

## **BNY Mellon Asset Management North America Corporation Trading Entity Names New Head of Trading and Trade Analytics**

*Quantitative Trading Veteran Dragan Skoko Joins  
BNY Mellon AMNA's Trading Desk*

**Boston, MA, April 4, 2018**—BNY Mellon Asset Management North American Corporation's trading entity<sup>1</sup> welcomes Dragan Skoko as the Head of Trading and Trade Analytics.

An industry leader with demonstrated business acumen, Skoko will systematize and scale the trading process and platform. Skoko most recently served as the Head of Trading at Quantopian Inc. in Boston where he built the firm's trading capability and implemented comprehensive trading, middle- and back-office functions. Skoko also served as the Head of Trading at Batterymarch Financial Management for over five years, where he developed a next-generation quantitative trading platform and streamlined trading operations. Over the course of more than two decades, Skoko has developed significant expertise while holding key trading, research and product positions at Fidelity Investments, Wellington Management and PHZ Capital Partners, LLC.

"We are excited to welcome Dragan," states Amy Koch Flynn, Trading Business Manager. "His insight as a pioneer in quantitative trading will be critical to realize the benefit of a combined trading desk for our clients. His expertise will help us optimize our current capabilities while enhancing our available toolkits through data, technology and automation."

"Given my career focus on optimizing trading operations and balancing the critical intersection of fundamental research and advanced technology, I immediately recognized the opportunity to build an industry-leading trading platform that leverages the best technology has to offer," says Skoko. "The firm has a strong operational base, and I look forward to further developing our infrastructure for the benefit of our clients. I'm thrilled to join at this inflection point in the firm's trading capabilities."

Dragan will be supported by senior trading managers from the legacy desks of Mellon Capital, Standish, and The Boston Company, which combined to form BNY Mellon Asset Management North America earlier this year. In addition, David Brooks, formerly the Head of Global Equity Trading for The Boston Company and currently a Trading Manager for the firm, will be leaving the company. As a 20-year equity trading veteran, David will support Amy and Dragan during his transition. "David has meaningfully shaped our current equity trading platform and has been a strong leader over his long career," says Koch Flynn. "We thank him for his many contributions and wish him every success in his future endeavors."

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<sup>1</sup>xBK LLC is a centralized trading company and affiliate of BNY Mellon AMNA. xBK employees, serving as dual officers, provide trade execution services for BNY Mellon AMNA.

**About BNY Mellon Investment Management**

BNY Mellon Investment Management is one of the world’s leading investment management organizations and one of the top U.S. wealth managers, with \$1.9 trillion in assets under management as of December 31, 2017. It encompasses BNY Mellon’s affiliated investment management firms, wealth management services and global distribution companies. BNY Mellon Investment Management is a division of BNY Mellon, which has \$33.3 trillion in assets under custody and/or administration as of December 31, 2017. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on [www.bnymellon.com](http://www.bnymellon.com). Follow us on Twitter @BNYMellon or visit our newsroom at [www.bnymellon.com/newsroom](http://www.bnymellon.com/newsroom) for the latest company news.

**About BNY Mellon Asset Management North America Corporation**

BNY Mellon Asset Management North America Corporation is a leading provider of high-quality single- and multi-asset investment solutions using both active and passive strategies for investors globally. With the three legacy boutiques totaling \$579.5 billion in assets under management as of December 31, 2017, it serves a wide variety of institutional and intermediary clients in over 40 markets globally. The firm’s active equity strategies leverage the capabilities developed by The Boston Company; its active fixed income strategies employ the deep fundamentals-based experience of Standish, and its index, multi-asset/multi-factor strategies incorporate Mellon Capital’s advanced systematic processes. Standish, The Boston Company and Mellon Capital will continue to market existing products under the existing brands until the launch of a new unified brand later in the year.

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## Q&A

### 1. What is xBK and why are you forming it?

xBK LLC is the centralized trading company formed by the combination of the Standish, The Boston Company and Mellon Capital trading desks. As dual officers, xBK employees currently provide trade execution for BNY Mellon AMNA, which is the combined asset management business of Standish, The Boston Company and Mellon Capital.

We believe the best way to continue our evolution as a prominent trading desk is to create a separate, combined trading entity. As a larger organization, xBK will optimize investment by reducing duplicate spending and integrating operational platforms. Further, new offerings such as trade advisory, trade analytics and smart order routing will create a new standard of transparency and operational excellence.

### 2. What is the value for clients?

Over time, we believe clients will benefit from xBK's to-be consolidated approach in several ways, many of which are implicit benefits of a larger organization, including:

- Lower standardized commission rates
- Sophisticated multi-asset trade analysis for greater oversight and transparency
- Improved local market access with expanded capabilities in London and Hong Kong
- Larger combined budget for strategic investment in higher-quality data and technology
- Improved operational efficiency for trading analytics and reporting
- Smart order routing and defined electronic trading execution strategy

### 3. What is the strategic benefit for the business?

The asset management industry is evolving rapidly, which includes trading and execution. We believe BNY Mellon AMNA will benefit from a combined but separate trading desk. As a contained business, xBK can strategically invest to develop best-in-class tools, processes and data analytics. Dragan's hire represents the level of commitment BNY Mellon IM and BNY Mellon AMNA have to supporting xBK and its long-term vision.

### 4. Why is it called xBK?

X stands for execution, and the BK is the ticker for our ultimate parent company, The Bank of New York Mellon Corporation.

**5. Is xBK part of BNY Mellon AMNA?**

Both xBK LLC and BNY Mellon AMNA are indirect subsidiaries of The Bank of New York Mellon Corporation.

Several BNY Mellon AMNA employees, including Des Mac Intyre, Linda Lillard, Brendan Murphy, David Daglio, Karen Wong, and Adam Joffe, sit on the xBK Board of Directors. Des currently has oversight responsibility for xBK.

**6. Will other boutiques eventually join?**

Other boutiques could use xBK to meet their trading and execution needs. However, it is not mandatory.

**7. Will other non-BNYM asset management firms use xBK's services?**

We believe xBK must realize benefits to its current clients before offering its services to other asset managers. Over the long term, we think xBK could be a commercially viable enterprise. However, our focus is on delivering value for current clients and building a streamlined operational infrastructure.

**8. Are you eroding a key competitive advantage for the boutiques?**

No. We are seeking to use human capital where it can add alpha to the investment process. Simply, we are working to remove the “noise” from the traders’ job using tools and technology. We believe we can be more efficient with our operations and increase our incremental value-add by tasking our people appropriately, particularly in smaller capitalization trading as well as special and illiquid situations.

**9. What is xBK initially focused on?**

We are primarily focused on optimizing our existing operations and process, including:

- Selecting projects for investment that will improve value-add for clients
- Developing a smart order routing process and a defined electronic trading execution strategy
- Develop comprehensive model and implementation services
- Consolidate and upgrade platforms and operational infrastructure

**10. Why is Dave Brooks leaving?**

BNY Mellon does not release departure information regarding employees. With that said, Dave is a 20-year veteran with The Boston Company who has meaningfully shaped the equity trading platform available to xBK. We appreciate his dedication and service and wish him success in his future endeavors.

## 11. Do you expect other traders to leave?

At this time, we do not expect other departures. We believe our initiatives will improve the effectiveness of our traders and reduce the “noise” on their blotters. Ultimately, we are looking to deploy our human and technological capital in a way that delivers the best results for clients.

### BNY Mellon ANMA Integration Talking Points

- Consistent with our commitment to reinvest in our business, we have made some senior hires to strengthen the link between our products and the investment solutions our clients are seeking. We are reviewing our product line-up and identifying where we could do a better job of addressing marketplace needs.
- As stated when we communicated the merger in the fall, there have been no changes to our investment process or people. As a result, BNY Mellon AMNA’s product range has not changed in the two months since the merger was finalized. We expect to enhance our product line-up to address the evolving needs in the marketplace.
- We are working to build out our model delivery capabilities. As we know, the marketplace for financial services is changing, and we will address the need for efficient, operationally sound model delivery for intermediaries. We are working with our sales and distribution teams, as well as operations, to fully implement a model delivery solution.
- We are also looking for additional ways to strategically invest in talent, with a direct link to providing solutions for investors. The product team has been working with the Manager Research Group to identify and prioritize where additional investments should be made. Recruiting is well underway for multiple positions across asset classes.
- Unrelated to investment process and people, we have revised our fee sharing arrangement on securities lending for index fund clients. Clients now receive 70% of the securities lending net revenue generated from the funds.
- We are also exploring relationship pricing, where scale clients with multiple mandates receive reduced pricing on index funds. We see the future of investment management as defined by active and passive strategies acting in a complementary fashion within a portfolio. We believe the relationship pricing model will be a key component to the growth of our Index business.

### Quote if needed on xBK from Amy

“xBK further enhances our established ability to provide value-added trading services and execution for our clients,” says Amy Koch Flynn, Trading Business Manager for BNY Mellon AMNA. “By creating a single, separate trading entity, xBK can strategically invest to develop the trading desk of tomorrow and leverage the benefits of scale with its trading partners. Trading has evolved to where strategic investment in high-quality technology, tools and data sets is critical to successful execution.”