

Another year of change (regulatory, client and technology driven), and a great number of accompanying achievements, is about to come to an end. And with the sun finally out, we will all be looking forward to a well-deserved break of some sort over the summer holiday period!

In this issue of our six monthly newsletter we will be:

- Measuring MMC's activity and growth with a snapshot of numbers;
- Summarising business development initiatives in progress;
- Providing a 'heads up' on changes to the New Zealand regulatory and legislative environment; and
- Sharing various other 'goings-on' from both sides of the MMC office walls.

## **MMC**

With our old offices on Customs Street East straining with the growth in our business, we moved to new premises in September. Situated on level 24 and 25 of Queen's Rise, at 125 Queen Street, we are smitten with our new surroundings. Thanks to those who came to our client function to help celebrate the move, we will be looking to host more events next year now that we have such a great space.

In November, we welcomed Nikko Asset Management (Nikko) as a client. MMC are providing Nikko with wholesale registry services.

As at 31 October 2017 MMC have 26 clients with funds under administration of over \$34.7 billion. We are calculating unit prices for over 260 funds, maintaining registry accounts for over 55,600 investors and members and have 52 staff members.

## **Business Development**

Since June this year we have concentrated on making significant architectural changes to NeXus to ensure the system is Cloud ready. These changes resulted in an inherently faster system with improved connection points throughout.

- Further SWIFT capability was integrated to NeXus to process additional file types.
- Performance and management fees were recorded in preparation for the changes to KiwiSaver annual statements.
- Term deposit functionality was added to the NeXus registry system.
- NeXus registry screens were locked down to a single master client in preparation for separating databases.

Through to next May our activity will focus on further registry system changes, releasing investor facing technology, surveying clients and offering custodial services.

- All registry clients will be separated into their own unique databases, providing scale and allowing for changes and improvements at a client level.
- The investor web portal will be released to further clients, along with the accompany advisor portal, to provide access to their investors.
- The automated onboarding process will be used by MMC internally and then by various clients via SmartPDFs, APIs or hosted solutions.
- A second, much shorter summary survey will be undertaken with clients.
- The offering of full custodial services will be implemented.

## Regulatory & Legislative Environment

### CLASS EXEMPTION FOR PREPARING SCHEME FINANCIAL STATEMENTS

With preparation already underway for 31 March 2018 financial statements (in November, MMC notified all clients of draft financial statements audit timetables), the class exemption for preparing scheme financial statements is again of interest.

Although the notice is still going through the drafting process, the FMA confirmed the following in their September email update:

“Managers will be exempt from providing scheme financial statements for notional registered schemes. Notional registered schemes are registered schemes comprising a number of funds registered together as a scheme, where each of the funds is a separate legal entity with no cross-liabilities to other funds.”

### CHANGES TO ANNUAL STATEMENTS

MMC are working with clients to ensure that CPUs are available to all registrars for the disclosure of fees on KiwiSaver annual statements.

We have provided backfill data to some clients for approval but are still awaiting underlying manager TERs from others. MMC aim to have all backfill data approved by calendar year end.

### LEIS REQUIRED UNDER EMIR AND MiFID II/MIFIR

European Markets and Infrastructure Regulations (EMIR) require counterparties to derivatives transactions to have a Legal Entity Identifier (LEI) from November 2017 in order to report.

Also, the Markets in Financial Directive (MiFID II/MIFIR) require investment firms that are trading other financial instruments to obtain LEIs from January 2018.

MMC's expectation is for clients to organise their registrations with their brokers.

## Investor Solutions

For some years now, MMC have been providing a range of client interfaces and back office tools for transparency and ease of reporting through our fully integrated IT platform, NeXus. We have now turned our attention to investor facing technology to reduce the paperwork and let clients focus on what they do best!

To highlight the various MMC investor solutions, we have created a PDF which is attached with this newsletter.



Two clients have been live with the investor portal since June. The accompanying advisor portal will be released to these two clients by calendar year end. In addition, the investor portal has been branded and customised for another three clients and is awaiting release for early in the new year.

The automated onboarding process will be in place for internal use by MMC prior to calendar year end and then the roll out to various clients will commence.

## Client Survey

Subsequent to the client survey undertaken late last year with insight agency TRA, we are looking to follow up with a second survey.

We have engaged Simon Taylor (ex TRA Business Director) to conduct 15 minute phone conversations with each of our clients. Based on the previous results, and corresponding priorities that have emerged, we want to re-engage with clients to understand any shifts in perception and give greater visibility on the health of our relationships, delivery and innovation.

Our objective is to explore the state of our relationships and opportunities to improve the MMC offering, assess current performance against key focus areas and identify any key concerns or opportunities.

An email will be sent to clients early February for their involvement, and then followed up by Simon to arrange an appropriate time for a telephone call. A report of the findings will be provided to clients in April.

## Introducing...

James Ogden has recently been appointed as independent chair to the MMC board, joining fellow directors Robert Moss, Tom Reiher, Philippa Weston and Nigel Bingham.

As one of New Zealand's most experienced directors, current directorships that James holds include NZX and ASX listed companies Summerset Group Holdings Ltd and Vista Group International Ltd. Until recently he was also a director of The Warehouse Group Ltd and Alliance Group Ltd.



James provides consulting services to organisations in the private sector on mergers and acquisitions strategy, and is chair of the investment committee of Pencarrow Private Equity and a member of the New Zealand Markets Disciplinary Tribunal.

Having worked in the financial services sector for 27 years, James brings a significant number of contacts to the MMC table. This complements his considerable board and governance experience.

With a lot of travel Monday to Friday, the weekends are family time for James. He is in regular contact with his children in both New Zealand and overseas (helping with everything from house designs to wedding preparations) and makes sure there is time for a walk each weekend with his wife along Plimmerton Beach. A self-confessed current affairs junkie, Saturday and Sunday mornings are spent watching The Nation and Q+A.

## Contact Us

If you would like to discuss or obtain further information about anything featured in this newsletter, please feel free to contact us on:

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**“Do what you do best and outsource the rest”**

Tom Peters (management guru)