AI and T+1 have been two of the main hot topics at conferences this year. What do you think the big talking points will be in 2024?

Stephen Ashurst
Co-founder and CEO
Tokenbridge

Hyper-personalisation will emerge as an increasingly important topic in 2024. The ability to effectively match individuals with investments that suit their preferences has long been an elusive goal of managers and intermediaries. This means going beyond traditional demographic-based offerings to a more nuanced, real-time understanding of each investor's unique financial goals and risk appetite, powered by continuous learning algorithms.

> "Embracing the cloud will allow [firms] to boost operational resiliency and efficiency"
>
> **Trevor Negus, SmartStream**

Trevor Negus
Senior product manager (TLM Collateral)
SmartStream

With cash now expensive, optimised security collateral usage will come to the fore in 2024. Having a stable, reliable, resilient collateral management system has always been important, not least because the risk of missing a call can be expensive and reputationally damaging. The forthcoming Digital Operational Resilience Act (DORA) in Europe means fines can be imposed if resiliency is deemed insufficient, and critical incidents occur or are mismanaged.

Matt Barrett
CEO
Adaptive

2024 will see cloud migration intensify, primarily driven by exchanges ramping up efforts to fully transition to cloud-native operations — setting the stage for the rest of the ecosystem to follow suit. As the electronification of markets advances at fast pace, firms realise that embracing the cloud will allow them to boost operational resiliency and efficiency, and gain an edge over competitors.

Ash Tahbazian

Chief client officer

CIBC Mellon

What we're seeing in the Canadian market is that asset servicing is undergoing a transformative tech revolution, with predictive analytics, machine learning and other digital tools unlocking operational data, enhanced processes and client experience enhancements.

"We must create an interoperable network to ensure the benefits are felt across the system"

Magnus Haglind, Nasdaq

Magnus Haglind

Senior vice president and head of products

Nasdaq

Tokenisation is a theme that is only set to grow, where we expect an ever-greater focus on practical use cases removing inefficiency and operational risks across traditional finance. If it's going to be successful in the long run, we must create an interoperable network to ensure the benefits are felt across the system, and efficiencies not limited to individual projects or participants. Around 50 per cent of market practitioners see their peers and industry associations as key enablers in the advancement of growth projects — especially when it comes to building market liquidity, driving regulatory clarity, and developing industry-wide talent.

Adoption of new technology is contingent on the ability of market participant systems to interact with it, but if that requires a significant change process then participants will be unwilling to embrace the innovation, reducing overall benefits.

David Smith

Managing director for capital markets practice lead, Broadridge

In 2024, we can expect further innovation and digitalisation in market infrastructure. Technology such as DLT and AI will be at the forefront of executive minds as they look to further streamline their post-settlement operations.

> "Quantum computing will have an impact [on] sensitive data encrypted in the past"
>
> **Arnaud Misset, Caceis**

Michael Robertson

Head of UK consulting
Delta Capita

Decentralised finance will continue to drive focus next year. Regulation will be key to establishing a framework that encourages innovation while protecting consumers and maintaining financial stability. Initiatives like the EU DLT Pilot Regime and UK Digital Securities Sandbox further embrace blockchain technology.

> "Successful firms will invest in people-based cultures to drive performance and innovation"
>
> **Joe Latini, MUFG Investor Services**

Joe Latini

Chief commercial officer
MUFG Investor Services

With predictions of new capital flows in global alternatives from global mass affluent retail investors in the next three years, fund managers must work aggressively to refine the ways in which funds are created, marketed, and distributed. To attract larger numbers of retail investors, fund managers also will need to increase education for investment advisors and work collaboratively with retail investors to align new products and their investment strategies, and to ensure that costs and fees are clearly understood.

Secondly, funds are reengineering and increasingly outsourcing a wide range of services. Successful firms will invest in people-based cultures to drive performance and innovation, and will focus on learning and development so their teams can provide the best client experience.

John Bevil

Senior product manager, capital markets
Xceptor

The impetus for increased market interoperability as an enabler to operational efficiency and standardisation will see the likes of ISO 20022 continue to gain traction. These standards will continue to penetrate as part of regulations, such as the EMIR/UK Refit and CFTR rewrite programmes and will pose significant challenges for firms that ingest legacy data — another issue set to be topical.

"[Interoperability standards] will pose significant challenges for firms that ingest legacy data"

John Bevil, Xceptor

Brian Collings
CEO
Torstone Technology

The conversation will pivot even more towards automation and how automation can be further integrated into different aspects of financial operations, beyond just trade settlements. There's going to be a lot of buzz around how automation can enhance compliance, risk management and even customer engagement.

WTax

[There may be] growing demand for the use of electronic documents with more parties lobbying for the acceptance of e-signatures and the removal of tax office requirements for wet ink signed forms. Additional upcoming points of focus amongst industry players will likely include data and outsourcing. We also expect to see discussions regarding shifting investment trends in light of current interest rates.

Arnaud Misset
Chief digital officer
Caceis

Quantum computing will return to centre stage — the world is getting ever closer to "Q-day". Quantum computing will have an impact on new cryptography standards but also on sensitive data encrypted in the past, as 'harvest now, decrypt later' using quantum computing could cause major problems for global industry and governments.

Adam Cottingham
Head of asset servicing
SmartStream

There is an increasing focus on ISO 20022 adoption for corporate actions and meetings as the industry's network of custodians and service providers come to grips with what this change will mean. Technology readiness and interoperability between standards will be a critical success factor for a smooth transition.

What regulatory changes do you expect to see during 2024, and which do you anticipate will be the most impactful?

Brian Collings
CEO, Torstone Technology

The landscape of financial regulations in Europe, particularly concerning the potential adoption of T+1 settlement, will be a critical area to watch. The UK, post-Brexit, possesses a unique opportunity to pioneer this initiative ahead of Europe, setting a precedent for T+1 implementation and providing a blueprint that Europe could later follow.

> "The SEC has released four major market structure reform proposals which could transform the equity marketplace"
>
> **David Smith, Broadridge**

Eric Derobert
Head of public affairs, Caceis

There will be a focus on reducing burdens and rationalising reporting requirements. A target has been set for reducing the burdens associated with reporting requirements by 25 per cent, without undermining the policy objectives of the European Commission.

Deb Mason Lefkowitz
Chief legal officer, Allvue Systems

In the private capital space, registered private fund advisers will spend 2024 rushing to make operational and data collection changes to comply with the new rules adopted by the SEC under the Investment Advisers Act of 1940.

Among the collection of new rules approved in summer 2023 is the regulatory body's Quarterly Statement Rule. In an effort to comply, fund advisers will need to design new processes to collect this information and present it to investors in a clear way.

With the comply-by date falling on March 14, 2025 for all private fund advisers, the rule's impact will be felt throughout 2024. This forces advisers to consider a new level of data collection, access and organisation to their accounting and reporting operations — and to do so quickly. The good news is that with the right infrastructure supporting their back-office teams, it can absolutely be done.

Rory Doyle

Head of financial crime policy, Fenergo

The EU's single rulebook is coming into force on 1 January 2024. While the establishment of the Anti-Money Laundering Authority should harmonise standards and make things easier for cross-border trade and relationships, several tough hurdles remain for firms.

One of the most pressing will be the substantial reduction in the beneficial owner threshold for high-risk entities. This will have a profound impact on European financial institutions, who will be required to conduct a significant remediation project practically overnight. The fact that the workforce tasked with executing this transition is dwindling will only exacerbate the issue.

> "In the private capital space, registered private fund advisers will spend 2024 rushing to make operational and data collection changes"
>
> **Deb Mason Lefkowitz, Allvue Systems**

WTax

From a withholding tax perspective, the most impactful changes would be the European Commission's legislative proposal for a Council Directive, FASTER (Faster and Safer Relief of Excess Withholding Taxes). The Directive aims to make withholding tax relief procedures in the European Union more standardised and efficient. Should FASTER be adopted, we would expect EU Member States to undertake the passing of legislation to adopt the FASTER requirements. This would have widespread ramifications across tax authorities, withholding agents and the full custody chain.

David Smith

Managing director for capital markets practice lead, Broadridge

The SEC's central clearing of Treasury transactions will have a major impact on all industry participants, buy side, sell side and custodians. The SEC has also released four major market structure reform proposals which could transform the equity marketplace.

The Department of Labor has proposed the Retirement Security Rule which amends the definition of a fiduciary and expands on the SEC's Regulation Best Interest.

> "Consumer Duty and other consumer protection topics will be a key focus of the FCA"
>
> Karan Kapoor, Delta Capita

Steve Marshall

Director of advisory services, FinScan

Anti-money laundering (AML) regulations for digital assets are evolving. The Lummis-Gillibrand bill in the US has prompted significant discussion over the regulation of cryptocurrencies and will be closely watched worldwide.

In the UK, the government brought crypto assets within the scope of the Financial Services and Market Act 2000. The local market is already feeling the impact, with some providers choosing to exit. Those choosing to register will need to demonstrate they have the relevant AML systems and processes in place.

Aman Soni

Vice president of data strategy, Canoe Intelligence

The most impactful regulatory change we expect in 2024 is the provision of transparency data at the asset level, which would allow investors to build top-down exposure views across their public and private market investments, and truly enhance their ability to assess risks accurately.

Karan Kapoor

Global head of regulatory & post trade consulting, Delta Capita

A raft of new changes are being ushered in across transaction reporting requirements with EMIR REFIT to go live in the UK and EU, CFTC Rewrite phase 2 changes coming into effect as well as MAS and ASIC rewrites.

Consumer Duty and other consumer protection topics will be a key focus of the FCA with the final tranche of consumer duty go live in 2024 and kick starts of post implementation audits.

Paul Lynch

Head of products, EquiLend

The real impact of T+1 and 10c-1a won't be realised until sometime after go-live. Questions remain on how to execute and adapt to these changes, in addition to best execution versus cost with vendors.

"There have been 47 proposals under the current SEC regime — double from the prior two administrations"

Jeffrey O'Connor, Liquidnet

Jeffrey O'Connor

Head of market structure, Americas, Liquidnet

T+1 and AI are just two examples of a very aggressive SEC agenda. There have been 47 proposals under the current SEC regime — double from the prior two administrations.

The most headline-grabbing proposal was the Market Structure Overhaul. If implemented, these proposals will represent the biggest market structure alterations since 2005's Reg NMS. The negativity around these proposals is well established from all avenues of the financial market but maybe the most frustrating part is the SEC's lack of comment. The four pillars of the proposal run a range of near-zero industry participant approval to widespread support. At the very least, three of them are extremely controversial and complex.

There is a lot of concern that the ultimate strategy is to present a supreme level of change, walk back the severity a bit, and put dimmed down changes in place.

John Bevil

Senior product manager, capital markets, Xceptor

The EU's new AI Act and the US AI Bill of Rights are the first regulations with a dedicated focus on regulation, governance, and implementation of broad AI initiatives within financial sectors. This will have a substantial impact.

The US is preparing more stringent management of capital requirements as part of a proposed overhaul to capital rules under Basel III. This could affect banks and their capacity to participate in specific activities, as well as their ability to procure and analyse yet more data, including for reporting and reconciliation processes.

We anticipate efforts to align with revised approaches for aggregating and comprehending market risk. Meeting the updated criteria for capital requirement calculations, as well as the subsequent steps of reporting and reconciliation, is likely to pose additional burdens.