

Out-of-Network Assets Working Group

03 July 2025, On Teams

Meeting Minutes

Participants (in attendance in bold):

▪ Suresh	Gopal	ISSA,PMO
▪ Alison	Arthur	State Street Corporation
▪ Ismael	Balbolia	Myriad Group Technologies Ltd
▪ Ashweeni	Basenoo	U.S. Bank N.A.
▪ Flora	Belladonna	BNP Paribas S.A.
▪ Michael	Burg	State Street Corporation.
▪ Elaine	Chan	GIC
▪ Alan	Doyle	BNY
▪ Sven Olaf	Eggers	State Street Corporation
▪ Caroline	Geraghty	U.S. Bank S.A.
▪ Bryant	Hill	BNY
▪ Darren	John	Deutsche Bank AG
▪ Alpana	Johnsson	SEB Group
▪ Brett	Lewis	GlobeTaxServices, Inc
▪ Fiona	McNally	BNY
▪ Anna	Robinson	Northern Trust Corporation
▪ John	Siena	Brown Brothers Harriman & Co
▪ Daniel	Teo	Deutsche Bank AG
▪ Stuart	Warner	HSBC Holdings PLC
▪ Larisa	Whitmore	Bloomberg LP

Agenda

1. Welcome and Introductions
2. Private Equity Overview
3. Private Credit Overview
4. Follow up Discussion on Private Markets

Welcome and Introduction

New members Elaine, Ashweeni, and Sven provided brief overviews of their roles and affiliations.

- Elaine from GIC, a sovereign wealth fund for the Singapore government, introduced herself and mentioned she is based in Singapore.
- Ashweeni, based in Luxembourg, introduced herself as the head of depository at U.S. Bank Luxembourg.
- Sven, based in Munich, introduced himself as heading private markets at State Street Europe

Private Equity Overview

Alison and Sven presented an overview of the private equity market. A copy of their presentation can be found [HERE](#):

- Sven mentioned that State Street services \$47 trillion in assets under administration, with \$4+ trillion in private markets, and \$670 billion in private equity.
- Sven provided figures showing the private market's growth from \$12 trillion in 2023 to an estimated \$20 trillion by 2030.
- Sven highlighted the lack of transparency in private markets, with assets not traded daily and valuations often done annually.
- Sven explained the liquidity challenges in private markets, noting the lack of daily trading and the need for a liquidity premium.

Alison highlighted some of the major changes in the private market industry:

- Alison discussed the expansion of retail access to private markets, including semi-liquid and evergreen funds.
- Alison noted the increasing investor expectations around ESG data and real asset performance.
- Alison highlighted the integration of unstructured data into structured datasets, combining private and public assets poses new challenges in the Middle Office services
- Alison explained the expanded oversight responsibilities of custodians, including regulatory compliance, record-keeping, and the integration of technology to meet client demands.
- Alison discussed the need for custodians to comply with regulations such as AIFMD, UK AIFMD, SFDR, and SEC Private Fund rules.
- Alison emphasized the importance of record-keeping and reconciliation obligations, especially for assets held in nominee structures.
- Alison mentioned the increased demand for data and technology integration, including AI and automation, to enhance data quality and support real-time reporting.

Alison then detailed the private equity process, from fund closing to capital calls, emphasizing the importance of communication and control checks throughout the process.

- Described the process of fund closing, including subscription documents, AML processes, and customer due diligence.
- Explained the steps involved in capital calls, including generating call letters, client review, and posting on investor portals.
- Highlighted the importance of communication with clients throughout the private equity process.
- Emphasized the need for control checks at various stages, including investor documentation review and commitment allocation.

Alison discussed the operational challenges in scaling private equity services, including the need for technology to support manual processes and the importance of data management. There often a need for dedicated systems and data extraction tools that can impede the ability to scale.

Alison emphasized the importance of data management and the integration of technology to support manual processes.

Elaine highlighted the challenges in client onboarding for private markets,

- Elaine and Ashweeni discussed the challenges in managing documentation flow during client onboarding, noting the manual nature of the process. Stuart mentioned that the onboarding process is something that Digital Identity and Onboarding (DI&O) may already be looking at. Brett who is co-chair of that working group that it is not currently being considered by the DI&O WG. Stuart and Brett to discuss
- Elaine emphasized the importance of standardizing onboarding processes to improve efficiency and scalability.

Private Credit Overview

Ashweeni provided an overview of private credit. A copy of her presentation can be found [HERE](#) :

- Ashweeni described various types of private credit, including direct lending, mezzanine debt, distressed debt, and consumer loans.
- Ashweeni explained the private credit process, from origination to loan servicing and monitoring:
 - Described the origination step, where borrowers seek sponsors and originators for private credits.
 - Explained the underwriting and due diligence process, where lenders perform due diligence on borrowers before funding.
 - Detailed the loan servicing and monitoring phase, including the roles of loan administrators and fund administrators.
- Ashweeni discussed the amendments, restructuring, or exit phase, where loans may be restructured or converted to equity in distress situations.

Ashweeni then discussed the challenges in managing private credit:

- Ashweeni highlighted the importance of understanding investment structures, such as bilateral loans and syndicated loans.
- Ashweeni mentioned challenges in ownership verification, including the need for risk-based approaches and documentation processes.
- Ashweeni emphasized the need for efficient documentation processes, including the use of standard documents and circularization letters.

Elaine elaborated on some of the other complexities of private credit

- Elaine discussed the evolution of the private credit sector, including the rise of structured finance deals and securitization.
- Elaine also highlighted the challenges in distinguishing between public and private assets, noting the grey area in the market.

Anna discussed the operational implications of custodians becoming the lender of record, including the need for additional oversight and management. Additionally, she highlighted the risk implications, noting the potential for increased liability and regulatory scrutiny.

Larisa inquired about data management in private markets, and Ashweeni explained the reliance on internal teams and the importance of clear documentation processes.

John and Stuart discussed the next steps in structuring the report, emphasizing the need for iterative feedback and the importance of identifying roles and standardizing processes.

Follow up Discussion on Private Markets

The WG ran out of time and members were invited to share their comments to the questions posed via email.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Forward copies of presentation	Alison & Ashweeni	Done
2.	Private Markets Onboarding Discussion	Brett & Stuart	TBD
3.	Forward the CSSF communication regarding pre-checks for illiquid assets to John Siena.	Ashweeni	Done
5.	Draft an initial summary document based on the meeting discussions and circulate it to the working group participants for review and feedback.	John & Stuart	TBD
6.	Responses to Questions on Private Market Discussion	All	TBD