

# CustodyRisk

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# Permanent evolution

## Shaping the future of securities services

Bespoke risk management solutions, high-quality risk analytics and outsourced services permit clients to continually achieve compliance targets and zero in on their core business, says Bruno Prigent, head of [Societe Generale Securities Services](#)

### How are changes in the regulatory framework and among infrastructures shaping new challenges and opportunities in securities services?

#### **Bruno Prigent, Societe Generale Securities Services (SGSS):**

Any regulatory adjustments or infrastructure changes need to be translated through fine analysis into an adaptation of our services to permanently comply and remain up to speed with these changes. This presents us with a real challenge when one considers the multitude of regulatory adjustments, the timetable to implementing the various initiatives and the level of complexity of IT systems.

At SGSS, we put ourselves in our clients' shoes to analyse whether we can develop new services to help our clients adapt to these changes. Our ultimate objective is to simplify our clients' lives so they can remain focused on their core business.



Bruno Prigent

- Our buy-side solution, Analytics, helps clients gain a better understanding of their data and improve data management. The need for high-quality performance measurement and investment risk analytics has become vitally important, in particular for asset managers and their institutional investor clients. SGSS has been working closely with asset owners and asset managers to ensure analytic solutions are closely aligned to meet their requirements; and we use feedback from our clients to refine our product set and to improve delivery mechanisms for the user.
- To avoid any currency risk in the Ucits and alternative investment fund arena, we provide our clients with a share-class hedging service.

### How is SGSS helping clients understand the changing regulatory environment?

**Bruno Prigent:** Proximity to our clients and our proactive customer service are strong values of our client culture and strengthen our capacity to deliver solutions to support their business. Our team dedicated to regulatory and infrastructure developments focuses on providing our clients with a better understanding of the various regulatory requirements affecting their day-to-day business.

The active participation of this team of experts at European and national working groups puts us at the heart of these initiatives, and we are actively participating in drawing up the future of the securities services industries.

SGSS regularly organises client roadshows across Europe. These events give customers and experts the opportunity to meet and discuss the challenges related to new technologies, ever-more complex regulations and competitive pressure.

We provide our clients with insight through regular in-depth articles and a dedicated section on our corporate website. We also produce whitepapers to help clients understand the fundamental issues surrounding regulation – for example, the Alternative Investment Fund Managers Directive, the European Market Infrastructure Regulation and the Institutions for Occupational Retirement Provision Directive.

### What solutions does SGSS offer to allow clients to improve their risk management?

**Bruno Prigent:** We help our clients improve their risk management with bespoke solutions dedicated to both our buy-side and sell-side clients:

- In our range of solutions to manage the complex world of derivatives products, Tempo has been designed to allow clients to benefit from a single, centralised collateral management service across the entire value chain, from central margining and asset pool management to asset allocation and optimisation, thereby reducing operating costs, alleviating complexity and increasing overall performance through an efficient post-trade strategy.

### What role should outsourcing play in service delivery?

**Bruno Prigent:** The steady improvement in outsourcing offerings is leading more buy-side and sell-side firms, including banks, to consider outsourcing middle offices in addition to the more traditional back-office outsourcing arrangements or dealing services.

Until recently, middle offices for banks and asset managers were considered too important to outsource. Middle offices are seen as the way of monitoring the provision of post-trade services and are also very close to the client relationship; handing them over to a third party was previously considered too risky.

But, with the advances made in monitoring and controls, firms are more confident they can outsource entire middle offices without jeopardising the client relationship or compromising the quality of the post-trade services they provide.

In today's post-trade environment, outsourcing service providers are now presenting themselves as 'complexity breakers', able to monitor sophisticated functions and provide global and integrated processes. Financial institutions are now more confident that outsourcers can deliver the expected quality.

### Are there any areas for future development of products and services that SGSS has planned for 2017?

**Bruno Prigent:** The following products and services are planned:

- SGSS is fully involved in the Target2-Securities project and will be vigilant to ensure a successful migration in Wave 4, as in previous waves.
- The new pan-European custody platform we launched in 2016 in Germany will be delivered to the UK in 2017.
- We have invested heavily to enhance our offer on alternative products – private equity, real estate and loan funds – and our clients will benefit from these developments in the coming year.
- We are already preparing for 2018 as we look ahead at fundamental issues such as the Markets in Financial Instruments Directive II and packaged retail and insurance-based investment products regulation.

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