THE NETWORK FORUM JOURNAL

Issue 14

Contents

Welcome

As I write I am looking out of my window onto a typical British Autumnal day. What summer we had here has passed and cold, grey, wet weather is with us now for the foreseeable future. This is one of the main reasons I am grateful that TNF is on the road so much in the second half of the year. We recently held our Americas Meeting in NYC, which was a great success (and the weather, whilst very British – ie. wet! - on our arrival did improve). It's always a pleasure catching up with our friends on the other side of the Atlantic and this year was no exception.

TNF will then be in Beijing for SIBOS (weather prospects uncertain at this stage), before heading to Doha for our Middle East Meeting and then on to Singapore for our Asia Meeting. We are excited to be hosting a Meeting in Qatar for the first time, and we are very much looking forward to catching up with our Asia community in Singapore again as well.

When reviewing the articles we have for you in this edition of the TNF Journal, it struck me that they reflect the international nature of our community – something of which we are really rather proud. So, dear reader, what delights does this latest edition have for you?

Well, we start close to home with Helen Johnson from MYRIAD GTL discussing the ramifications of DORA, we then travel to Latin America with BNP Paribas's Luis Barahona looking at investment opportunities in the region. Then keep your passport close to hand as we then head over to India with Vinod Jain from Datos Insights (no doubt still recovering from moderating an excellent session on AI at our Americas Meeting) spotlighting automatic settlement in India.

To help manage your jetlag, we remain in India for the next article, with Derek Yiu from RBC talking about Canadian investors accessing the local market. Then, fasten your seatbelts once again, as we head "down under" for an article focusing on the Australian custody and post trade market by David Travers from ACSA

We then move away from industry matters with another in our series of articles written by a prominent member of the TNF community on their adventures outside of the industry. This time, Gildas Le Treut from Societe Generale Securities Services tells us all about competing for France in Fencing's Veteran World Championships in Daytona Florida.

We wrap up in customary fashion with written and pictorial summaries of our recent Annual and Americas Meetings.

So, I am off to get ready for our Middle East and Asia Meetings and am looking forward to catching up with some of you in person (and hopefully see some sunshine again!).

Edward Jones
Managing Director
The Network Forum

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DORA Flexes Her Muscles

The growing reliance on technology across business has highlighted the severe consequences of system failures and cyber threats. Recognising the critical importance of technology to financial stability, customer trust and data security, the EU has prioritised strengthening ICT resilience in the financial sector, introducing the Digital Operational Resilience Act (DORA) to bolster ICT resilience within Financial Institutions.

Escalating Technology Risks for Financial Institutions

According to a survey by the Depository Trust & Clearing Corporation (DTCC), 50% of market participants identified cybercrime as the biggest systemic risk in 2023, following geopolitical tensions and inflation. This marked a slight increase from 2022, when the figure was 47%.

This comes following a substantial spike in the volume of cyber-attacks, especially since the pandemic,with financial services bearing the brunt of the pain. According to Kroll, financial services accounted for 27% of the breaches they handled in 2023, up from 19% in 2022.[1]

The increasing ubiquity of artificial intelligence (AI), including tools like ChatGPT, has made it easier for cybercriminals to launch sophisticated and personalized phishing and social engineering attacks. The accessibility of malware tools means that the number and sophistication of cyber-attacks is expected to grow.

Introduction of DORA

The seriousness of these issues prompted the EU to introduce DORA in order to create a comprehensive and harmonized ICT risk management framework to reinforce digital resilience in the financial sector. Focusing on aspects such as cyber threats, third-party risk, and incident response, the Act aims to ensure that Financial Institutions in the EU are better equipped to effectively manage digital disruptions, thereby safeguarding financial stability, consumer protection, and market integrity. By defining five key pillars, ICT Risk Management, Incident Reporting, Operational Resilience Testing, Cyber-Threat Information Sharing and Third-Party Risk Monitoring, DORA sets out the key requirements that almost every Financial Institution must adhere to.

Preparing for DORA Compliance

The correct planning for DORA compliance is vitally important and is a significant undertaking for nearly all Financial Institutions, particularly in view of its imminent application – in just 15 weeks' time.

In the long term, many of DORA's requirements are expected to be incorporated into a wide range of due diligence assessments by industry bodies. This includes operational due diligence questionnaires conducted by Institutional Investors, RFPs issued by Asset Managers to their service providers, and cyber questionnaires issued by information security teams at buy-side firms.

It is highly probable that prospective clients will not want to engage providers who do not take ICT risk management seriously. A failure to incorporate DORA's provisions also leaves organisations vulnerable to ICT disruption, caused either by a direct cyber-attack or a critical incident at a core ICT supplier. In providing a DORA-specific solution; MGTL's CODUDE will facilitate the crucial journey to compliance.

Helen Johnson,
COO, Head of
Business Development
MYRIAD Group Technologies

MYRIAD
Group Technologies

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[1] Markets Media – December 2, 2024 – Finance most breached industry in 2023

Five Things You Need To Know About Our Industry Today

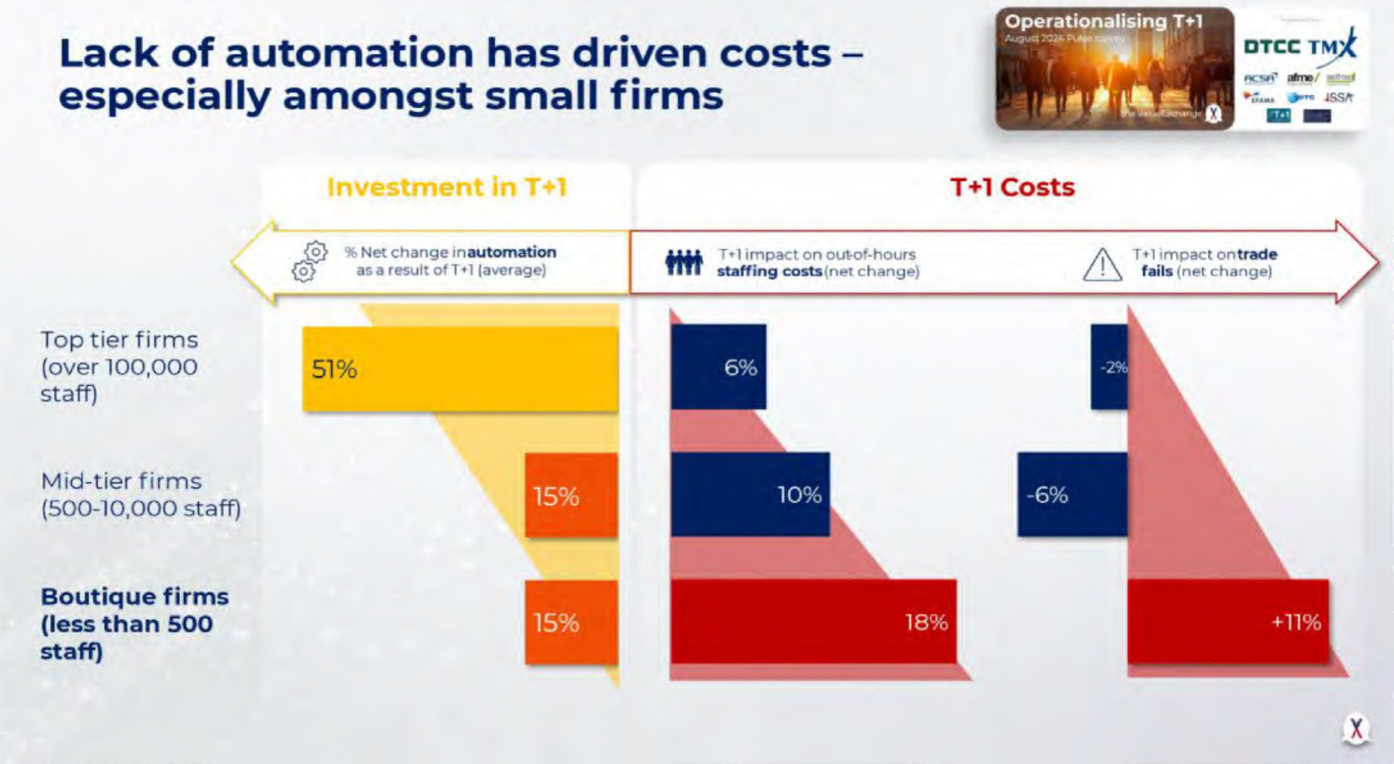
As we all head into our end-of-year budget planning and strategic discussions for the year ahead, Barnaby Nelson (CEO of the ValueExchange) highlights five key trends that are worth keeping in mind for changemakers across the industry:

1. T+1 has just begun – and we have a lot of work to do

The North American transitions to T+1 in May 2024 exceeded expectations – Over USD 3 billion was returned to US brokers, fail rates did not spike and the industry's extensive focus on trade-date affirmations appeared to pay off in the immediate aftermath of the moves. Several months on, however, it is increasingly clear that many organisations have still yet to fundamentally change the technology that they use to fund and settle trades.

Based on our "Operationalising T+1" pulse survey in September 2024, only 15% of smaller firms are now more automated than they were before T+1. As a result, the industry has seen operating costs spiral since May, most notably due to severe spikes of up to 20% in headcount costs (and the additional costs of funding dislocation between T+1 and T+2 markets) – creating heavy pressure on fund performance around the world.

With 35% of firms expecting to continue their North American T+1 projects into 2025, it is critical that we finish the job in North America, before attention turns to the expected transitions across the UK, Europe and Asia-Pacific in 2027.



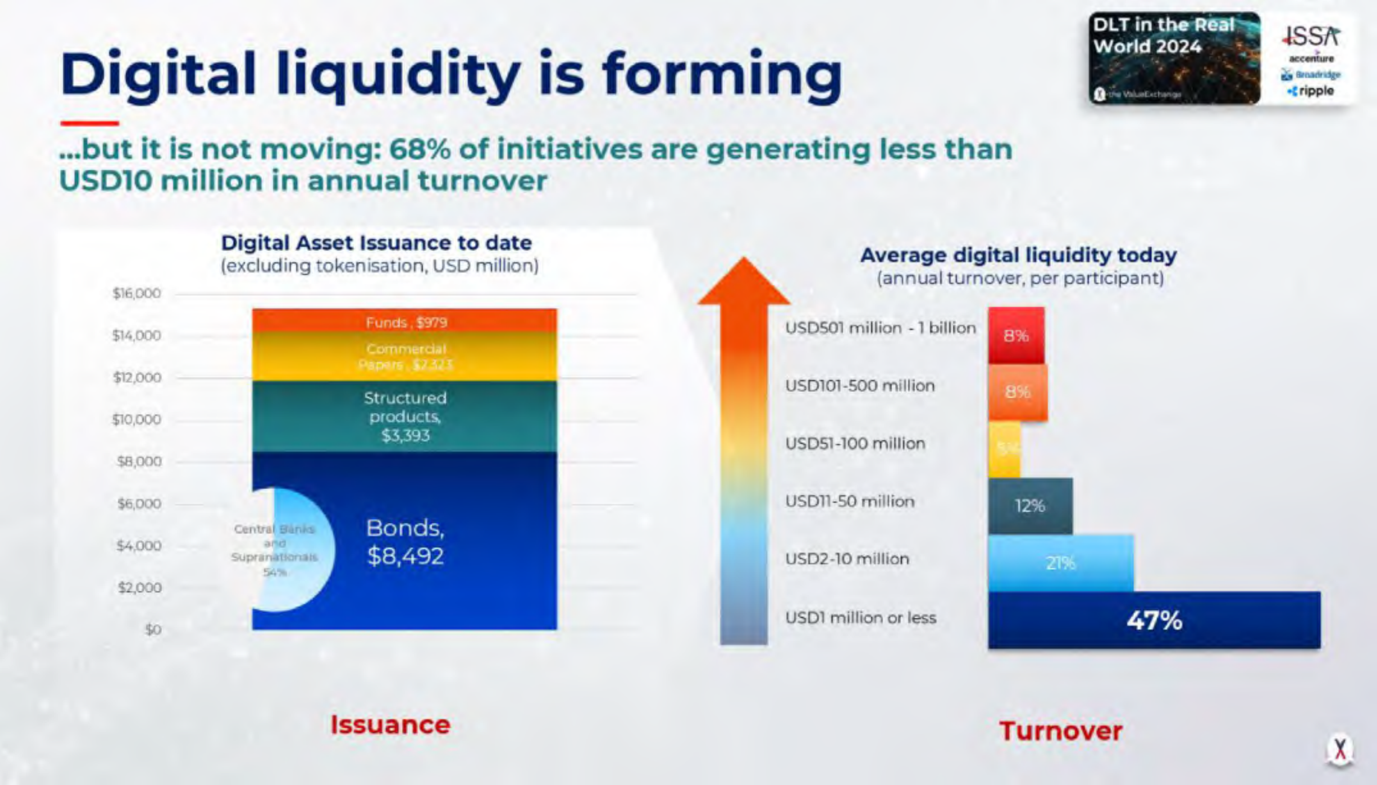
Lack of automation has driven costs – especially amongst small firms

2. Digital assets are more important than ever

After the peak of the hype cycle in 2022, DLT and digital asset activity has emerged more focused and more commercially-centric than ever across the capital markets. In our 2024 "DLT in the Real World" survey (run with ISSA), industry participants now see DLT and digital assets as 9% more important than in 2023, with FMIs and private banks now leading the industry in their adoption.

This focus comes at a time when the industry surpasses USD16 billion in institutional, digital assets issued, but when nearly 70% of digital asset initiatives are today transacting less than USD10 million in annual turnover. In order for these new commercial ambitions to be realised, we need to break down the walls that are holding back liquidity in digital assets today.

Fortunately, evidence of the substantial impact of tokenisation using DLT is emerging in three core areas. In the collateral space, digital platforms such as Broadridge DLR and JPMorgan are tokenising and mobilising over USD 4 trillion per month in collateral and repos. In the funds space, asset managers such as Blackrock, Fidelity, Franklin Templeton, Abrdn, Wellington and Wisdom Tree have gathered nearly USD 1 billion in assets under management through their new, tokenised money market funds. And in the private markets space, digital ecosystems are growing faster than in any other part of the industry (by 38% year on year).



Digital liquidity is forming

...but it is not moving: 68% of initiatives are generating less than USD10 million in annual turnover

Tokenisation is beginning to transform parts of our capital markets and deliver meaningful benefits to the Operations, Treasury and Sales teams that have so far been on the outside of the "DLT project"

3. Corporate action automation is getting worse before it gets better

In 2024, our Asset Servicing Automation survey underlined that automation levels can go down as well as up.

In an industry where 39 people have to handle a corporate event before it is announced on the issuer side, for it then to be received and processed by another 69 people in the local market and over 400 people in support staff, the challenges in driving automation are well known.

Yet in 2024, we have seen investors' corporate action and proxy voting costs spiral by 23%, driven largely by strong growth in North American and European portfolios. The industry is handling up to 48% more volume and it is struggling to find scale in the back office, given STP rates that rarely exceed 70% (even for mandatory events).

This is more than a problem of just messaging standards. Today, over 75% of investors are having to manually validate and investigate event announcements before they can be processed, with interpretive errors costing over USD3.5 million per year. The lack of trust and clarity in our event information is holding us back.

Fortunately, there appears to be a growing consensus around the value of a new industry model, leveraging progress already made in standardising and automating event messaging from issuer (agents) all the way to beneficial owners in leading markets. 30% of issuers believe that their operating costs could be more than halved through the introduction this new model, with the key target benefit being time and better shareholder engagement. With this new model set to deliver an 87% reduction in the cost of errors to financial services firms, ISSA's work in engaging with issuers (and their agents) to drive a new industry model is both timely and essential to the scalability of back offices globally.

4. Mandatory US Treasury clearing is going to be big

In just over 12 months, over USD 26 trillion of turnover US treasury bills will have to be centrally cleared (where they are eligible) through one of four clearing houses in the USA.

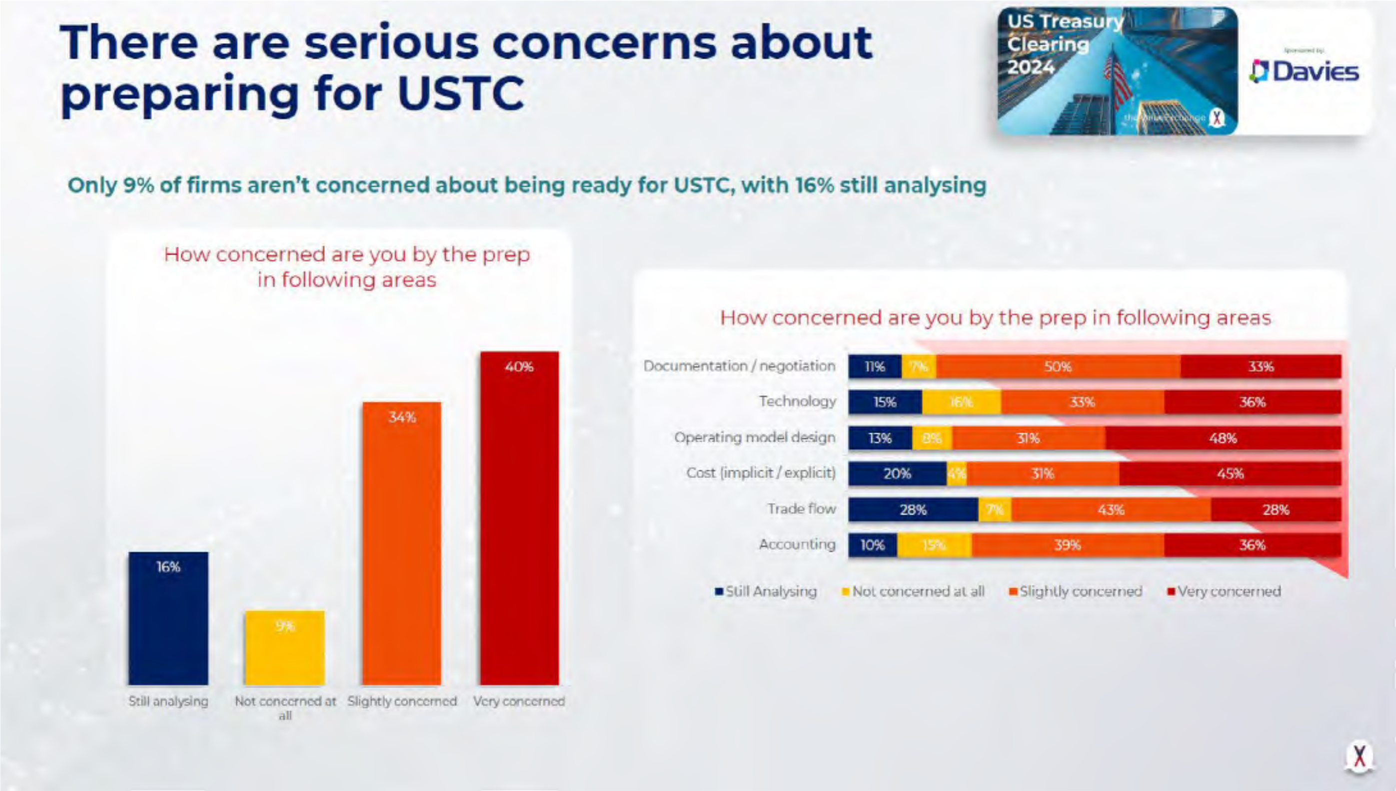
As our US Treasury Clearing report highlighted in September, this is a problem for 74% of the firms we surveyed, as they struggle to grasp the impacts of this transition on every stage of their businesses, from onboarding documentation through to finance and treasury management.

What is clear is that margin requirements look set to rise (one third of respondents expected margining to increase by over 25%), creating new pressures on collateral eligibility and utilisation as new routes to better collateral management as we move into 2025.

But with key rules and processes still to be confirmed, 86% of firms do not have budgets set aside for this initiative today – giving rise to very low levels of confidence in their ability to meet the market deadlines that are fast approaching. Everyone transacting US treasury bills needs to be ready to act quickly in 2025.

5. AI: faster and cheaper for now?

Based on our latest research, we appear to be firmly at the beginning of the development path of AI – with humble goals for 2025.



There are serious concerns about preparing for USTC

Only 9% of firms aren't concerned about being ready for USTC, with 16% still analysing

Despite longer-term ambitions to deploy AI in high-value areas such as trade surveillance and portfolio modelling, today 62% of AI projects across the capital markets are running today in order to accelerate existing processes or to run them more cheaply. We are using AI predominantly to summarise and standardise data (particularly in Client onboarding / KYC and client reporting) as a first step in the journey towards more predictive and decision-based deployments in the future.

So far this seems to be working, with 83% of AI initiatives delivering against or exceeding expectations. But with 31% of firms struggling with internal sign offs, the need for stakeholder education on AI today is clear.

Thank you for your support this year! All of the statistical insights that we share at the ValueExchange are based on you.

We really do appreciate your having taken the time to fill out our benchmarking surveys through this year – and we are on-hand now to help make sure that you get as much value as possible from our research. Do please reach out if ever you'd like to talk at **info@thevalueexchange.co.**

Barnaby Nelson

CEO of the ValueExchange

Australia's Investment Services Industry Focuses On Resilience, Innovation, And Efficiency

Australia's custody and investment services industry continues to evolve, driven by priorities that ensure growth, resilience, and efficiency in an increasingly complex and competitive environment. With over $5 trillion in assets under custody, the sector plays a critical role in supporting Australia's superannuation (pension) and investment.

Long term appreciation in assets under custody continues to be supported by compulsory superannuation (pension) contributions and long-term investment returns. The industry is supported by the largest global providers who through their global leadership bring scale and financial strength, efficiencies, and best practice solutions to clients in Australia. Smaller providers continue to evolve, and recent industry change creates opportunities for growth.

Operational Resilience and Regulatory Focus

Operational resilience is at the forefront of the industry's priorities, especially considering the Australian Prudential Regulation Authority's (APRA) prudential standard on operational resilience (CPS230). Like operational resilience regulation in the UK, this regulation demands robust risk management practices, including business continuity, disaster recovery, and governance. Australian custody and investment services providers are adapting to these requirements to ensure critical services deliver for institutional investor obligations.

Efficiency and Industry-Wide Initiatives

Efficiency is a key factor for the industry, with providers focusing on promoting best practices and optimising operating models. Major industry projects, such as the ASX CHESS replacement will modernise Australia's securities settlement system. The shift toward a T+1 settlement cycle, in line with global moves, will enhancement of industry processes to meet new standards.

Other efforts to improve efficiency include initiatives around data standards, managed funds, proxy voting, and tax reclaim processes, all aimed at ensuring top-tier services in an increasingly competitive marketplace.

Adapting to New Technologies and Investment Trends

The evolution of digital ledger technologies and the integration of digital assets, such as cryptocurrencies, into mainstream portfolios presents both opportunities and challenges for providers. Additionally, the rise of artificial intelligence (AI) is reshaping data management and analysis, allowing for more accurate and timely services.

Climate reporting, driven by investor and regulatory demand for transparency around environmental impacts, is a priority as the industry adapts to changing investment trends.

Navigating Regulatory Change

Navigating evolving regulatory frameworks, particularly around data management and governance, is a central challenge for the investment services industry. Engaging with regulators and aligning operational practices with regulatory requirements is crucial to ensure both compliance and client satisfaction.

An industry response

As the Australian custody and investment services industry continues to evolve, it remains committed to strengthening operational resilience, driving innovation, and improving efficiency. By focusing on these priorities, the sector is well-positioned to navigate future challenges and opportunities, ensuring the financial security of both institutional and retail investors.

The industries response is facilitated through the Australian Custodial Services Association (ACSA) through industry wide discussion on regulatory approaches, best practices, and efficiencies. ACSA engages proactively with regulators on issues affecting the industry and through its active working groups drives efficiency, best practices and thought leadership for the benefit of ACSA members and their clients.

David Travers

CEO, Australian Custodial Services Association

Unlocking Potential: The Future Of Investment In Latin America's New Capital

Creating a unified capital market for Chile, Colombia and Peru represents a significant step towards enhancing Latin Americas' economic resilience and global competitiveness. Harmonising regulations, reducing barriers to cross-border investments, and fostering greater cooperation among financial institutions, will yield a more robust market. In August 2023, the stock markets of Chile, Colombia, and Peru joined efforts to create nuam, a new capital market for Latin America.

What is nuam?

Nuam is the result of the integration of the stock exchanges of the three countries: BCS - Santiago Stock Exchange in Chile, BVC - Colombia Stock Exchange, and BVL - Lima Stock Exchange in Peru. This will create a common securities market with a unique trading platform, designed to improve liquidity, access and scale. It represents progress in modernising the region's financial infrastructure. The platform seeks to provide a more efficient, transparent, and accessible marketplace for trading a range of financial instruments, including stocks, bonds, and derivatives.

What are the expected benefits for investors and companies?

For investors, nuam offers a unique and direct access to the securities of the three markets. It will also improve liquidity and depth, which is expected to create more appealing investment opportunities. With a combined market-cap USD 342.3 bn, the unified market offers a larger scope for investing under a single system.

For companies, nuam provides a more efficient method for raising capital. Objectives of nuam include incorporating new listings of high growth companies, providing more financing alternatives and IPOs. By having their shares available on the exchange, companies can reach a larger investor base and gain increased visibility and market credibility.

How is BNP Paribas positioned for the change?

At BNP Paribas, we believe that a single market offers significant advantages for investors. These include unified operational processes, streamlined market access, a wider range of investment options, and increased trading volumes. In line with this vision, we established our custody services in Chile, Colombia and Peru, adopting a remote operational model based in Bogota. This setup ensures direct access to the infrastructure of all three markets through a single point of contact.

By leveraging our global expertise in similar initiatives, we have consistently advocated for market development that aligns with the rigorous standards demanded by international investors.

Read the full paper here: link

Luis Barahona
Head of Securities Services
Hispanic LatAm,
BNP Paribas

BNP PARIBAS
The bank for a changing world

A and I - Americas And India Leading The Global Shift Towards Faster Settlement:

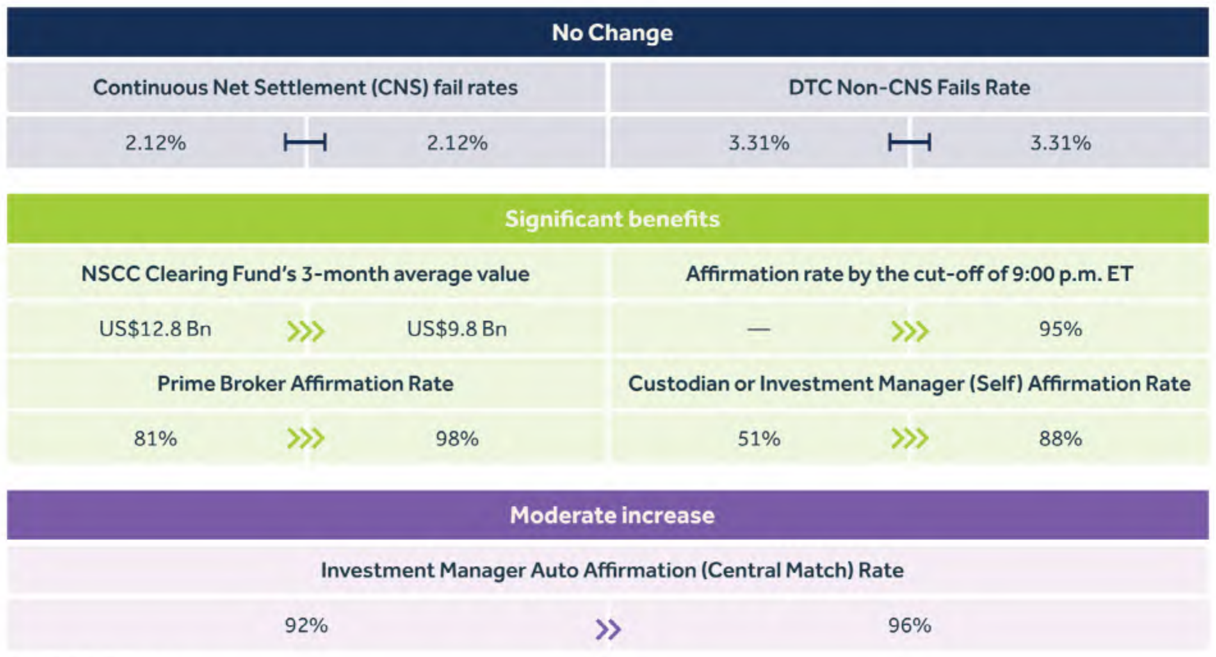
The financial world is witnessing a significant transformation in trade settlement cycles, with major markets like the United States and India leading the charge. This evolution aims to reduce risk, enhance market efficiency, and improve liquidity. Let's delve into the recent developments and their implications.

United States: Smooth Transition to T+1

The US market recently completed its much-anticipated move from T+2 to T+1 settlement. This transition, which shortens the settlement cycle by a full day, has been remarkably smooth despite initial concerns. Interestingly, despite a surge in trading volumes, the percentage of settlement fails has remained constant. This stability is a testament to the robustness of the new system and the preparedness of market participants.
One of the most significant benefits of this transition is the reduction in the amount of capital locked in clearing deposits. This freed-up capital can now be utilized more efficiently, potentially leading to increased market liquidity and lower costs for investors.

While some skeptics argued that we might need another "meme stock" saga to truly test the system's resilience, the reality is that the industry's coordinated efforts in testing and preparation have paid off. The smooth transition demonstrates that well-planned, industry-wide initiatives can effectively manage even significant changes in market infrastructure on legacy systems.

Settlement Efficiency after T+1 till July 2024

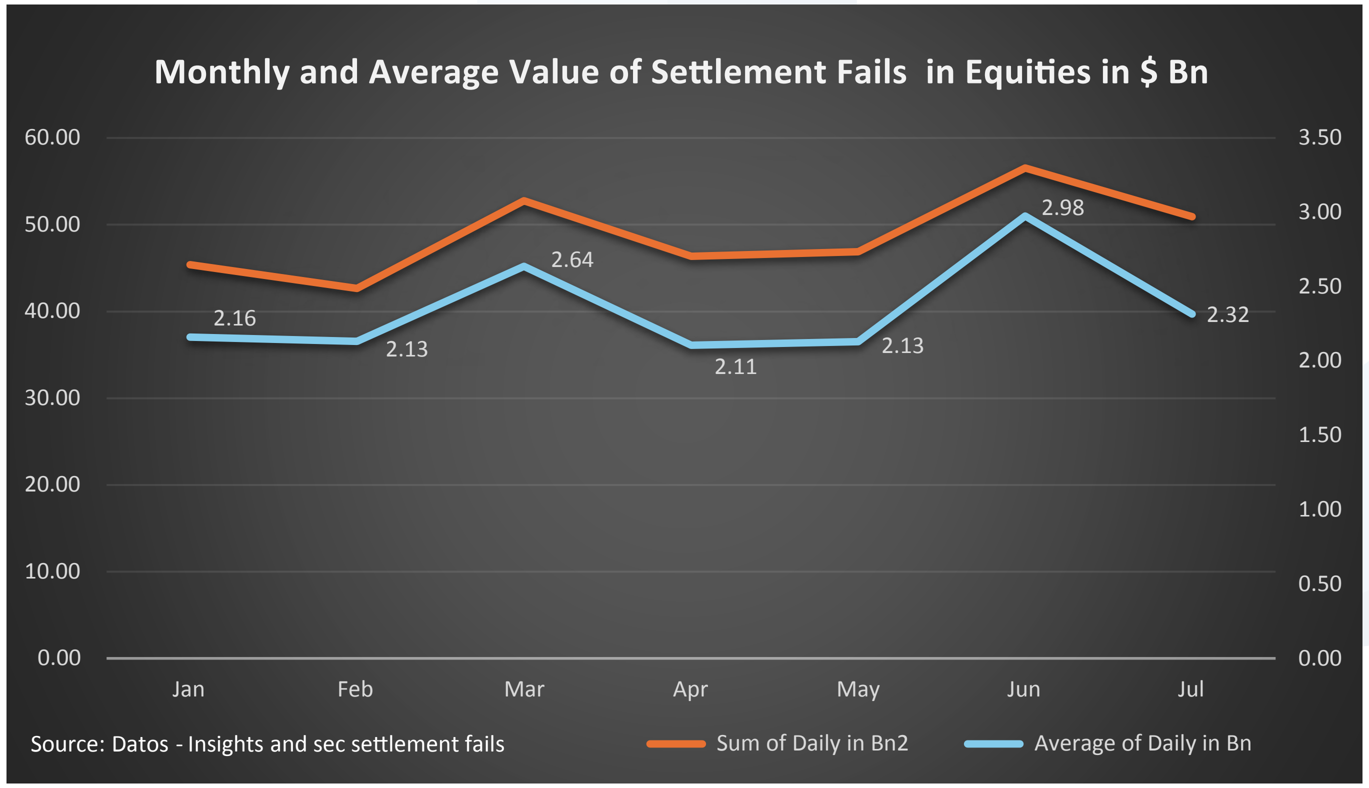


No Change					
Continuous Net Settlement (CNS) fail rates			DTC Non-CNS Fails Rate		
2.12%	⟷	2.12%	3.31%	⟷	3.31%
Significant benefits					
NSCC Clearing Fund's 3-month average value			Affirmation rate by the cut-off of 9:00 p.m. ET		
US$12.8 Bn	⋙	US$9.8 Bn	—	⋙	95%
Prime Broker Affirmation Rate			Custodian or Investment Manager (Self) Affirmation Rate		
81%	⋙	98%	51%	⋙	88%
Moderate increase					
Investment Manager Auto Affirmation (Central Match) Rate					
92%		»			96%

Source: Datos Insights

India: Pioneering T+0 Settlement

While the US celebrates its move to T+1, India has taken an even bolder step by successfully piloting the T+0 settlement. This groundbreaking move puts India at the forefront of global markets in terms of settlement efficiency. It's worth noting that the T+0 system in India currently doesn't include custodial trades, and any shortages in securities early pay-in are directly closed out. However there is a difference between the US and Indian markets in how they handle settlement fails. India employs an auction mechanism to close out settlement fails, contrasting with the continuous net settlement mechanism used in the US. The US and the Indian market's clearing and depository institutions can support T+0 settlements today as long as trades are submitted to them as per the time limit specified. This shows that the existing legacy systems can bring transformation change while managing the huge clearing and settlement volume.
remained constant. This stability is a testament to the robustness of the new system and the preparedness of market participants.


Monthly and Average Value of Settlement Fails in Equities in $ Bn

Source: Datos - Insights and sec settlement fails

The average value of equities settlement fails in the US market have remained more or less constatnt in line with the settlement faisl observed prior to T+1 implementation.

Global Implications and Future Outlook

The successful transitions in both the US and India signal a global trend towards faster settlement cycles. This movement is driven by advancements in technology, increasing market sophistication, and a growing emphasis on risk reduction.

Faster settlement cycles offer numerous benefits such as reduced counterparty risk, improved liquidity management, lower margin requirements, and enhanced market efficiency. However, they also present challenges, particularly for global investors dealing with different settlement cycles across markets.
As more countries consider moving to shorter settlement cycles, we may see a push for greater harmonization of settlement practices globally.

The European initiative of T+1 needs to be aligned among the several regions such as Norway, UK, EU and Switzerland. In parallel, there are opportunities available to incorporate efficiency in the overall capital markets such as via adoption of switt uti to link all trades reflected in trading books to trades reflected in settlement books or considering the same day repo settlement over distributed ledger technologies.

In conclusion, the financial world is moving towards faster, more efficient settlement systems. The successful implementations in the US and India serve as valuable case studies for other markets contemplating similar moves. As technology continues to evolve and market participants adapt, we can expect further innovations in this space, potentially leading to near-instantaneous settlement in the not-so-distant future.

Vinod Jain
Strategic Advisor
Datos Insights

Clearing The Path For Canadian Investors In India Market

Canadian investors often turn to India when seeking enhanced portfolio returns through global investment. This is demonstrated by the more than 25% increase in RBC Investor Services' (RBCIS) assets under custody in India over the past year—largely driven by higher investment flows and strong market performance.

The world's most populous country currently boasts the fifth-largest economy globally. With recent annual growth of 6% to 7%, the Indian market is expected to become third largest by 2027, behind the U.S. and China.[1]

While India welcomes foreign investment, Canadian investors look to Derek Yiu, head of network management for Asia Pacific markets at RBCIS, to help navigate the country's constantly changing operational and regulatory environment. Located in Hong Kong, Yiu and team work closely with RBCIS' local sub-custodian, which provides on-the-ground insight to unlock the value offered by investment opportunities in India.

"The Indian market is evolving rapidly from a regulatory and investment guideline standpoint," Yiu says. "One of the network management roles is to keep on top of these changes, supporting Canadian investors' access to the Indian market and helping them remain compliant in this very dynamic environment."

Enhanced market entry process

Foreign investors face various practical issues when navigating Indian regulation, including market entry. India requires foreign portfolio investors (FPIs) to register through Designated Depository Participants (DDPs) on behalf of the Securities and Exchange Board of India (SEBI) prior to investing in the market. Registration is often a lengthy process, along with know-your-client (KYC) certification and a local tax identification issuance that includes tax service provider requirements.

"However, India is continuing to introduce enhancements and take a more risk-based view of market entry procedures for Canadian investors," Yiu says. "For example, in March 2023, FPIs were mandated to notify custodians of material organizational changes within seven business days. However, this requirement is now being eased."

In response to calls by RBCIS and other custodians to relax the FPI timeline, "material changes" have now been broken down into two categories: Type I changes will remain at seven business days but supporting documents can now be provided within 30 days. The notification timeline for other material changes, categorized as Type II, will now be 30 days, including supporting documents.

Focus on India Government Bonds

Inclusion of India Government Bonds (IGBs) in the JPM Emerging Markets Bond Index commenced in June 2024, including a weight of up to 10% by the end of March 2025. Foreign investors have responded positively with significant IGB inflows. "We work closely with our clients to set up their local market access and optimize trading efficiencies in IGBs," Yiu says. While India established margin funding requirements for FPIs looking to invest in IGBs, RBCIS worked with its local partner to eliminate this requirement.

"Elimination of the margin funding requirement for Canadian investors will free up capital for our clients down the road as IGBs are added to other widely tracked indexes," Yiu says. Bloomberg also announced the inclusion of IGBs in its Emerging Market Local Currency Index effective February 1, 2025. Working with industry groups, RBCIS and other custodians in the market have been advocating to further ease IGB trading and allow early pay-in for settlements.

Leader on shortened settlement

Yiu notes that markets seemed to be surprised that India led the global charge toward a shortened T+1 settlement framework, which the country introduced in January 2023. Both Canada and the U.S. followed suit in May 2024.

"Investors need to prepare for a further shortening of settlement cycles, and India will continue to take the lead globally," he says. "After the successful roll-out of T+1, India paved the way to introduce optional T+0 and instant settlement for custodian investors." SEBI recently introduced a beta version of T+0 on an optional basis for a limited set of securities and a short list of brokers. This is scheduled to go live later this year.

While the benefits of a further shortened settlement cycle are numerous, including instant receipt of securities and funds, reduced settlement risk and increased capital free-up, there are potential issues. "T+0 could mean significant improvements in market efficiencies. However, because of time zone differences, the concern for Canadian investors will be foreign exchange and funding. It's, therefore, important for investors to look at optimizing their operating model," says Yiu. RBCIS has been in active discussions with market participants on potential operating models to accommodate T+0 for FPIs.

New disclosure requirements

Another example of challenging regulation is the beneficial owner threshold disclosures. In November 2023, India introduced mandated disclosures for FPIs who hold more than 50% of their Indian equity assets in a single corporate group or more than INR 250 billion of equity assets in the Indian market.

"Investors need to be reminded that failure to disclose or realign investments within the required timeframe could force them to liquidate their positions or exit the market," Yiu explains. "Our local partners notify us of any breaches and we, in turn, inform the respective clients, who have 10 business days to remediate or provide additional disclosure." RBCIS is continuing to engage with market participants to identify common fund structures that could be exempted from the disclosures.

India also recently mandated Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) certifications to be uploaded onto the KYC Registration Agency (KRA) portal. RBCIS is working with our industry peers to exempt FPIs and custodian clients from the FATCA/CRS upload requirement.

Looking ahead

As India continues to open up, Yiu expects the country to be an increasingly important market for global investors. "We anticipate further easing in market entry requirements, additional exemptions in the FPI disclosures, simplified tax processes for faster repatriations and more assets available for trading by eligible foreign investors," Yiu says.

Canadian investors seeking opportunities in India need to stay on top of these regulatory and operational changes, Yiu says. "Engaging a partner with a very close eye on what's happening in the market can make all the difference."

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[1] *The Economist, How strong is India's economy, April 27, 2024*

Derek Yui
Head of Network Management, APAC

RBC Investor Services

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A Bronze Journey To Daytona

I don't know exactly why I started fencing when I was 7. Maybe it was because my family was a fan of tennis and I wanted to do something different. What I do know is that I have no regrets about it, as I've continued fencing ever since. It has brought me joy and a sense of pride, as it led me to represent France at the Veteran Fencing World Championship in Daytona, Florida, in October last year.

I compete in Epee, one of the three weapons in fencing (Epee, Foil, Saber). The rules are simple : you can touch any part of your opponent, with no priority given to the first person to attack or the first to defend. This means there's very limited room for a referee to misjudge an action. The first person to hit the opponent gets the point.

When I was young, … you know… before I started working in securities services and before my hair turned grey… I was quite a strong fencer, consistently ranking high in France and participating in some international competitions. However, I wasn't strong enough to be selected for the national team. I wasn't even close! The standard is incredibly high in France and in other European countries like Italy, Hungary, Ukraine, Poland. To be selected, you can't just be good – you need to be excellent.

But I never stopped fencing, both in training and competition. It's a sport that requires concentration, precision, physical and analytical skills, patience, and a strategic mindset. It's a fantastic way to release the frustrations of the day, like after a long custody RFP or a tough negotiation. When you step onto the "piste" (the metal fencing track), you put on your mask, and your opponent can represent anyone or anything, allowing you to unwind without violence. You need to analyze your opponent's strengths and weaknesses, come up with a strategy, set traps, and execute your plans. When you've done all this, winning a hit is as satisfying as a punch in boxing, only without any physical harm – except to the self-esteem of your opponent. This mindset has really helped me throughout my career to maintain a fighting spirit and never give up.

One positive aspect of getting older in sports is that time flattens the physical differences, and experience becomes a significant competitive advantage – much like in securities services, some might say! So when I turned 50 in 2023, I realized that I was a very young… veteran, and that I could compete for a selection at the Veteran World Championship. It's like being young again! Despite suffering from early arthritis in my hip and enduring pain, I was highly motivated. The unique option was to be among the top 2 French fencers by the end of the season – which I achieved, earning a spot on the French national team and a ticket to Daytona!

It was an honor to represent my country, and the trip was truly exciting: landing in Miami, hoping my fencing bag arrived safely, staying on Ocean Drive by the beach, and driving to Daytona in a Mustang convertible – quite the typical tourist experience. Pierre de Coubertin, the founder of the modern Olympic Games and also a fencer, said, "The most important thing is to participate," and on that note, the objective was already achieved.

Daytona is well known for NASCAR racing, driving on the beach, Stetson hats, Trump fans, Joe's Crab… but not really for fencing. The favorite pastime in Daytona is to drive for hours, back and forth, on Atlantic Avenue (a 30km road parallel to the beach) in monster trucks or tuned cars with illuminated wheels and roaring motors. Needless to say, walking in the city with fencing equipment, we felt like aliens.

The championship was organized at the Ocean Center, a phenomenal multi-sports center, very close to the beach, with an impressive organization that only Americans can pull off (and obviously French since the Olympics !). The night before was marked by a pretty high level of tension, as I fine-tuned my equipment, tried to find sleep, and received phone alerts due to tornados on Daytona shores.

In tournaments for veterans, the team composition is quite unique, with three categories making up the team: one fencer above 50, one above 60, and one above 70 (and their reserves). Each fencer competes twice against another opponent within their age class. Trust me, the guys above 70 are extremely fit and are all former World or Olympic fencers – some of them my former heroes. To win, you need to reach 30 hits, switching fencers every 5 hits (or 3 minutes).

The competition began. Adrenaline was at its maximum, and our team was ready to fight, motivated by stress, concentration and fun. This

was the moment where all the efforts and sweat of the past years have to pay off. We started against the English team. I was the one to start, and after a moment of stress, I realized that I should simply enjoy the moment, play, and give it my best – and forget Pierre de Coubertin… The most important thing is to win! We won against the very solid team from England and successively won against Hungary in qualification, and then Hong-Kong, England again in direct elimination to end up in the semifinals. Every fight was intense because you fight not only for yourself but above all for the team. You can't afford to lose too many hits if things go wrong, as your teammates will have to make up the difference.

The semifinal was against the USA, on their ground, with former international players full of world medals gathered throughout their long careers. We were definitely the underdogs. The match was transmitted live on the internet, and I knew friends, family, and some colleagues were watching. This gave me and my teammates pride and extra energy. The match was of an impressive intensity, with France and the USA very evenly matched. We were leading by one hit for almost the entire match, with the final in our sights, then the USA were level. Finally, in the last few seconds, the USA won 30-28. We were all extremely disappointed, although collectively we fought well and had a fantastic competition. We knew we could have won and reached the final, but there was no time for disappointment. As at the Olympic Games, you need to win your third-place match to secure the medal. The team was on fire to bring the bronze back home, supported by the entire French delegation and most of the public. Losing was not an option. France finally defeated Switzerland, and we secured our place on the podium. After 43 years of fencing, my first international medal!

Obviously, I always dreamt of singing the "Marseillaise" on the podium - although you wouldn't like to hear me singing - but what a pleasure and honor to wear the bronze medal for my country! When I was younger, I never thought that I could be selected for the national team, neither that I could win a world medal. Being a "young veteran" has opened a new frontier for me… Old is beautiful!

Participating in such a competition has allowed me to realize how hard work, resilience, teamwork, and pleasure in what you do should bring you success and joy. I left the last millimeters of my hip cartilage in Daytona, but since April, I have a brand-new titanium hip, so I am going for gold next time… Never give up!

Gildas Le Treut,
Managing Director - Global Head Of Coverage,
Societe Generale Securities Services

VETERAN WORLD CHAMPIONSHIPS
DAYTONA BEACH, FLORIDA • 2023

Ode To TNF Warsaw

by Rupert Booth

I hear you groan as I pick up my pen,
"They've dragged out this second-rate poet again!"
To sling together a sub-standard verse,
"It's an assault on the senses" you mumble, and curse:
"The TNF team are usually such heroes…
Why must they commission this lyrical zero?"
And I do understand how you feel, on the whole,
But too late, too bad – I'm off on a roll!

I write as a couple of months have gone by
Since the Annual Meeting – an event without flaw;
To Poland we went, our intentions were high
Our brains razor sharp, our intellects raw
Eager to tackle the affairs of the day,
Got suited, got booted and we were away…

What did we listen to, what did we discuss,
In the sessions each day, all staged without fuss -
AI (what else?) - the discourse was brilliant
And how do we remain operationally resilient?
Of KYC and DORA of course there was loads,
And we went down the well-trodden T+1 road,
GenZ – a highlight – and there's more to be said.
About this below…is there trouble ahead?

Detectable was a slight sense of unease
Among the assembled, contemplating a squeeze
On getting young talent to come into our ranks,
We have to think fast, to avoid empty banks!
Is that what you want? cos that's what'll 'appen,
It'll all go down South because we were caught nappin'.

And did we relax!? Yes we did! - at each party
Danced like Travolta, ate and drank hearty!
And on the 13th, made the plane feeling rough
Not having realised that enough was enough!

So Anismah, Andrew, Edward and Bhavin,
You all played a blinder and we're all still laughin'.
But behind your genial and smiling exterior
Is a laser-sharp focus, a mission superior -
Well-disguised grit and ruthless efficiency,
Ultimate event management proficiency!

A Message From Warsaw

The Network Forum's (TNF) Annual Meeting gathered once again in Warsaw after a seven-year hiatus punctuated by Covid 19 lockdowns, the biggest land war in Europe since WW2, rising geopolitical tensions in Asia and the Middle East, and ongoing market uncertainty.

But what were the main talking points to emerge from the TNF Annual Meeting in Warsaw?

In with AI

The general buzz around AI, a technology Goldman Sachs reckons could add 7% to global GDP per year, is reaching fever pitch - and TNF was no exception.

During an audience poll, it was revealed that 49% of respondents are currently using the technology to support them with productivity (i.e. drafting emails and power-points etc.), followed by 9% for marketing, and 8% for coding purposes.

With organisations struggling to cope with rising costs, 54% said AI would be instrumental in helping them obtain operational efficiencies.

Although AI could free up already stretched resources at custodians, others argued it risks institutionalising laziness within the industry, adding that vital skills could be lost if people become too dependent on the technology.

Speaking on the fringes of TNF, one attendee said that the shocking generational decline in the number of people with rudimentary map-reading skills – sparked primarily by our reliance on Google Maps – should serve as a stark warning to us all about AI's potential drawbacks.

Out with the Blockchain

Whereas the popularity of AI has soared, the industry has grown deeply sceptical about Blockchain.

At TNF 2017 in Warsaw, experts openly predicted that Blockchain would hasten the demise of the post-trade industry, but the reality could not be further from the truth.

Today, most Blockchain initiatives in the post-trade world have either been shelved (e.g. ASX's plan to replace CHESS with Blockchain) or radically scaled back, due to the high costs of implementation and the lack of real-world use cases.

Just as Blockchain failed to deliver, some wonder if we are falling into a similar trap with AI.

Network managers talk KYC and resilience

During TNF, network managers highlighted they are receiving an increasing volume of reverse KYCs – also referred to by some as reverse due diligences – from their sub-custodians.

Although network managers were keen to stress there should not be a race to the bottom on KYCs, they said some of the information being asked for by sub-custodians is duplicative and at times intrusive and unnecessary.

In response, more network managers are asking their sub-custodians to standardise the reverse KYCs, an irony not lost on some people in the audience. "I think the sub-custodians are punishing us for all of our amendments to the Association for Financial Markets in Europe's (AFME) Due Diligence Questionnaire (DDQ)," observed one network manager wryly during a coffee break.

A shift is also starting to take place with network managers' approaches towards operational resilience.

Whereas previously, network managers devoted a lot of resources to contingency planning, one expert said there is a much sharper focus today on the actual resilience of their incumbent providers, and their supply chains.

The general Consensus on T+1 is "No catastrophes just yet"

After two years of meticulous planning and testing, T+1 went live in North America with very few hiccups.

So far, the early indicators are positive, with affirmation rates above normal levels, and settlement fail rates holding steady, barring a small, temporary wobble on a double settlement day, which also coincided with an MSCI rebalancing.

However, experts said T+1 is not a done deal yet in the US, adding that problems could still materialise.

The discussion at TNF then shifted to the EU's (and UK's) possible adoption of T+1.

Unlike the US where there is just one financial market infrastructure (FMI), Europe is populated with dozens of national CSDs and CCPs, an issue which will make the transition to T+1 much harder.

Cave diving is not for the faint hearted

TNF wrapped up with an excellent presentation from John Volanthen, an expert cave diver, who played a key role in rescuing a group of 12 teenage footballers plus their coach from the Tham Luang cave complex in Thailand after it became flooded during heavy monsoon rains.

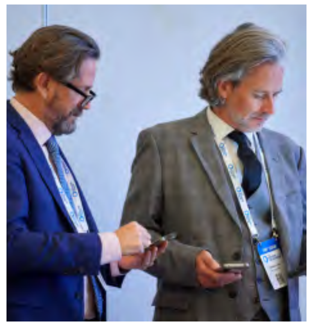
Sharing his unique insights into how he managed to keep composure in a high pressure and incredibly risky environment, Volanthen's exploits had the entire TNF audience on the edge of their seats, in what was arguably one of the most memorable keynote speeches in TNF's history.

Charles Gubert

Founder,
GTL Associates

Annual Meeting 2024









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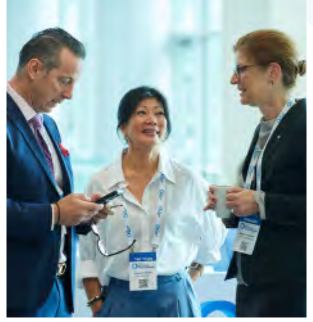
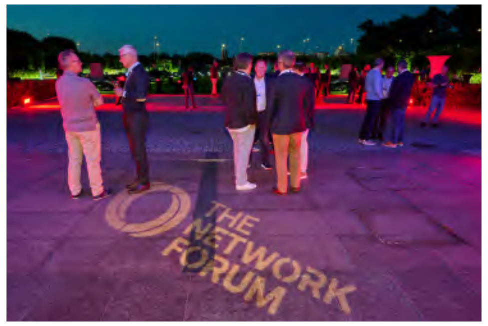










TNF Americas : Message From New York

The Network Forum (TNF) returned to New York for its Americas Meetings on October 1, the first of three regional events taking place this Autumn.

So what were the main talking points from TNF Americas?

Countdown to November 5

While a straw poll at TNF revealed 71% of the audience reckoned VP Kamala Harris would win the Presidency on November 5, a geopolitical expert thought otherwise, adding the race would be incredibly tight.

The expert told TNF that while VP Harris may have enjoyed an initial bounce after she first announced her candidacy, this honeymoon period is now firmly over, and the momentum is swinging back in Donald Trump's favour.

A Harris Presidency will likely see a continuation of the status quo, but the expert said a Trump White House could usher in some major policy changes, including reduced support for Ukraine, the reversal of the Green New Deal, additional deregulation of financial services, especially crypto, and a further decoupling from China's economy.

Artificial Intelligence (AI) and the future of custody

The Securities Services industry is currently in full AI hype mode.

A TNF survey found 50% of attendees felt AI will help them improve their data analytics, i.e. comparing responses from due diligence questionnaires (DDQs), while 29% plan to use it in their workflows and communication, i.e. managing emails.

While AI could facilitate potential productivity benefits, not everyone is convinced. For some, existing software is just as capable, if not better than AI, when performing certain tasks, such as benchmarking DDQ responses.

Others point out that the energy and maintenance costs of running AI systems will nullify any productivity gains, adding the technology's vast power consumption risks undermining industry efforts to meet sustainability targets.

Operational resilience still a top priority

Few would dispute that the 2020s are on course to becoming one of the more eventful decades in recent memory, and we are not even halfway through.

Amid worsening geopolitical tensions, the industry's increasing reliance on technology, and the growing threat of cyber-crime, operational resilience has never been more important.

Consequentially, network teams are spending more time asking questions about operational resilience in their due diligences on sub-custodians. With the EU's Digital Operational Resilience Act (DORA) due to take effect from January 2025, and various industry associations working on their own operational resilience guidelines and questionnaires, expect network teams to keep focusing on this subject.

T+1 – not such a walk in the park after all....

At the TNF Annual Meeting in June, the consensus on T+1 was that its introduction in North America had been relatively frictionless, but it was still too early to pop the champagne cork.

Four months on, we now have more clarity.

While T+1 delivered on its promise to provide margin savings, the transition has not been easy, with experts noting that banks and brokers have been forced to significantly increase headcount to manage the entire process. A recent paper by Citi also noted firms had been heavily exposed to manual processing and exceptions handling triggered by clients post-transition.

With North America now live with T+1, the focus will undoubtedly shift to the UK and EU.

Is Nuam on the cusp of doing something special?

Previous attempts to integrate LATAM markets, i.e. MILA, have come to nought.

The Nuam initiative, which will see the stock exchanges of Colombia, Chile and Peru, merge into a single entity, promises to be different. By facilitating CCP interoperability and CSD interconnectivity, Nuam will make it easier for institutions to trade, clear and settle securities listed in the three markets via a single process,

If successful, this could drive liquidity into the region, and may even set the benchmark for future financial market infrastructure consolidation projects in Emerging Markets.

TNF's Middle East Meeting will take place on November 5 and 6 in Doha, before heading out to Singapore on November 11-12 for its Asia Meeting.

Charles Gubert

Founder,
GTL Associates

Americas 2024









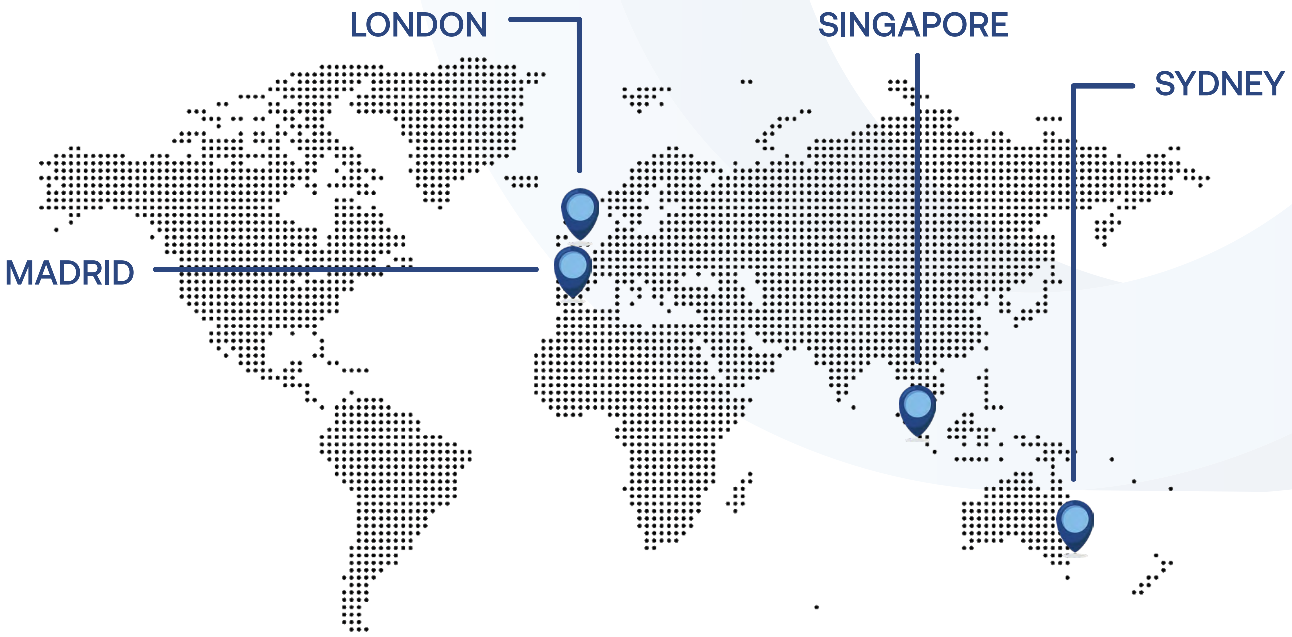






FUTURE EVENTS

www.thenetworkforum.net/home/events



THE NETWORK FORUM ASIA

11-12 NOVEMBER 2024
SINGAPORE

Singapore – we are back! A perennial favourite location in the region, we are delighted to be back in the Lion City. Supported by out hosts at the SGX, we look forward to getting to grips with the major drivers for change in the Asia markets. Regulation, tech, innovation – and people. All the components of a successful business strategy will be covered.

See you in Singapore!

THE NETWORK FORUM AUSTRALASIA

4-5 MARCH 2025
SYDNEY

Following a fantastic launch in 2024, and keeping up to date with recent market changes in the Australasian region, TNF are delighted to team up with The ASX once again to bring together industry experts and the local post-trade and ops community. A roundup of the day's big issues followed by some quality networking sees the continued roll out of TNF's latest regional meeting.

See you in Sydney!

THE NETWORK FORUM AFRICA

7-8 APRIL 2025
LONDON

For 2025, we will be re-convening once again in London – which proved a great success for our Africa focused community. With a large slice of the buyside based in Europe, we are delighted to be bringing together Africa's leading FMIs, agent banks, and industry experts for a thorough journey around the region and updates on market developments in both sub-Saharan and North Africa

See you in London!

THE NETWORK FORUM ANNUAL

16-18 JUNE 2025
MADRID

Madrid – here we come! For the first time, Team TNF are delighted to be bringing their flagship meeting to the Spanish capital for a fantastic 3 days of networking and learning with the key members of the agent bank, FMI and network management community. 100+ companies come together to strategise for the future. Hasta pronto!

See you in Madrid!

The Network Forum can help you connect and interact with our community.
Contact Edward Jones on **ejones@thenetworkforum.net** with your ideas.