlikely to occur.

Hence, today we have e-mail as the cornerstone method of communication between front office and back. And a particularly manual method it is too, with CA Ops teams cutting/pasting or rewriting narrative received in notifications sent by agents/custodians into e-mails. This is generally followed by the manual download of accounts/positions/decision makers from internal systems more often than not directly into a spreadsheet, to be attached to the relevant e-mail. Dispatching these to the right individuals or teams requires account positions and some level of logic, though this isn't always entirely clear and sometimes results in parties receiving details of events in which they have no interest. From here, the CA Ops team begins a monitoring role, which includes sending chaser e-mails as required, until such time as a response is received declaring what election is to be made.

At this point, you would hope that the manual element would be over, but sadly, CA Ops team members then have to manually rekey elections into either an internal system capable of generating an instruction in whatever format is required by the receiving party, or directly into one or more agent/custodian portals. Not the most efficient of processes, but one that probably sounds familiar.

So what benefit would come from getting front office buy-in to the corporate action process?

Well firstly, any risk of miscommunication is removed, as the front office is able to enter elections directly instead of advising the CA Ops team via e-mail, for them to rekey. Secondly, manual operations can be reduced through the automatic capture of account/positions (and respective interested parties) and the elimination of the cutting/pasting of information from one to source to another. So risk of error is reduced, and obvious efficiency gains are made.

But service levels too are improved and not just as a result of what was previously described. Why limit the view onto the world of corporate actions to just the front office? Corporate actions have an impact elsewhere, so why not extend the view to these interested parties?

And there are wider benefits to be had too. Providing a window onto the corporate action world isn't just a 'nice to have', it delivers real value. A good example is the influence it may have on trading decisions. We are all aware of the arbitrage activity that surrounds corporate actions, but what of basket trades for example. Would it make sense to load a basket with securities upon which corporate actions are active. This is obviously dependent upon the particular strategy in question, but having all of the relevant corporate action information to hand certainly helps and may influence any trading decision.

Another example provides us with the potential to move away from the CA Ops team working to the 'earliest' deadline of the most inefficient agent/custodian and penalizing the front office because of it. Not all accounts may be serviced by that same agent/custodian but the front office is still expected to provide a decision, irrespective. And the earlier the deadline (and the bigger the gap between it and the actual market deadline) the greater the potential for missed opportunity with regard optimized option election. But that's a story for another day. It's worth remembering that a lot of the processes performed today, are only done so because of the processing inefficiencies that currently exist. Remove those inefficiencies and additional benefits become reality.

So it's fantastic to see the Front Offices of buy-side firms getting on-board and starting to play an active role in the actual processing of corporate actions. It has been long awaited, and needed the right combination of application functionality and usability to get the Front Office involved in the processing of corporate actions. Now that this has been achieved the many benefits this engagement brings to both Front and Back office can be realized.

T-SCAPE

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