

ASSET SERVICING – A NEW MODEL FOR A NEW BUSINESS REALITY

The complexity of asset servicing continues to amplify, in part due to significant increases in cross-border trading activity. Between July 2014 and June 2015 Broadridge handled institutional investor proxy votes from over 110 countries and saw voting ballots grow by 12%. Increasing multi-jurisdictional requirements and the sheer volume of activity have presented a new set of business challenges to custodians, central securities depositories and brokers. Revenue, profitability and growth are being eroded by increased competition, increased infrastructure costs, like those related to T2S in Europe, regulatory capital constraints and the drive for greater transparency.

This new business reality for asset servicing requires new business models. More than ever, financial services firms need to focus on the few things that they uniquely do well to add value to their businesses. Outsourcing non-core business activities can enable firms to focus their resources on those functions that provide the most differentiation and returns in a highly competitive market, rather than simply follow existing models.

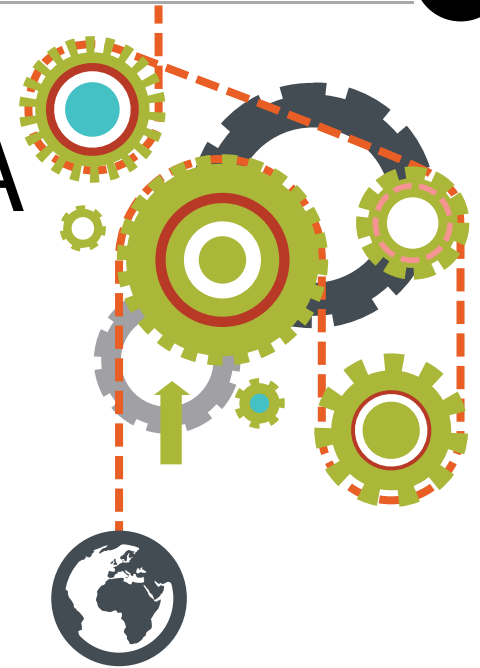
Mutualised shared services solutions for business functions like proxy processing are gaining traction in local markets around the world. They allow market participants to manage complexity and leverage economies of scale and best practices, creating significant operational and business opportunities along the chain of custody.

Broadridge's Direct Market Solutions are built as a shared service. The solutions extend Broadridge's Global Proxy Management platform by adding tailored solutions for local markets, such as the direct sourcing of meeting announcements and related meeting materials, translation from local language to English, and execution of vote instructions in local markets through direct delivery of the local and cross-border instructions to the CSD, issuer, issuer's agent or registrar.

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Broadridge's mutualised proxy services model delivers cost savings and best-in-class scalable services. Custodians and CSDs can streamline their operations by quickly and efficiently on-boarding a comprehensive local market capability, increasing efficiency through end-to-end proxy processing.

Further, Broadridge's integrated proxy solutions have many benefits to institutions including enhanced vote transparency, an extended voting window, and improved data analytics, ultimately improving corporate governance. As institutional appetite



for cross-border investment and active participation in local market activity grows, asset servicing and proxy processing specifically are requiring financial firms to adopt new business models. A mutualised, shared service model for global proxy processing is creating real operational and competitive advantage.



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