

# caceis news

THE ASSET SERVICING JOURNAL

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JANUARY-MARCH 2020 **No. 59**

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A UNIQUE POSITIONING



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**JEAN-FRANÇOIS ABADIE,**  
CEO, CACEIS

editorial

and the United Kingdom. 450 employees joined CACEIS. In particular, they bring us their expertise in pension fund services.

On 20<sup>th</sup> December, Crédit Agricole S.A. and Santander formalised the combination between Santander Securities Services (S3) and CACEIS.

100% of S3's activities in Spain and 49.99% of its activities in Latin America (Brazil, Mexico and Colombia) have been contributed to CACEIS. Following the transaction, Crédit Agricole S.A. and Santander hold 69.5% and 30.5% of CACEIS' capital respectively.

This alliance represents an exceptional opportunity for our market. We share with S3 the same vision of our industry and we are perfectly complementary in terms of geographical presence.

It creates a major player in Europe and worldwide, with nearly €4 trillion in assets under custody and over €2 trillion in assets under administration. Our European network is expanding with

Spain and we now have a robust service offering in Latin America.

I am therefore very pleased to comment in these pages on the future outlooks for CACEIS, together with Carlos Rodríguez de Robles, who heads up our activities in Spain and Latin America.

Beyond these developments, CACEIS has had a very satisfactory year in terms of sizable business wins. Indeed, all of our entities contributed to strengthening

**“CACEIS is more than ever ready to move into 2020 and fulfill its role as a trusted third party for its clients.”**

our presence with management companies, institutional investors, private banks and large corporations. The consistency of our range of solutions and the recognised professionalism of our teams have convinced new clients.

CACEIS' Private Equity, Real Estate and Securitisation business line has consolidated its position as a leading player

in the European private equity market. Our Market Solutions have also enjoyed notable successes.

“Solid and Innovative” is more than ever our guiding principle and we are counting on innovation to support our growth. This translates into the implementation of new practices and technologies, such as Big Data, Blockchain, Artificial Intelligence and RPA. For example, in 2019, our TEEPI platform has been enhanced with Market Place, a digital solution for subscribing to and aggregating fund units.

With now complete coverage of European markets and a geographical presence extended to 15 countries, CACEIS is more than ever ready to move into 2020 and fulfill its role as a trusted third party for its clients. CACEIS also benefits from the support of its two shareholders who are among the largest European banking groups.

I would like to thank all our clients for the trust they have placed and continue to place in CACEIS.

I wish you all a happy and prosperous 2020. ●

**2** 019 will undoubtedly remain a key year in the history of CACEIS. Indeed, our Group has taken on a whole new dimension, with the completion of two major international growth operations.

At the end of October, following a recommended takeover bid, we finalised the acquisition of KAS BANK, a long term player in asset servicing in The Netherlands, also present in Germany

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INTERNATIONAL  
PRIVATE  
EQUITY  
MARKET

**IPEM**

CACEIS STAND  
D4

5<sup>th</sup> EDITION  
**2020**  
28, 29, 30  
JANUARY

PALAIS DES FESTIVALS  
CANNES - FRANCE

**JOINT INTERVIEW** Jean-François Abadie and Carlos Rodríguez de Robles

# CACEIS and Santander create a major global player in asset servicing

**COMBINATION** On December 20<sup>th</sup> 2019, has been closed the strategic combination of Santander Securities Services (S3) and CACEIS. Jean-François Abadie, CEO of CACEIS, and Carlos Rodríguez de Robles, Managing Director of CACEIS in Spain and in Latin America, talk about the objectives and the expected benefits of the transaction.



**CARLOS RODRÍGUEZ DE ROBLES, MANAGING DIRECTOR, CACEIS IN SPAIN AND IN LATIN AMERICA** © CACEIS

“Both Jean-François Abadie and I are convinced that the combination of our two asset servicing companies, which share a common business culture and complement each other geographically, will be a major success.” CARLOS RODRÍGUEZ DE ROBLES



**JEAN-FRANÇOIS ABADIE, CEO, CACEIS** © CACEIS

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## BEHIND THIS PROJECT, WHAT ARE THE MAIN DRIVERS?

**JEAN-FRANÇOIS ABADIE** As part of our international development strategy, we were actively seeking a partner with a close strategic fit in terms of services, geographic coverage, and culture. Contact with Santander was initiated several years ago, and it rapidly became clear that a project to combine the strengths of CACEIS and S3 would be a

positive step in the development of our companies, both in terms of the European asset servicing marketplace and other international markets.

From a strategic point of view, an alliance between two large European specialised banking groups such as CACEIS and S3 is easily justified. Both companies, despite being global players have very little overlap in terms of coverage. S3 is Spain's market leader for asset servicing and has a strong presence in Latin America, markets where CACEIS is not present - there are clear commercial benefits.

**CARLOS RODRÍGUEZ DE ROBLES** For many years we have enjoyed a very good business relationship with CACEIS. We at S3 also rapidly saw the potential benefits of partnering with CACEIS, and as soon as Crédit Agricole initiated discussions with Santander, we were ready to ensure the deal could progress rapidly.

For me, there are three key drivers of the merger. First is the geographic fit - we are present in markets where CACEIS is not and vice versa. Second, product synergies - CACEIS offers an extensive scope of services including fund administration and middle office services that will soon become available to S3 clients worldwide. The third driver is compatibility of the clientele - CACEIS has a more “buy side” focus, whereas S3 focuses more on the “sell side”.

## WHAT BENEFITS AND POTENTIAL SYNERGIES DO YOU ENVISAGE?

**JFA** The combination is a unique opportunity for CACEIS and S3 to develop and strengthen our business. For CACEIS, it fits perfectly within our geographical expansion strategy. We can move into key markets in Spain and Latin America (Brazil, Mexico and Colombia) alongside a powerful banking partner that is already a well-established local player. Our group will therefore be in an excellent position to take advantage of the business potential of these markets, bringing new opportunities to the clients who operate there. The joint venture allows us to further boost the critical size of our group's operations in what is an increasingly consolidated global market. Taking

a mid-term view, CACEIS and S3 will seek to take advantage of international business synergies and opportunities to cross-sell products and services, leveraging the perfect fit in terms of geographical coverage and service range.

Together with S3, we have a common vision for the future of our businesses. S3's industry expertise and their positive attitude toward the combination have convinced us that we can successfully and efficiently merge the activity. This also further strengthens CACEIS' offer when we submit our business proposals in response to RfPs from international clients.

**CRDR** For S3 and the clients we serve, this is a fabulous opportunity to expand into European markets where we had little presence, and export our custody expertise. We are delighted that this partnership with CACEIS has moved ahead. Both Jean-François Abadie and I are convinced that the combination of our two asset servicing companies, which share a common business culture and complement each other geographically, will be a major success.

## WHAT ARE THE PRINCIPAL BENEFITS FOR CLIENTS?

**JFA** With full coverage of European markets and an extended presence further afield, we cover the entire value chain and offer an enhanced service range to existing clients and prospects. All our clients will be able to take advantage of S3's service range in Spain and in Latin America, with everything based on leading IT platforms and structured with a client centric focus.

CACEIS' fund administration expertise is also something we can export to the Spanish and Latin American markets, expanding the range of services available and the client scope there. CACEIS is growing sustainably across the board, and I believe this sends a strong signal to clients that we are a partner in which they can place their trust.

**CRDR** CACEIS' service range will combine with our own to enhance the value proposition we can offer clients. This includes services such as execution, market solutions, fund administration and middle office services. Our clients will benefit from CACEIS' “Execution-to-Custody” service offering, which covers the entire value chain and is founded on long-term expertise and staff excellence.

Our Spanish and Latin American asset manager clients will gain significant support for their European market expansion objectives, especially by leveraging CACEIS' Luxembourg hub's fund distribution expertise. Similarly, CACEIS' Follow-the-Sun 24/5 set-up will add value to our existing services by enabling us to enhance operational efficiency.

## WHAT ARE THE IMPACTS OF THE CHANGE IN CACEIS' SHAREHOLDING STRUCTURE?

**JFA** Santander holds a 30.5% stake in CACEIS alongside Crédit Agricole S.A., which remains the major-

**30.5%**  
Santander holds a 30.5% stake in CACEIS alongside Crédit Agricole S.A., which remains the majority shareholder with a 69.5% stake.

ity shareholder with a 69.5% stake. The new shareholding structure gives CACEIS a more international dimension, strengthening the group financially and culturally and demonstrating its goal of being a long term reliable European partner for our clients.

This move also demonstrates to the market that CACEIS is resolutely committed to strong and sustainable growth of its business. Our combination with Santander and our recent acquisition of leading Dutch pensions fund administrator, KAS BANK, prove that our development strategy is targeted and effective, which in turn increases our standing as a credible partner for clients and prospects.

Finally, as partners in asset servicing, Crédit Agricole and Santander clearly show a willingness to pool their considerable resources and drive the combined asset servicing division forward. With the two major European banks determined to use their leverage to make their custody and asset servicing division a success, the signal can only serve to further reinforce our clients' and employees' confidence.

## WHAT ARE THE NEXT STEPS?

**JFA** Our respective teams have been working together on the integration process for a few months. We will start working actively on identifying cross-selling opportunities and other business synergies over the medium term. It's an exciting period and this is just the first step of what we believe will be a great adventure. CACEIS has vast expertise in successfully performing mergers and acquisitions, and we will ensure that CACEIS and S3 clients receive high quality service - I look forward to meeting these clients and saying “Welcome to CACEIS!”.

**CRDR** Our clients remain our number one priority. We fully understand that this process must not adversely affect them in any way. We will ensure all day-to-day operations continue smoothly during the transition period, without the slightest interruption. We are confident about relying on CACEIS' proven migration and business integration experience to complete this process.

As always, we will continue to serve our clients to the best of our ability, now with the financial backing and business development support of our two giant European banking shareholders. We really look forward to exploring this new chapter in our history. ◉

**3**  
brands

CACEIS' SERVICE OFFERING IS MARKETED UNDER 3 BRANDS: CACEIS IN EUROPE, SANTANDER CACEIS IN BRAZIL AND COLOMBIA, AND S3 CACEIS IN MEXICO.

# CACEIS strengthens its position as European leader

**PRIVATE EQUITY** CACEIS' Private Equity, Real Estate & Securitisation business line is growing steadily, having achieved a position as a major player in the European private equity market. We met with Bruno Bourbonnaud, Global Head of the PERES business line at CACEIS.

## HOW HAS PRIVATE EQUITY, REAL ESTATE & SECURITISATION CHANGED AT CACEIS OVER THE LAST FEW YEARS?

Over five years ago, CACEIS created the PERES (Private Equity, Real Estate & Securitisation) business line, with an integrated front-to-back organisation. Since 2018, we've been strengthening our position in this area, aiming to provide better support to our clients throughout Europe.

Our teams offer private equity, private debt, real estate and infrastructure professionals a complete range of services, including depositary bank and custody, fund administration, investor registrar and middle office services. We also help clients secure financing through committed overdraft facilities and equity bridge financing.

Business is very strong. Our client base now includes over 2,300 fund structures representing approximately €210 billion in assets, making CACEIS a major European player. We are a leading provider in France and we rank among the top private asset fund depositary banks in Germany, Luxembourg and Italy.

## HOW DO YOU EXPLAIN CACEIS' STRONG GROWTH IN THIS SEGMENT?

The PERES business line is backed by over 280 experts in sales, client relations, financing, operations, IT, risk and compliance, organised in such a way that clients benefit from a single point of entry. Our local teams, who understand the specificities and regulatory requirements of each market, lend clients their expertise and give advice.

Our operational teams work hand in hand with the IT and Project teams. This collaborative approach is what helps us enhance our solutions. We make major investments in IT, to build on our tools and services. This includes the quality of reports and efficient processing. Our fund administration platform recently underwent significant upgrades to ensure better accounting of unlisted assets. Finally, thanks to CACEIS' Olis web portal and its section dedicated to private equity funds, clients have easy access to their updated data, as well as a wide range of data to track the funds' progress.

Our development strategy is part of Crédit Agricole group's global offering, developed alongside our partners Crédit Agricole CIB, Indosuez Wealth Management, LCL and Crédit Agricole Île-de-France. Thanks to our range of complementary services and expertise, we provide a global offer to private equity, real estate, infrastructure and private debt managers, that responds to all their needs, including fund financing, treasury, corporate banking and wealth management solutions. This is a key point of our comprehensive offer.



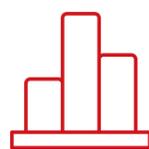
BRUNO BOURBONNAUD, GLOBAL HEAD OF PERES BUSINESS LINE © ALEXIS CORDESSE



**280**  
EXPERTS  
IN EUROPE



**#1**  
EUROPEAN  
PROVIDER IN  
EQUITY BRIDGE



**2,300**  
FUND  
STRUCTURES



**€210bn**  
IN ASSETS  
UNDER  
DEPOSITARY

## WHAT IS YOUR DEVELOPMENT OUTLOOK?

We are looking to strengthen our position as a European asset servicer for this client base, and CACEIS has everything it needs to achieve this. Our recent acquisition of KAS BANK brings new opportunities for growth. In addition to eight countries (France, Germany, Italy, Luxembourg, Switzerland, Belgium, the UK and Ireland), we can now expand our services in The Netherlands. Our partnership with Santander, and the integration of its subsidiary Santander Securities Services (S3) within CACEIS, also

**“We owe it to our clients to offer reliable, accessible and high quality services.”**

BRUNO BOURBONNAUD

open new doors for us in Spain and Latin America.

The Crédit Agricole group places clients' interests at the heart of its operations, and CACEIS is fully committed to this objective. We aim to continuously improve our services and operational efficiency. Over the past two years, clients have expressed their satisfaction in surveys, reflecting the success of this approach. Building strategic and trusted partnerships with our clients is a clear priority for us – we owe it to them to offer reliable, accessible and high quality services. As a result, we have established new partnerships with large private assets fund management firms, with funds of over several billion euros. We are indeed very confident for the future. ◉



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## AI serving the reading of fund prospectuses

**INNOVATION** To increase speed, reliability and accuracy, CACEIS is leveraging on artificial intelligence (AI) to develop its machine reading capabilities.

Each year, CACEIS read through more than 13,300 fund prospectuses to extract information.

A French fund prospectus contains an average of 20 pages, a Luxembourg prospectus between 150 and 200 pages. At CACEIS, for each prospectus, approximately 140 data points (information and management rules) must be identified and extracted to feed CACEIS' reference systems and to perform the functions of depositary, fund administration and fund distribution, where applicable. This highly time-consuming activity has until now been carried out by several teams at CACEIS.

In order to increase speed, reliability and guarantee the completeness of the data extracted, the CACEIS Innovation Lab, which was set up in 2018 to develop innovation at CACEIS, proposed the use of AI to automate and digitise the reading of prospectuses. An AI-search engine will make it possible to centralise the reading and selection of data to be extracted.

The benefits of AI are multiple: continuous improvement of the tool as data is integrated, considerable productivity gains (only 3 minutes are needed to read 100 prospectuses compared to 20 man-days manually), reduced operational risk and improved quality controls.

## A TOOL BY APRIL 2020

The project was launched in early 2019 with the collaboration of CACD2, the Crédit Agricole Group's digital manufacturing arm. The tool currently being developed, SPA, or Smart Prospectus Analysis, was initially the subject of a POC (Proof of Concept) on the scope of some 50 prospectuses under French law. The POC proved to be conclusive. In light of this success, next steps are an MVP (Minimum Viable Project) and a target date of April 2020 for the implementation of the tool to all fund prospectuses. ◉

**INTERVIEW** Philippe Bens, Managing Director of CACEIS, Switzerland

# “We are now one of Switzerland’s leading real estate fund administrators”

**CACEIS IN SWITZERLAND** Our Execution-to-Custody model is central to our ability to attract and retain asset management, private banking and pension fund clients. Philippe Bens explains his approach.

**W** **HAT ROLE DOES CACEIS SWITZERLAND PLAY?**

CACEIS aims to be the central offering point for a broad range of services, from fund management to custody for clients in-

cluding asset management companies, pension funds, insurance firms and private banks.

We offer a full range of services that meet the specific needs of funds investing in securities, real estate and private equity. On behalf of asset managers, we perform duties related to the fund’s creation, launch, daily administration, performance measurement and reporting to investors and regulatory authorities. We are in a position to perform our delegated tasks no matter which European jurisdiction governs the fund, and can act as a representative or paying agent for foreign funds in Switzerland.

CACEIS’ Execution-to-Custody model is particularly well-suited to private banks due to our order execution and middle-office services. In partnership with Azqore, we offer a core banking and outsourcing solution that covers the entire front, middle and back office chain.

**“Our goal is to continue providing our expertise and asset servicing solutions to Swiss management companies, whether they act locally or market their funds internationally.”** PHILIPPE BENS

#### **HOW IS CACEIS POSITIONED ON THE SWISS ASSET SERVICING MARKET?**

We have had a presence in Switzerland since 2006. Our business grew quickly and has been accelerating since 2015 when we obtained our banking licence.

We are now one of the leading real estate fund administrators for third parties, with over 10% market share.

Our model is particularly attractive with multiple benefits to clients. Firstly, our multi-jurisdictional fund offering gives clients a clear competitive edge as they can set up funds domiciled in many locations such as Luxembourg. Our sales teams can design a customised package of solutions to help clients develop their business both domestically and internationally.

Secondly, as CACEIS is a leading global asset servicing player, we are constantly investing to enhance existing services and develop new innovative ones. This differentiates us and provides a competitive advantage over other Swiss custodians, which are generally integrated into the major asset management companies, insurance firms or retail banks.



PHILIPPE BENS, MANAGING DIRECTOR OF CACEIS, SWITZERLAND © YVES MAISONNEUVE / CACEIS

Lastly, CACEIS is one of the few providers of onshore services that cover the entire post-trade environment. Our support services come in at the top of the chain, so we can even provide execution services for clients on key markets.

We have also seen a rapid uptake in our middle and back office outsourcing solutions which enable our clients to mitigate operational risk and meet targets in terms of operational efficiency.

CACEIS’ unique market positioning enables us to forge close relationships with clients operating out of Switzerland, as well as our partners and industry associations. We have a strong reputation as experienced player with a high level of expertise in the investment fund market. And we are proud to count some of the leading asset managers among our clients.

#### **WHAT ARE THE STRATEGIC OBJECTIVES OF CACEIS IN SWITZERLAND?**

Our goal is to continue providing our expertise and asset servicing solutions to Swiss management companies, whether they act locally or market their funds internationally. Pension funds are another focus for development. We have finalised commercial agreements with three large pension funds last year – two in the asset management industry and one with a major Swiss insurance firm. Our takeover last autumn of KAS BANK, a Dutch pension fund specialist, serves to consolidate our positioning in this field.

Our in-depth experience with real estate funds is another pillar in our pursuit of growth targets. We have a wide range of specifically designed services that meet the exact needs of property companies which also rely on those services to lower fixed costs and gain market share by focusing on their core business.

We have also developed an offer specific to private banks, in collaboration with our partners at Crédit Agricole’s Premium Clients division. It involves

**“Our in-depth experience with real estate funds is another pillar in our pursuit of growth targets.”**

PHILIPPE BENS

both Crédit Agricole CIB, the investment banking arm, and Azqore, which provides integrated technology services for wealth managers and private banks. Drawing on their combined expertise, our one-stop shop allows private banks to outsource operational processes by interfacing with S2i, Azqore’s banking platform, and our wide range of asset servicing solutions. Indosuez Wealth Management has already adopted our solution, and subsequently a migration of some €40 billion in assets under custody is currently in progress. Our dedicated private bank service package is attracting much interest and we have bold ambitions to support other companies across Europe. Our overall goal is to be a strong contributor to the growth of CACEIS and development targets by making every effort to support clients locally and internationally.

#### **WHAT IS DIFFERENT ABOUT YOUR TEAMS?**

With the strong growth of our fund management and custodian banking business, our headcount has almost doubled in six years.

Our offices are located in Nyon on the banks of Lake Geneva, and we have a sales office in Zurich to bring us closer to our German-speaking clients. We are a multilingual business, with a staff composed of some 11 different nationalities, providing fluent coverage of Switzerland’s four working languages, French, Italian, English and German, including, of course, the *Schwizerdütsch*. ◉

# CACEIS strengthens its team of securities finance experts

**THE TEAM** At a time of low interest rates, securities financing transactions are more than ever the solution available to clients hunting for yields. Every day, CACEIS' team of experts works to unearth market opportunities for its clients.

CACEIS offers investors the opportunity to benefit from securities lending and borrowing, as well as repo agreements, relying on its in-depth knowledge of the regulatory environment and the diversity of its trading strategies. The Securities Finance & Repo teams have developed a range of tailored solutions that can be adapted to each investor's risk profile and investment horizon. These solutions come with a comprehensive array of services from front to back office.

## SECURITIES LENDING AND COLLATERALISED FINANCING SOLUTIONS

CACEIS' Securities Finance & Repo team is organised around three types of service.

→ **Securities lending solutions** are aimed at clients seeking higher returns. "As experts, we help our clients every step of the way to design a tailor-made programme according to their goals and constraints" says Donia Rouigueb, Head of Sales Securities Finance & Repo at CACEIS. Under the 'Agent

Programme', CACEIS is mandated by its clients to lend their securities with a choice of borrowing counterparties.

The 'Principal Programme' meets the needs of clients wanting a single counterparty with simplified setup: CACEIS is their single point of contact.

Are the assets not held in custody with CACEIS? The Remote option is unique to CACEIS and is intended for clients that have securities deposited with several custodians. CACEIS can access all portfolios using a secure connection to the systems of the depositories holding the securities.

→ **Securities borrowing solutions** are more specifically targeted at clients wanting to meet regulatory needs and/or pursue their own investment strategies. Clients can ask CACEIS to borrow securities to cover these needs. An automatic solution, the Auto-Borrow Programme, could be offered in an optimised scheme using an STP flow from front to back-office.

→ **Financing solutions** in the form of securities lending or



SEATED, FROM LEFT TO RIGHT: JULIEN RABIER, DONIA ROUIGUEB, DAN COPIN.  
STANDING, FROM LEFT TO RIGHT: RYADH BAKIRI, OLIVIER ZEMB, BENOÎT POIRIEUX, GUILLAUME DO REGO, JULIEN BERGE, SOFIAN MEZRAG © CACEIS

repurchase agreements allow clients the opportunity to meet occasional financing management needs.

These solutions are aimed at all types of investors. They take advantage of CACEIS' expertise as a major player in the asset servicing industry: a highly experienced team with in-depth knowledge of underlying assets, regulatory requirements and market practices, as well as rigorous operational management along the whole of the front-to-back office chain.

## A RESOLUTELY CLIENT-FOCUSED TEAM OF EXPERTS

Dan Copin, Group Head of Securities Finance & Repo at CACEIS, recently strengthened his team with experts each hav-

ing between 10 and 15 years of experience on financial markets. He encourages close collaboration between traders and sales teams: "We maintain relationships with numerous market counterparties as well as our clients so that we can identify mutual opportunities every day. Not only do we propose and manage market trades, we also support our clients so that they can make decisions in their best interests".

This hub of expertise has further grown this year with the integration of KAS Bank into CACEIS. The Dutch bank has indeed solid expertise in this area, especially in relation to pension funds, allowing CACEIS to increase its local presence in an expanding market segment. "We are always

**THIS PROXIMITY TO CLIENTS AND THE QUALITY OF SERVICES PROVIDED ARE NOW RECOGNISED BY THE MARKET.**

there for our clients, giving them the information needed to understand market developments, and be proactive," adds Donia.

In 2020, the Securities Finance & Repo teams will be on hand to help clients meet new regulatory requirements. Indeed, securities lending and borrowing transactions will be subject to SFTR (Securities Financing Transaction Regulation) reporting. Moreover, phase 2 of the CSDR (Central Securities Depositories Regulation) will probably encourage market participants to borrow securities in order to avoid compulsory repurchase proceedings if settlement/delivery is suspended. Bear in mind that this situation could correspond to significant costs.

CACEIS' securities lending/borrowing offer has been highly successful thanks to its flexibility and the quality of support for clients, as well as to growing interest from institutional investors, who were not active a few years ago.

This proximity to clients and the quality of services provided are now recognised by the market, with prizes at the Global Investor ISF Awards in London over the last three years. These results are a reflection of the excellent image of CACEIS in this domain. CACEIS has consolidated its position as a trusted partner that enables its clients to access the securities lending market on the best possible terms. ○

# CACEIS improves its service offering dedicated to ETFs

**INDEX FUNDS** The share of ETFs in the asset management industry is growing steadily worldwide since early 2000. Today, CACEIS is one of the leading asset servicers of European ETFs.

To better respond to this development and to the needs of asset managers, CACEIS has initiated a plan to strengthen its service offering dedicated to passive management. CACEIS' initiative is in line with the growing number of asset management companies that are considering expanding their existing range of funds by offering Exchange Traded Funds (ETFs). Passive management is attracting more and more institutional investors and pension funds, thanks to:

→ its low management fee structure,  
→ its transparency regarding the composition of the portfolio, which facilitates the selection of the most suitable ETFs,  
→ its standardized processes for managing securities transactions,

**CACEIS AIMS TO COVER THE ENTIRE VALUE CHAIN OF ETF SERVICES AND TO BECOME THE LEADING EUROPEAN PLAYER IN THIS FAST-GROWING INDUSTRY.**



PIERRE OGER, GROUP PRODUCT MANAGER © ALEXIS CORDESSE

→ its high liquidity offered by liquidity providers, both on- and off-exchange.

CACEIS' primary objective is to optimise the services provided in these four areas in order to help its clients to streamline the distribution of their ETF range: digitisation and security of all processes relating to primary market issuance/redemption, enhancement of market reporting and integration of new authorised participants.

These changes, combined with a dedicated organisational and operational model, will make these products more attractive to liquidity providers (authorised participants, market makers and brokers) and, consequently, offer better liquidity.

CACEIS aims to cover the entire value chain of ETF services and

to become the leading European player in this fast-growing industry. Therefore, CACEIS second objective is aimed at institutional investors and pension funds: digitalisation of secondary market execution, fluidity and transparency of market information and portfolio optimisation techniques.

## ETFs MARKET IN EUROPE

Unlike the North American ETF market, where the shares held by professional and non-professional investors are balanced, European ETFs are still mainly held by professional investors. With the potential for growth with retail investors in Europe, CACEIS developments could be extended to target direct distribution to this class of investors. ○

# CACEIS contributes to vote processing procedures

**GENERAL MEETINGS** AFTI guide aims at clarifying operational processes related to voting at general meetings. CACEIS will implement them for general meetings in France as of 2020.



LIONEL BARTHÉLEMY, DEPUTY CEO, CACEIS CORPORATE TRUST © ALEXIS CORDESSE

Managing shareholders' voting at annual general meetings (AGM) is a complex process involving many different parties: issuer, centralising agent, custodians and shareholders. It consists of notifying shareholders, receiving their instructions (type of attendance at AGMs and vote), recording and confirming them. It has become all the more complicated with the internationalisation of the shareholding of listed companies and the increase in the number of financial intermediaries in the securities custody chain.

On this basis, and following the malfunctions experienced in 2018, the French regulator AMF – *Autorité des marchés financiers* – published a report on shareholders' rights and voting at general meetings in July 2018. The recommendations made in this report included the need for a guide to vote processes in order to make the voting procedure more reliable. The French trade association AFTI, which represents the post-market business in France, took up the issue and created a working group to bring together the industry's banks. "CACEIS took part in these workshops both in its role as custodian and centralising agent. The scope covered represents the general meetings of listed companies with their registered office in France," explains Lionel Barthélemy, Deputy CEO of CACEIS Corporate Trust. "Our goal is for issuers and their shareholders to be fully reassured about

the reliability and quality of the financial intermediaries' handling of this major event, that is the company's AGM," he added.

After several sessions with representatives of issuing companies and shareholders associations, the working group produced a guide that describes the main operational processes involved at each step of the voting chain. It identifies optimal solutions and, where appropriate, recommends legal and regulatory changes.

The guide calls for a standardisation of practices between players, more efficient voting management, and a reminder of some essential rules to be followed to ensure all shareholders' votes are accounted for, whatever the channel they use.

It also strongly recommends promoting and developing electronic voting processes (submission and confirmation) to gradually eliminate paper, which can lead to mistakes. "In this regard, we recommend the use of *VotAccess*, the Paris electronic voting platform", added Lionel.

In November 2019, the guide was published on the AFTI website for opinions and comments, and sent to the AMF. It will be implemented for general meetings held in 2020.

## TOWARDS THE IMPLEMENTATION OF SRD2

In September 2020, an updated version of the guide will incorporate changes to be made in relation to the Shareholders Rights Directive II (SRD2). The new requirements laid down in the SRD2 include providing an electronic solution that covers the entire chain for shareholders for confirmation and transmission of their voting instructions.

A standardisation of voting practices and information sharing at a European level remains more topical than ever within SRD2. We can hope that the AFTI guide might inspire the other European market places. ◉



VALÉRY THÉRY, GROUP PRODUCT MANAGER © YVES MAISONNEUVE / CACEIS

## ESG reporting and extra-financial data sovereignty

**RESPONSIBLE FINANCE** CACEIS keeps a watch on the quality of extra-financial data to better support its clients with its ESG&Climate reporting solution.

The environmental, social or governance dimensions of financial players' investment decisions are more than ever a major issue following the publication on 27 November of the European Regulation 'Disclosure' and the work underway on the integration of ESG criteria into the UCITs, AIFM and MiFID II directives.

One of the major challenges for ESG investments lies in the ability of players to make effective use of data to stimulate investment value creation. Yet investors are faced with a lack of consistent, accurate, valid, accessible and timely non-financial data.

"The information comes mainly from issuers who do not necessarily play the transparency game, especially on their decarbonation trajectory. Moreover, we note that non-financial rating agencies differ in data collection and analysis, as well as in ESG or climate rating methodology", explains Valéry Théry, Group Product Manager at CACEIS.

This lack of qualitative data and harmonisation in ESG ratings makes it more difficult for the portfolio manager to make a decision on asset allocation.

Moreover, ESG data has become such an issue that it has interested some financial information providers. "The major financial agencies have positioned themselves in the sector, with the aim of capturing shares of this rapidly expanding market. Thus, from a sector of ESG data with small players, we have moved in a very

short period of time to a market concentrated around a few giants" adds Valéry Théry.

Faced with these observations, two solutions are emerging for an investor:

→ Complete the quantitative analysis with a qualitative analysis, in particular through constant dialogue with the issuer and strong shareholder commitment by submitting resolutions related to ESG concerns at shareholders' meetings;

→ Take advantage of new technologies, such as artificial intelligence, machine learning and robotics, which open up new opportunities to collect accurate and timely ESG data in a coherent and consistent process. These new tools enhance the credibility of ESG data integration, avoid "greenwashing" and ensure that ESG analysis is reliable.

CACEIS will soon be offering solutions to support its clients, particularly when they cast their votes at shareholders' meetings, and through the use of new technologies.

It should also be noted that the European Commission has taken up the issue of the quality of non-financial data and wishes to provide better supervision of rating agencies. We can hope that this framework will make it possible to draw fairer and more competitive outlines of the data market.

CACEIS is mobilised to monitor upcoming developments in order to meet clients' needs and to play its role as a trusted third party. ◉

## IN BRIEF

### RegistrAccess, the Blockchain for French unlisted securities

CACEIS is associated with the main French banking institutions and SLIB to develop and operate a market platform to improve the fluidity and efficiency of trading in unlisted securities not admitted to central depository operations. The solution developed, RegistrAccess, which is fully secure and digital, uses Blockchain/DLT technology. It enables the digitisation of transactions on French unlisted securities (ODM – *ordres de mouvement*) and the keeping of registers of holders, thus automating exchanges between issuers or their agents and

custodian account-keeping institutions. Participants to the solution will be able to integrate RegistrAccess into their IT systems. Pilot members of the project, including CACEIS, began testing the platform last December, with operational deployment of the solution scheduled in late March 2020.

### CACEIS wins a prize for information transparency

On November 28, 2019 in Cologne, CACEIS received an honorary award "Der Transparente Bulle" for its "ESG & Climate Reporting" service offering. This award supports the actions and work of CACEIS in the German market to promote the transparency of

financial information, a major prerequisite for institutional investors to understand, and have trust in their investment strategy.

### Regwatch

This is CACEIS' new regulatory watch publication. Each month, it provides a targeted overview regulatory changes that impact the fund and asset servicing industry in the countries where CACEIS operates. It is available on CACEIS website.

### 52

In 2019, the number of fairs and conferences in which CACEIS participated as a sponsor, in 25 locations in Europe, in Asia and in North America.

## In the press

Q4 2019

October 2019

Funds Global Asia  
"The future role of Transfer Agency"BETTY ZHOU, HEAD OF BUSINESS  
DEVELOPMENT, CACEIS IN HONG KONG

October 2019

Funds Europe  
"Regulation of the funds  
industry in Europe"PHILIPPE BOURGUES, MANAGING  
DIRECTOR, CACEIS, LUXEMBOURG

November 2019

Funds Europe  
"The French Asset  
Servicing Market"

JOE SALIBA, DEPUTY CEO, CACEIS

November 2019

Agefi Hebdo  
"Securities servicer extend their  
services outsourcing offer"

JEAN-FRANÇOIS ABADIE, CEO, CACEIS

December 2019

FN institutioneel  
"Caceis geeft Kas Bank  
schaal in pensioenmarkt"SIKKO VAN KATWIJK, MANAGING DIRECTOR,  
CACEIS, THE NETHERLANDS

December 2019

Funds Europe  
"Why good governance has  
never been so important"PAT SHARMAN, MANAGING DIRECTOR,  
KAS BANK N.V., UK BRANCHFIGHTING PLASTIC POLLUTION  
IN OCEANS

CACEIS is pursuing its commitment to the fight against plastic by taking part in the Plastic Odyssey adventure, a recycling factory ship that will travel the world to encourage local waste treatment initiatives.

THE FORMER OCEANOGRAPHIC  
VESSEL VICTOR HENSEN  
IS BEING COMPLETELY  
REFURBISHED FOR THE NEEDS  
OF THE EXPEDITION.

© HANNES VAN RIJN/FLEETMON/DR



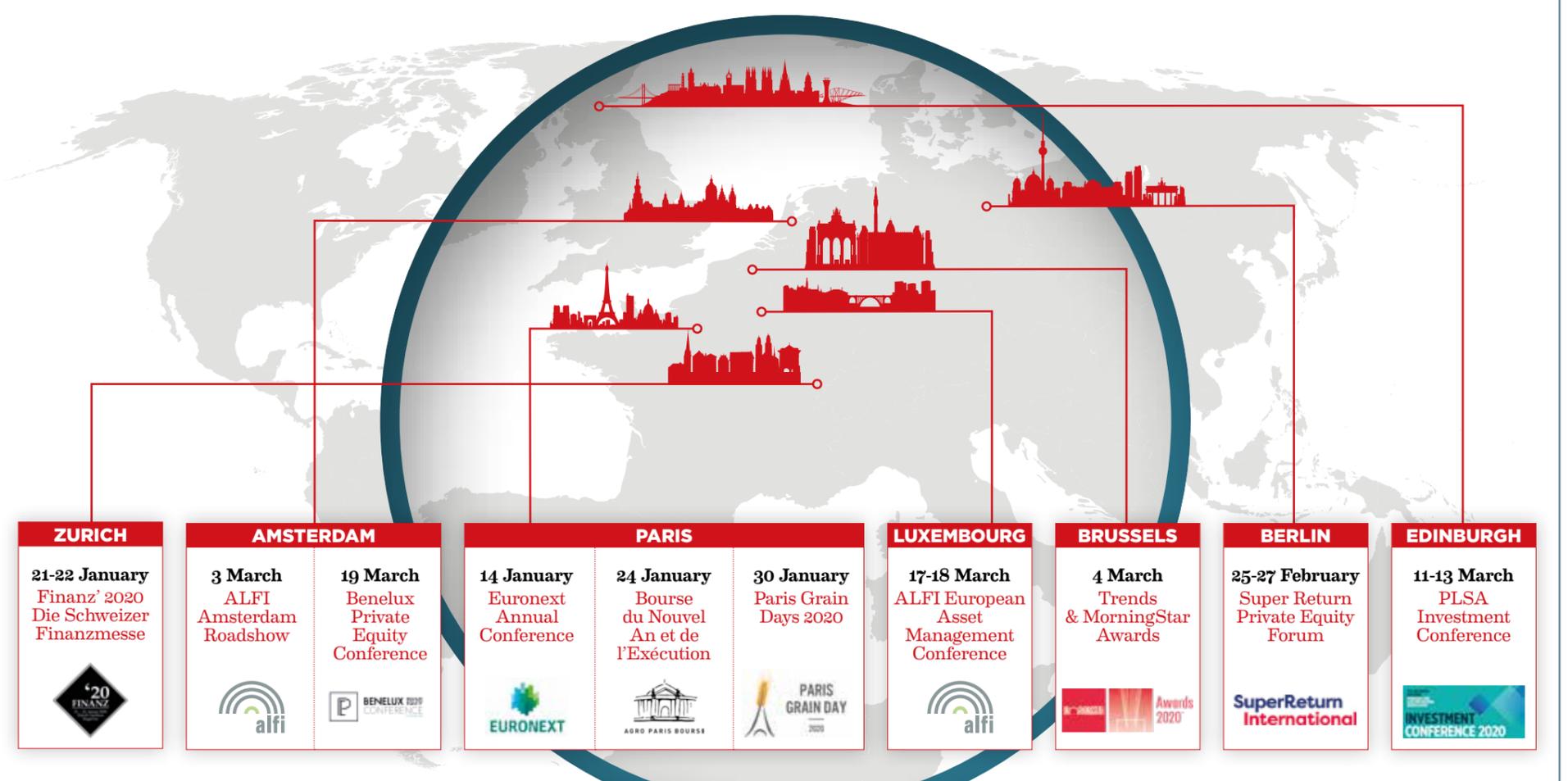
Each minute, 19 tonnes of plastic enter the ocean. But this waste can be made into a precious resource. Making the recycling of this waste into a profitable activity that creates new jobs: that is the goal of the Plastic Odyssey team. Whether merchant navy officers, sales managers and engineers, these young entrepreneurs have developed an ambitious project to raise awareness of plastic waste recycling and to share their knowledge. Starting in the second half of 2020, over the course of three years, the Plastic Odyssey team will travel the world's seas in order to fight plastic pollution. The expedition will include stops in emerging countries to encour-

age local waste-reducing initiatives and the creation of small recycling plants. At each stop, Plastic Odyssey will share low-tech and open-source recycling technologies to promote the development of micro-entrepreneurship and the circular economy. Sorting and plastic recycling demonstrations will also be available. This project does not aim to collect plastic already in the oceans, but to take early action, working with local populations on solutions to prevent pollution so that waste does not end up in the oceans. The expedition ship is currently under construction in France. It will run on a fuel made from plastic waste, thanks to a py-

rolysis plant, installed at the back of the ship. It will be unveiled in June 2020 at the UN International Conference on Ocean Conservation in Lisbon and at the IUCN World Conservation Congress in Marseille. CACEIS is supporting the Plastic Odyssey adventure alongside several Regional Banks and Crédit Agricole Group entities, with a total amount of €1.2 million over a period of five years. The Crédit Agricole Group is one of the official partners in the project. This partnership is fully in line with CACEIS' Corporate Social Responsibility strategy. ◉

→ More information:  
[plasticodyssey.org](http://plasticodyssey.org)

## CONFERENCES Q1 2020



**EUROPE**

EFAMA - December 2019

**Net assets of the European Fund industry**

Q3 2019

€17.17 trillion

+3.8% / Q2 2019

Total net assets of the European investment increased to €17.17 trillion at end Q3 2019, representing an increase of 3.8% since Q2 2019. With €10.54 trillion invested in UCITS, this segment accounted for 61.4% of total European investment fund assets at end Q3 2019, with the remaining 38.6% (or €6.63 trillion) coming from AIFs.

**Top Ten European countries by regulated funds assets**

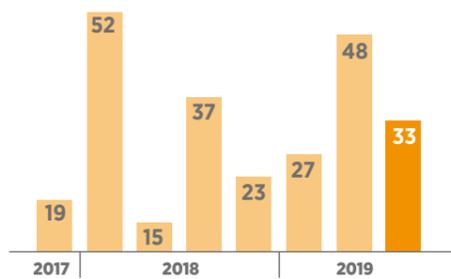
Q3 2019



**Net Sales of AIFs**

Q3 2019

€33 billion  
-31% / Q2 2019

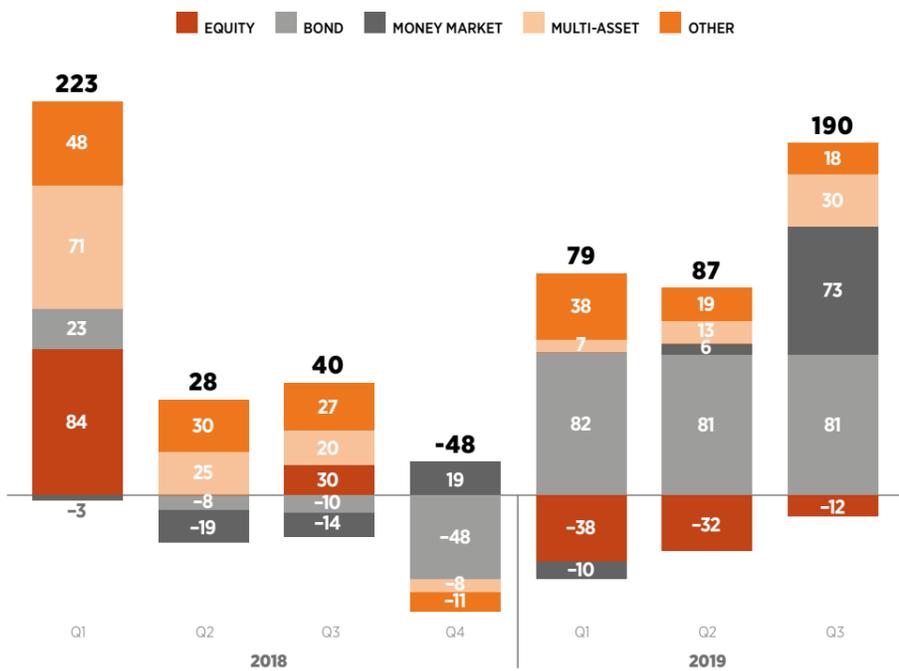


Net sales of AIFs totaled €33 billion in Q3 2019.

**Trends by investment type (€tr)**

Q3 2019

All fund categories recorded net asset growth except equity funds in Q3 2019. The bond fund rally continued. European bond funds attracted €81 billion, accounting for 42% of total net sales of funds. Net outflows from equity funds slowed down at €12 billion. Demand for money market funds significantly strengthened. Net inflows into money market funds reached €73 billion.



**WORLDWIDE**

EFAMA - December 2019

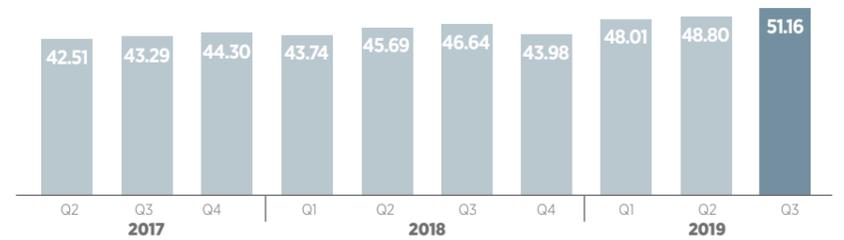
**Worldwide investment fund assets**

Q3 2019

€51.2 trillion

+4.8% / Q2 2019

Worldwide regulated open-ended fund assets increased by 4.8 percent to €51.2 trillion in the third quarter of 2019.



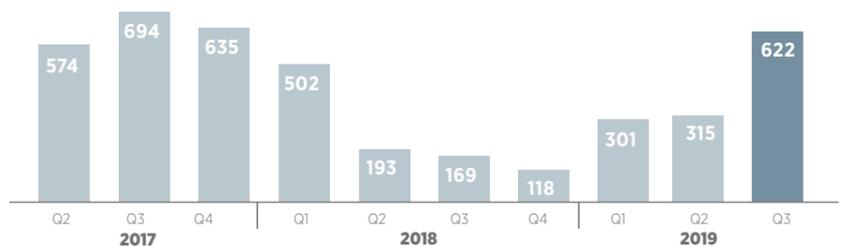
**Net cash flow to investment funds**

Q3 2019

€622 billion

+97% / Q2 2019

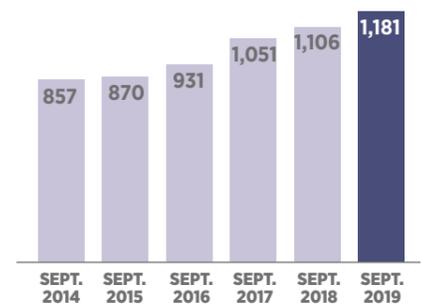
Worldwide net cash flow to all funds amounted to €622 billion, compared to €315 billion in the second quarter of 2019.



**SWITZERLAND FOCUS**

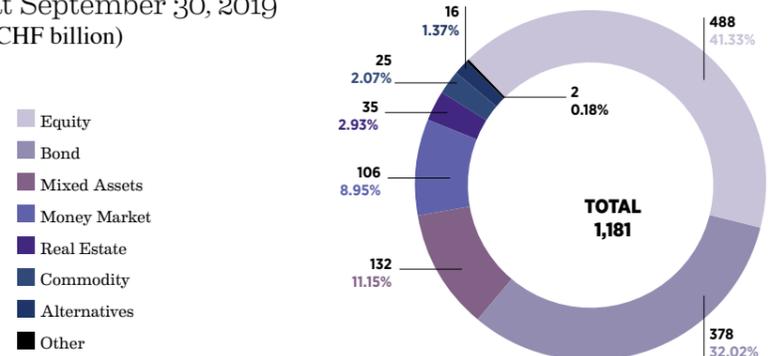
SFAMA - December 2019

**Assets under management (CHF billion)**



The Swiss fund market continued to grow over the last five years, with an increase of more than 6% in assets under management between September 2018 and September 2019.

**Breakdown of assets by type of fund at September 30, 2019 (CHF billion)**



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