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Securities Services Forum

Australia and New Zealand

J.P. Morgan Securities Services Australia and New Zealand hosted its inaugural Securities Services Forum in Sydney recently, bringing together asset owners, asset managers, and industry leaders to discuss geopolitical challenges, data advancements, and ESG reporting trends.

The event featured keynote presentations and panel discussions with representatives from Cbus Super, TCorp, Macquarie Asset Management, J.P. Morgan Asset Management and J.P. Morgan's Securities Services' international team. Participants shared insights into how their organisations were harnessing data, optimising financial performance and adapting to change to drive improved outcomes in an increasingly complex operating environment.



Navigating the Future: The Evolving Data and Analytics Landscape

The growing demand for quality data, enhanced harmonisation, and seamless integration across public and private markets is transforming the investment landscape. Moderated by Jane Dauparas, J.P. Morgan's Asia Pacific head of Product Development for Securities Services, this session explored how artificial intelligence and machine learning are reshaping portfolio management. Panellists Mark Huamani, head of the Fusion Product Specialist Team at J.P. Morgan; Sam Millar, head of Data and Analytics at NSW Treasury Corporation (TCorp); and Josh Gan, head of Investment Risk at Cbus Super, discussed the importance of a total portfolio approach and how technology is enabling richer investment insights.

Huamani emphasised the importance of data quality, stating, "When it comes to artificial intelligence and machine learning, data quality is critical but data must also be complete and harmonised." He advocated for a semantic layer to translate data into business user language to improve usability. Gan discussed the challenges of integrating public and private market data, noting, "With our whole portfolio framework, public market and private market data needs to be integrated but [sourcing] private market data has been challenging and we've been developing that for the past decade." Cbus Super has spent years refining processes for data integration, achieving a comprehensive portfolio view.

Millar shared TCorp's transition to a total portfolio approach, moving from traditional asset allocation to a performance attribution model. He stressed the need for granular daily performance data for dynamic decision-making, saying, "We need to attribute the value add to the fund from the decisions that have been made but the problem is that the way we categorise these decisions does change over time." Millar also emphasised building a strong team, describing the ideal member as a "unicorn" who can communicate and code effectively.

The panel further discussed aligning technology and data teams to build stakeholder trust, with Millar noting, "You've almost got to see yourself as one team, which is much easier to say than do." Huamani highlighted the importance of focusing on business-sensible solutions while navigating regulatory landscapes. The session further highlighted the role of J.P. Morgan's fusion solution in the ongoing evolution of data and analytics, underscoring the market demand to deliver more dynamic and integrated solutions for decision-making and portfolio management.



Jane Dauparas, Asia Pacific head of Product Development, Securities Services, J.P. Morgan; Josh Gan, head of Investment Risk, Cbus Super; Mark Huamani, head of the Fusion Product Specialist Team, J.P. Morgan and Sam Millar, head of Data and Analytics, NSW Treasury Corporation.

Global Trends in Climate Reporting and ESG Compliance

"ESG funds now account for 20% of global assets, with projections to soar to $40 trillion by 2030," said Rajesh Kumar, global Compliance Reporting and ESG Analytics Product Manager at J.P. Morgan, as he shared insights on the transformative shifts in global climate reporting. He provided an in-depth analysis of key developments across the U.S., U.K., Europe, and Australia, offering a comprehensive view of the evolving regulatory landscape.

Rajesh likened ESG data to "new oil," emphasising its critical importance and the necessity for meticulous refinement. He noted that Europe leads in sustainable investing, hosting 84% of sustainable funds, while the U.S., U.K., and Australia also play significant roles.

Rajesh highlighted disparities in regulatory frameworks, noting a slowdown in U.S. regulatory focus, which impacts legislation. Europe maintains a comprehensive approach, focusing on all ESG components and incorporating double materiality.

The U.K. has adopted European legislation with local adaptations, while Australia and New Zealand are gradually implementing Scope 1, 2, and 3 emissions reporting. He discussed the convergence of international standards, particularly the adoption of the Task Force on Climate-related Financial Disclosures standards, which promote consistency in climate risk reporting globally.

The session concluded with a focus on increasing regulatory scrutiny on greenwashing and the need for enhanced due diligence and transparent reporting. With 60% of global GDP moving towards mandatory climate-related reporting, Rajesh stressed the growing significance of ESG compliance and the shift towards mandatory disclosure as a standard practice.



Rajesh Kumar, global Compliance Reporting and ESG Analytics Product Manager, J.P. Morgan

Securities Finance and Collateral: Maximising Balance Sheet Value

As institutions seek to unlock greater value from their balance sheets, the interdependence between securities lending and collateral management is increasingly vital. This session explored how buy-side institutions are adopting sell-side practices to optimise their balance sheets. Trudie Newton, J.P. Morgan's head of Buyside Trading Services Relationship Management, led the discussion with J.P. Morgan's Edward Bond, Global head of Trading Services, Securities Services and Stephen Michael, APAC head of Buyside Trading Services Sales.

Traditionally associated with sell-side institutions like banks and broker-dealers, Financial Resource Management (FRM) is now gaining traction among buy-side institutions, including asset owners and managers, who are increasingly focused on optimising their balance sheets.

Bond emphasised the evolving role of FRM, noting that collateral and securities lending are two sides of the securities financing coin and it is important to "marry both sides of the equation". He highlighted the impact of regulatory changes, such as uncleared margin rules, on buy-side institutions, further stressing the need to ensure that the right securities are being purposed for the right obligations at the right time.

Michael suggested securities lending as a straightforward step for asset owners to optimise balance sheets. He cited Japan's Government Pension Investment Fund's decision to resume foreign stock lending for additional alpha. Michael also discussed complex strategies like centralising international swaps and Derivatives Association agreements to reduce collateral posting. He noted that sophisticated funds in Australia are advancing FRM practices, "for example, posting unutilised equities as initial margin."

Bond further illustrated the optimal use of finite securities, using U.S. treasuries as an example. He explained that treasuries are often trapped within entities globally, not positioned in the right liquidity buffer at the right time. The buy-side is increasingly adopting practices from the sell-side to manage resources effectively, examining fund costs and exposures throughout the day – a shift which underscores the essence of financial resource management.



Trudie Newton, head of Buyside Trading Services Relationship Management; Edward Bond, Global head of Trading Services, Securities Services, J.P. Morgan; Stephen Michael, APAC head of Buyside Trading Services Sales.

Global and Australian Economic Update

Ben Jarman, Chief Economist for Australia and New Zealand at J.P. Morgan, provided insights into the financial landscape following U.S. President Donald Trump's Liberation Day measures, which initially included sweeping tariffs that have since been reduced. Jarman said, "It's still a moving feast but calibrating from where we were in early April, if the tariffs were [introduced], they would've been the largest tax hike in 40-50 years."

Following Trump's election in late 2024, investors expected a corporate-friendly environment characterised by tax cuts and deregulation. However, Jarman noted that the reality was quite different, with significant tariffs being implemented immediately and tax reform proving challenging to achieve. Despite the reversal of many of Trump's policies, the financial environment remains uncertain and risky, particularly for corporations. Jarman warned that these conditions are not conducive to increased capital spending or employment, and the possibility of a recession still looms.

Jarman emphasised the importance of not overreacting to each piece of news, noting that the probability of a recession has decreased from 60 per cent in early April to 40 per cent. Tariff rates have fluctuated, peaking at nearly 30 per cent after Liberation Day and currently de-escalating to around 5 per cent. He expressed scepticism that the situation is resolved, suggesting that the tariffs were a strategic move by the U.S. administration.

Looking ahead, Jarman anticipates that tariffs will rise again, stabilising between 10-15 per cent, a range he describes as the "worry zone" for global growth. He expects the global economy to avoid a recession in the second half of the year but predicts a significant slowdown. Jarman concluded by acknowledging the uncertainty, stating that it will be a challenging period as global corporations navigate whether they will bend or break under these conditions.



Ben Jarman, Chief Economist, Australia and New Zealand, J.P. Morgan

ETFs on the Rise

"In 2024, 74% of ETFs launched were active products, with active ETFs surpassing $1 trillion in the U.S. and $60 billion in Europe," stated Ciaran Fitzpatrick, Global head of ETF Product Management at J.P. Morgan, as he described the current period as "ETF Version 3.0." This shift from passive market capitalisation structures to thematic, smart beta products, and now active growth ETFs was the focus of a panel chaired by Nicola Evans, J.P. Morgan ETF Product Manager, Securities Services. The panel also featured insights from Monica Hong of Macquarie Asset Management and Damien Sherman, APAC head of ETFs at J.P. Morgan Asset Management.

The growth of active ETFs varies by market, driven by retail investors in the U.S. and Australia, and institutional investors in Europe. Financial advisers increasingly use ETFs to build model portfolios and managed accounts. Hong emphasised the appetite for active ETFs, stating, "The main benefit of active ETFs is the potential to outperform the benchmark, mainly because of the flexibility that the investment manager has to adjust their strategies." In Australia, around 70% of financial advisers use ETFs due to greater education, transparency, and ease of access.

Sherman highlighted the global acceptance of active ETFs as a positive development, noting their recent approval in Taiwan and Japan. "These markets, traditionally heavily index-oriented, are now providing active managers with more leeway to launch products and develop the market. This is very positive for the entire ETF industry."

Fitzpatrick concluded by emphasising the opportunity for ETF providers, stating, "The end investor will ultimately get the best product for their needs and, right now, technically that tends to be an ETF." Sherman added that Australia's superannuation industry represents a significant opportunity for ETF providers, noting the need for innovation to attract institutional investors. "ETFs are used by institutional investors globally, but the uptake here is limited. This presents an opportunity for product or sales innovation to highlight the benefits."



Nicola Evans, ETF Product Manager, Securities Services, J.P. Morgan; Ciaran Fitzpatrick, Global head of ETF Product Management, J.P. Morgan; Monica Hong, ETF Capital Markets Specialist, Macquarie Asset Management, Damien Sherman, APC head of ETFs, J.P. Morgan Asset Management.

Custody for assets of the future

To conclude the forum, Lucy Shen, J.P. Morgan's head of Custody, Securities Services, Australia and New Zealand led a fireside discussion with Hannah Elson, J.P. Morgan's Global head of Custody, Securities Services and Christina Fienga, APAC head of Custody, Securities Services. The conversation centred on global developments in custody amidst market volatility.

Despite uncertainty, J.P. Morgan has observed minimal changes in client portfolios, reflecting institutional clients' long-term focus. Elson noted, "There's been a bit of movement on the sovereign side but, for the most part, we're not seeing any of our clients really change their strategies." U.S. and European clients are concerned about U.S. administration actions and tariffs, while Australian clients are less worried. The One Big Beautiful Bill Act (BBB) could affect withholding tax rates, posing challenges for tax servicing. Elson stated, "Tax servicing is a big part of what we do and it's massively complex."

Fienga highlighted J.P. Morgan's role as an extension of clients' operating models, offering insights on market advocacy and change management. She noted, "These are the value-add discussions that we're having above the traditional trade and settlement, movement of cash conversations. Custodians bring parties together to drive change and innovation."

Geopolitical issues are influencing the industry's roadmap, alongside emerging asset classes like ETFs and private markets. Elson remarked, "Private assets have grown exponentially without that infrastructure being able to scale at the same time." J.P. Morgan is adapting infrastructure to meet the demands of private assets, which require more tailored solutions.



Lucy Shen, ANZ head of Custody, Securities Services, J.P. Morgan; Hannah Elson, Global head of Custody, Securities Services, J.P. Morgan; Christina Fienga, APAC head of Custody, Securities Services, J.P. Morgan.

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