Asset Servicing: a new dialogue to connect issuers to investors

Introduction

After over four decades of challenges in the communication and processing of corporate events across the securities lifecycle, what can be done to drive improvement and new efficiencies in today's world?

A recent roundtable hosted by Citi in London, which gathered representatives from every step in the asset servicing lifecycle, brought new vision and structure to a challenge that is often believed to be past solving.

At their core, asset servicing activities have arisen to facilitate the communication between issuers and their investors. Over decades, as financial systems and instruments have become more complex, the asset servicing ecosystem has expanded to a dizzying number of participants with specialized roles. Despite efforts to standardize, regulate and introduce new technologies, automation rates for corporate actions have actually declined in 2024/2025[1], increasing both the time it takes to manage a corporate action from end to end, and the number of potential issues that arise in that process. As a result, issuers and investors are further apart than ever before. Yet new voices, new industry models and new pressures are forging a new optimism and hope for a new form of corporate action conversation in the future.

Moderated by Barnaby Nelson, CEO of the ValueExchange, this roundtable discussion offers a behind-the-scenes view of why this process is so difficult before exploring solutions that may offer a viable path forward.

Participants

Paul Conn
President, Computershare

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Global Head of Product and Strategy for Investor Services, Euroclear

Andy Myers
Chief Product Officer, Proxymity

Amit Agarwal
Head of Custody, Investor Services, Citi

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Global Head of Asset Operations, Tier 1 Asset Manager

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Head of Corporate Actions, Tier 1 Broker/dealer

Anonymous
Chief Operating Officer, Leading European Asset Manager

[1] ValueExchange, Asset Servicing Automation, (2024)

Figure 1. Today's Corporate Actions – by the numbers[2]

Volumes

- *10%* Average annual growth in corporate actions costs (2023/2024)
- *35%* Annual growth in volumes in 2025

Processing

- *<40%* Automation rates for voluntary corporate actions – and declining
- *15-23%* Market participants today receiving their event notifications in a non-STP format
- *75%* Participants revalidating data manually

Costs

- *USD 34m* The total industry cost of processing one corporate action event (based on over 110,000 unique firm interactions)[3]
- *~10%* Corporate action running costs due to errors

Different roles, different problems

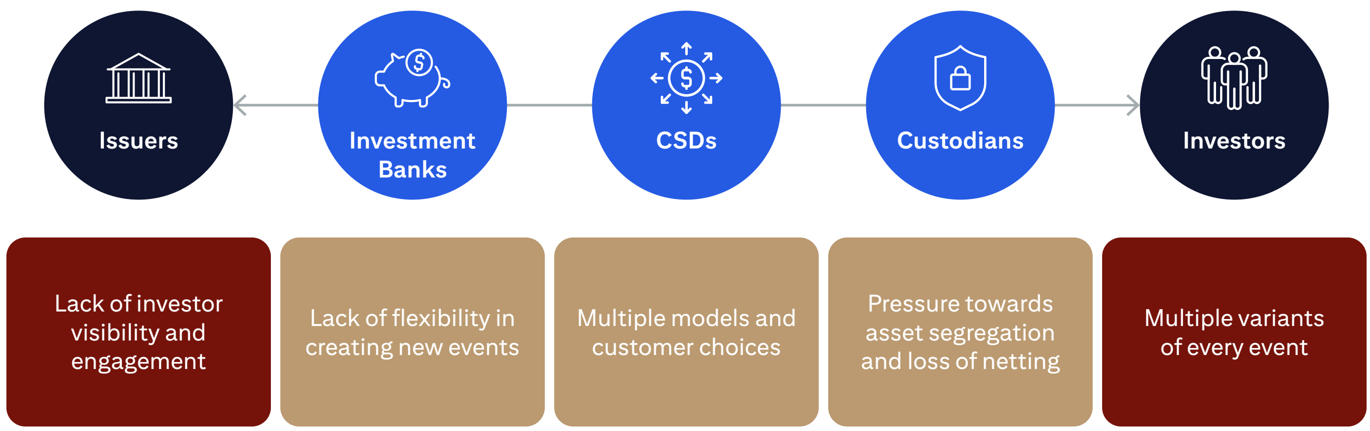
Much of the research on corporate actions has focused on the challenges facing intermediaries at the middle of the chain who are responsible for notification, processing and aggregation. Data, consolidation and standardization remain major issues for those exchanges, CSDs and custodians.

However, the principals to the transaction – the issuers and investors – have a different perspective.

> *"The principal players at both ends of the chain – the issuers and investors – are being robbed of time."*
>
> ***Paul Conn**, President, Computershare*

Transparency is a major culprit in the loss of time. Issuers and investors are unable to engage directly with one another, given layers of intermediaries and omnibus account structures that prevent direct contact and true engagement. Certain structures make asset owner identification a challenge, such as omnibus accounts, assets out on loan or pledged collateral, which account for a significant proportion of volume. Without the means to communicate with each other directly, information flows are opaque and slow. And slow messages mean more risk – as notifications and elections reach the respective principals at the 'eleventh-hour' with little time for verification or exception handling.

Figure 2. Key challenges across the event lifecycle



[3] Corporate Actions - a team sport (DTCC)

“The volume of stock on loan makes transparency more difficult. If I’ve lent my shares, I’m not currently a holder. But if an event is happening tomorrow that I want to participate in, I recall my loans and now I can participate.”

***Global Head of Asset Operations**, Tier 1 asset manager*

Investment banks (i.e. equities and debt capital markets teams) have different motivations and hence face different frustrations. In a world of capital (and tax) efficiency, bankers advising issuers and creating corporate events seek evermore flexibility and agility to innovate in their events. With issuer returns heavily contingent on capital costs, investment banks are unwilling to be constrained by narrow or prescriptive event standards that can limit their competitive advantage.

On the other side of banks are the custodians, whose use of omnibus accounts to drive efficiency in funding and settlement netting is a core requirement in markets that allow for such accounts. With significant processing efficiency and risk mitigants built into the omnibus account structure, custodians inevitably prefer this model – despite the challenges it creates for beneficial-owner visibility and engagement.

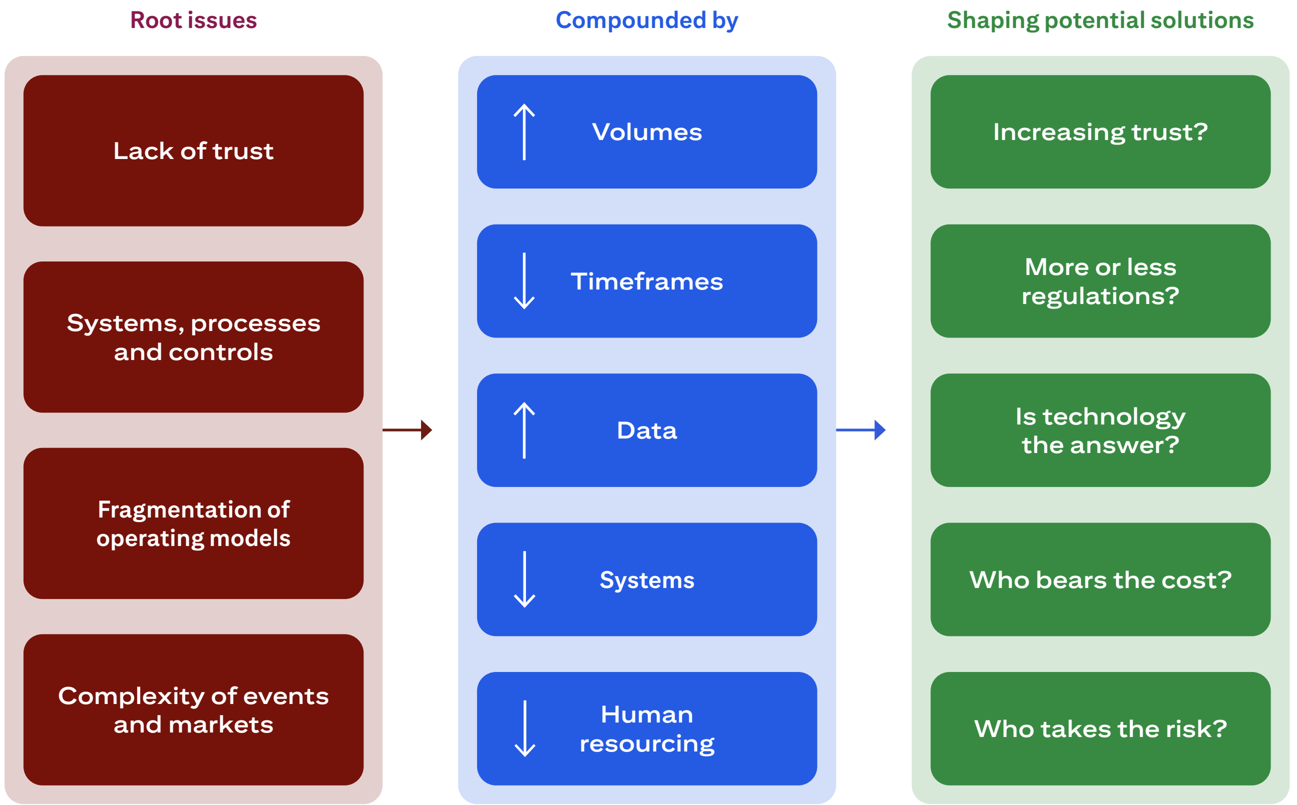
Last of all come the investors, who simply want to be told the same story by all of their service providers. Across both event notifications and processing rules, the variety in guidelines and definitions is a major challenge for asset managers and beneficial owners. A single event can be defined in multiple ways, each requiring multiple different modes of processing (and often paperwork) – triggering manual interventions, costs and delays in elections that are all paid for by end-investors in the end.

With such wide variety in agendas and priorities, the task facing the industry in driving any rationalization of risk is significant. Yet understanding these agendas is a critical first step in ensuring a common agenda, on which solutions can then be built.

The roots of the problem

Why does the corporate actions space face such significant challenges in driving automation and standardization? In an era of technological innovation and digitization, why are corporate action automation levels moving down, not up?

Figure 3: Today’s corporate action landscape from problems to solutions



The International Securities Services Association (ISSA) has published extensive summaries of the core challenges facing the asset servicing lifecycle today[4].

In 2025, a few root causes exist at the base of our issues today:

A matter of trust

When it comes to corporate actions, trust is a scarce commodity. The lack of trust infects nearly every step of he process, adding layers of time, cost and risk.

Data

Participants do not trust the data they are receiving. This compels 61-81% of firms (based on ValueExchange research) to manually revalidate and verify announcements, often by sourcing additional data. In some cases, the data is incorrect, given the highly manual nature of processing voluntary corporate actions.

But often, the data is different simply because of market practice or entrenched processes which make the 'golden record' concept remarkably difficult to achieve. The issuer starts by sending duplicate instructions to the CSD and listing agent – and if a security is dual listed, the duplication is doubled. Then each Exchange determines the ex-date and additional details and deadlines are layered in by every intermediary who touches the corporate action until it gets to the beneficial owner. This can involve multiple exchanges, CSDs, custodians, and institutional investors. An investor who owns that security in their pension plan, ETF and mutual fund, each managed by a different custodian – may legitimately receive different sets of instructions and timeframes for the same corporate action on the same security. Data consistency across custodians is the #1 problem for 75% of investors.[5]

The real problem isn't simply that data is inaccurate or inconsistent – it's that everyone questions its validity. It's this systemic lack of trust that results in layers and layers of extra validation, time and money.

Systems, processes and controls

Issues such as multiple custodians, varying notification formats and events that do not conform to standard processes all necessitate manual holdings. This helps to explain why STP rates on voluntary corporate actions are low (40%) and falling[6].

There are multiple reasons for this poor showing:

- Systems that don't cover the range of complexities of all markets, or weren't designed to meet the needs of all intermediaries, necessitating significant manual workarounds.
- Regulatory requirements in certain markets and under SRD II which dictate specific formatting for events. These can disrupt STP protocols as legacy systems struggle to translate and bridge from one format to another.[7]
- Internal control processes that intentionally cause corporate action messages to fail STP in order to allow for accuracy checks.

"We are introducing more and more layers of controls on our processes every year, which means more time, more delays and more manual intervention."

***Rebekah Button**, Director, Asset Servicing Product Management, Investor Services, Citi*

Fragmentation

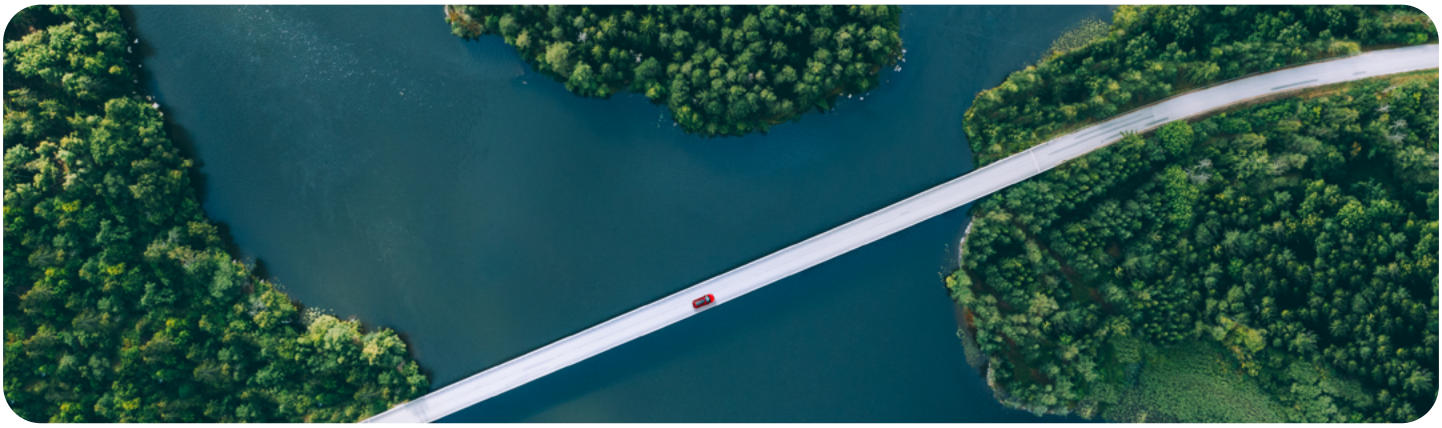
The use of offshored or outsourced middle and back offices results in fragmented or fractionalized corporate action processing. Those processing a corporate action may be in disparate time zones, may only work on a specific piece of it – meaning additional handoffs that, at best, require additional validation and, at worse, can increase the risk of errors.

A question of complexity

The matter of trust is compounded by the complexity of the asset servicing process and the involvement of a tremendous number of intermediaries – a minimum of six standing between the issuer and the beneficial owner. The sheer number and volume of participants is the genesis for layers of processes that have calcified over time.

Up to 36 people are needed to trigger an asset servicing event, and an additional 69 are needed to process it locally.

***Barnaby Nelson**, CEO, the ValueExchange*



[4] ISSA Data Sourcing Whitepaper, Feb 2024
[5] ValueExchange, Asset Servicing Automation, 2024
[6] ValueExchange, Asset Servicing Automation, 2024
[7] ValueExchange, Asset Servicing Automation, 2024

Local market practices vary widely, adding another complication. As Citi's Amit Agarwal describes, both issuers and markets operate on different levels of process and knowledge sophistication, creating a universe of optionality.

Finally, the rise of specialized equity and debt capital divisions within banks has significantly increased the intricacy of corporate actions to benefit their corporate issuers. From 144a restricted and non-restricted offers to pro-rated optional dividends, ECM and DCM teams are creating different events with different processing rules. While they control all the event parameters, these events are intentionally non-standard as they are designed to create a competitive fundraising or capital management structure.

"A golden record event is built up by multiple firms"

***Kamal Iberraken**, Global Head of Product and Strategy for Investor Services, Euroclear*

While complexity is baked in, it also results from active choices.

In addition to the complexities of dual listings, multiple exchanges or custodians, **issuers** often choose to do something outside of market practice in order to achieve a particular structure or meet a certain timeframe. They resist regimented rules and processes that restrict their flexibility to raise capital.

On top of the web of accounts held by **institutional investors**, they and their beneficial owners are engaged as never before. This is particularly evident in proxy votes but affects other voluntary corporate actions too. While some of this involvement is mandated by regulations such as SRD II, it's part of a general shift towards shareholder activism that is now also fueled by ESG considerations. Investors also contribute to a lack of standardization by requesting non-standard services from brokers or custodians, such as scrubbing all the data prior to sending it along.

Custodians may use different subcustodians for different entities in the same market. Custodians may also intervene by adjusting the options for a voluntary corporate action to anticipate the desires of their investors – for example, to automatically exchange a 144a even if that differs from what's happening in the market. As a result, the investor will get different information on the same event from their custodian.

Prime brokers are staking their future growth strategies on the most complex and manually intensive actions from a corporate actions perspective – notably securities lending and wealth management[9]. They see their voluntary corporate actions as a competitive advantage, even as they're challenged to manage segregated, proprietary and rehypothecated assets.

The asset servicing process is complicated by design, and it's unlikely to change. Yet a desire to have choice, flexibility and standardization all in a single workflow create obvious challenges for automation.

[9] ValueExchange, Asset Servicing Automation, 2024

Core challenges today

Today, these different perspectives and challenges are being accentuated by a number of factors – each with a unique impact on different actors across the event lifecycle:

Volumes
Voluntary corporate actions are growing rapidly, as they provide companies with flexible ways to raise capital, more effectively manage their capital structure or improve shareholder value. Unstandardized by design, they defy the confines of standard messaging protocols. These highly complex and conditional events often require interpretive judgement on event evaluation – and those skilled resources
are harder to find or retain. Of all areas, record growth in voluntary events in 2025 is a major strain on firms, given its strong linkage to human resourcing today.

Timeframes
Time pressures on voluntary events are escalating quickly, largely due to shrinking bank appetite for lengthy exposure to voluntary corporate actions, particularly in the debt space (such as debt restructuring). This can be attributed to increased pressures on balance sheet and capital requirements and is intensified by market volatility or rate uncertainty. As a result, an event that once had plenty of lead up time is now compressed into a few weeks – shortening the timeframe for elections to days.

"It's now common for voluntary events to be announced on a Monday with an expiration date of Friday, particularly for debt restructures."

***Head of Corporate Actions**, Tier 1 broker/dealer*

Data
Data inconsistencies are an enormous challenge with a wide variety of causes, from inaccuracy to differentiating interpretations, to different deadlines imposed by the particular path of intermediaries that lead from issuer to investor (more on that under Root Causes).

Even automated messages, such as SWIFT MT546s, contribute to the problem. These free-text messages can seem better suited to the complexities of voluntary corporate actions but often raise more questions than they answer. "Investors are actually calling to confirm the event data they've received is accurate," shared Button.

Systems
The primary systems used for corporate action processing tend to be US-based or driven and designed around custody (i.e. not trading or brokerage). As a result, they are not set up to handle European or Asian voluntary corporate actions, which have different parameters, and are not well suited for brokerage use.

Furthermore, certain fixed income events (such as debt restructurings) come with a huge paperwork burden that is nearly impossible to automate, necessitating spreadsheets and other manual processes that can only reside outside of core systems.

"A lack of trust in industry platforms is increasing our reliance on subject matter experts."

***Head of Corporate Actions**, Tier 1 broker/dealer*

Resources
A lack of trust in data and systems means more event processing gets handled through time and labor-intensive workarounds including manual checks and spreadsheets. This becomes particularly problematic with rising volumes and during peak corporate actions timeframes.

Yet the resources to perform these tasks are increasingly in short supply. For one, many skilled corporate actions staff are within ten years of retirement, and it takes time to refresh the talent pool. As prior ValueExchange reports have identified, hiring staff with over ten years of corporate actions experience is the leading workforce challenge in the industry.

At the same time, decades of outsourcing and offshoring means that many organizations no longer rely on their own corporate actions team. Instead of having an expert on staff, the responsibilities have been fractionalized – shared between locations and people in different time zones – fragmenting and depleting end-to-end knowledge.

"In an outsourced middle or back office set up, we no longer have the subject matter experts – and so the retention of knowledge is gone."

***COO**, Leading European asset manager*

While each of these obstacles is significant in its own right, together they create a vicious cycle. As we've seen with earlier data and standardization initiatives, solving them individually will not necessarily improve the end-to-end process. That requires an evaluation of key drivers and root causes.

How to shape potential solutions?

Whilst there appears to be no single solution to the above issues, a deeper understanding of what's pulling participants further apart can help to identify what questions need to be answered in order to shape a better solution and achieve broader consensus.

How can we increase trust?
Increasing transparency is one way to improve trust and therefore reduce reliance on (and the cost of) extra data sourcing, controls, and manual revalidation. Transparency could be achieved through less duplication, better access to core data, and improved visibility.

That may be achieved through technology, setting some standards on free-form messaging, and finding new ways to improve the flow of information and enhancing communication between investors and issuers. As Citi's Button shared, the format of the data is less important than agreeing on what the data points are and what they mean. Ending up with a clean set of details requires a team effort.

Right now, issuers and investors don't even speak the same language or use the same tools. The mechanisms used to disperse information or secure investor preferences are virtually invisible to the corporations who initiate the process.

"No Investor Relations Officers are not intimately familiar with ISO20022 messages, nor have they been asked to provide these messages for corporate actions."

***Paul Conn**, President, Computershare*

Is regulation an answer?
Absent a deep understanding of the problem and a general industry agreement on possible solutions, the answer is no. Regulation can only legislate, not arbitrate. It can impose a set of rules, requirements and restrictions on a process – but it can't solve problems that the industry can't figure out. Without a level of industry consensus, asking a regulator to find the right answer and regulate for it may actually increase risk.

For example, SRD II, which focused on proxy voting, has been the core driver of automation in Europe. New compliance obligations were designed to increase transparency between issuers and their shareholders, and encourage shareholder engagement. Mandated use of ISO20022 or ISO15022 has resulted in high levels of automated distribution (71% of European AGM/eGM announcements are now distributed in these formats.[10]) Yet by allowing every affected country to interpret how the process was implemented, local laws create variance in adoption and result in other issues. SCoRE, in contrast, has had a consistent implementation. However, since it only applies to collateral, forced convergence with SCoRE means that firms are using ISO20022 for their collateral and ISO15022 for portfolio holdings, according to Euroclear's Iberraken. The standard set by SCoRE for collateral exceeds what is needed in the custody space, creating a mismatch between two sets of market practices.

"We must be careful in relying on only regulation to solve for this – as it can deliver mix results and outcomes."

***Kamal Iberraken**, Global Head of Product and Strategy for Investor Services, Euroclear*

Is technology an answer?
While technology is a powerful enabler of automation and efficiency and there are a number of solutions available today, like regulation, technology needs to serve defined outcomes.

There is a risk that too much is entrusted to technology and the black box of asset servicing becomes even more impenetrable. Less visibility or transparency makes it harder to retain human expertise and/or identify the origin of a problem when there is one. Putting every egg into a technology basket may also actually increase risk in other parts of the chain.

AI and natural language models (NLMs) are starting to have a positive impact on managing event discrepancies by scrubbing and comparing data. As rules engines get more familiar with voluntary events and can triangulate prospectuses against different custodians' past and present event information, they will be able to scale and automate more easily – taking a significant load off scarce human resources.

[10] ValueExchange, Asset Servicing Automation, 2024

What about cost?
With a process that involves so many, the economics are tricky. Currently the models vary by country – for example, Euroclear's Iberraken notes that, in the Nordics the issuer contributes more to the cost of the communication flow with investors but this is an outlier.

Should the cost of an improved asset servicing model fall to the issuers who are the initiators and ultimate beneficiaries of a better process? Should it be the transfer agents who have the economies of scale to implement broad scale change? Should it fall to the intermediaries – the exchanges, CSDs and custodians – who handle the bulk of the processing and therefore the cost? What's the role of the investor?

Is an approach based on competition or cooperation a better path? Exchanges, CSDs or custodians could operate a kind of global infrastructure, but how would that be implemented in each market? The creation of a market utility could be an option, but would require that incentives be properly aligned to encourage industry financing and adoption.

What about risk?
Risk and liability run parallel to questions of cost, as both increase with non-standard processing, manual interventions, and duplication. Complex voluntary actions are risk-intensive, and thus far, the industry has been stuck on the liability issue. Citi's Jeff King suggests looking at mutualized risk solutions, pointing to the PTM levy (where market participants paid to mutualize risk in the UK) or a Default or Guarantee Fund (similar to those used by CCPs) as good examples. Defining a solution will require a fair allocation of costs and benefits along the chain, since ultimately every party benefits. As one participant notes, "if we can find a way to standardize data and the process, we will have to find a way to mitigate the risk."

Despite the many open questions, there's cause for optimism given broad engagement, a better understanding of the problems and their impact, and a willingness by all parties to remove complexity. Alongside good market examples of federated cost and risk models, other industry initiatives provide a glimpse of different options and lessons that can be leveraged for corporate actions.

"We're stuck on the liability issue. The industry is struggling because we can't mutualize risk."

***Jeff King**, Global Head of Asset Servicing Product Management, Custody, Investor Services, Citi*

Learning points: where is the industry making progress?
There are multiple ideas, from the low-tech (talent building) to the high tech (fully-automated solutions). Roundtable participants focused on three alternatives: hiring and training; an end-to-end market solution; and a process-specific accelerator.

A number of firms are focused on improving bench strength and reclaiming expertise in corporate actions. In addition to stemming the talent drain, these staff will be able to address higher volumes and handle the most intricate voluntary corporate actions.

"We are running an extensive program today not to only implement a significant new technology platform, but also to develop layers of talent who have the knowledge to handle complicated corporate actions across complex markets."

***Amit Agarwal**, Head of Custody, Investor Services, Citi*

The ASX has begun to evidence the opportunity for transformation in 'vertically integrated' markets (where the Exchange is the listing authority and CSD) and hence controls both inputs and outputs of corporate actions. As part of its real time ISO20022 corporate actions feed, the ASX has successfully sourced issuer-based event notifications in logical form, making the transmission of those events both more trustworthy and timely. Their approach should significantly streamline and improve corporate actions in Australia, although participants do cite concerns around being locked into using this proprietary approach. As a potential role model for other vertical markets, this solution has much that can scale.

In the proxy voting space, Proxymity has revolutionized shareholder communications and has provided issuers with unparalleled visibility of and access to their investors. Connecting both principals (issuers and investors in a single communication flow), Proxymity uses APIs to extract ownership from custody omnibus accounts, allowing it to take a proxy notification from the issuer and send it directly to the investor. This shrinks voting notifications from 15 days to 30 seconds. Investors gain more time to respond while issuers are able to more directly communicate with their investors priorto voting.

Many of the lessons from proxy voting could equally apply to corporate actions. It has delivered automation based on industry-driven problem solving and has required neither regulation nor complex process changes. It simply overlays a technology onto the existing process, enabling the two principals to connect more quickly and accurately than ever before.

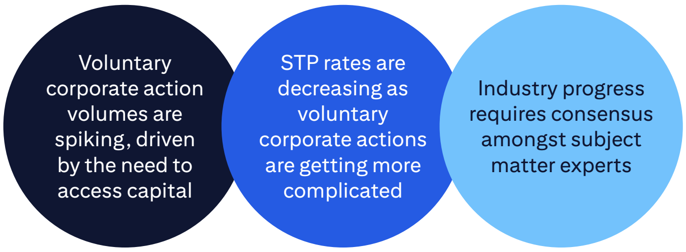
Yet the path to industry adoption of any solution is a long and challenging path. Issues such as the attribution of liability, legacy operating models (and the inertia that they create), the opacity of activities such as securities finance and the varying desire by specific investors to be identifiable all make progress towards industry automation slow and work-intensive.

"Progress in the true digitization of proxy voting has been achieved market by market over a period of six years."

***Andy Myers**, Chief Product Officer, Proxymity*

Looking Ahead

The widely held perception is that the corporate action problem is stagnating and unsolvable.



Yet discussions such as this evidence the significant progress that has to be made still in identifying key actors in the chain and in understanding their core objectives. With evidence of progress beginning to present itself in different markets, the question now is how to leverage technology in order to build a solution that can properly address the differing needs of every participant in the corporate action lifecycle.

Whilst we may still be in fact-finding mode today, the starting point for true progress has to be gathering the subject-matter-experts in a room. As corporate actions become more frequent, faster and complex, they require reimagination rather than a shift in ownership and responsibility.

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