

## Growth and Popularity of the ETF Market

BNY Mellon ETF Symposium, Bloomberg Advantage Interview

Joe Keenan, Head of Global ETF Services at BNY Mellon

Kathleen Hayes, Host, The Bloomberg Advantage

Vonnie Quinn, Host, The Bloomberg Advantage

**Kathleen Hayes:** Here we are. Dana Point, California. Two days. We're kicking off now our BNY Mellon ETF Symposium 2014 coverage. I love the title: A Laser View of a Global Marketplace.

**Vonnie Quinn:** We certainly have a laser view into many aspects of this global marketplace. Panels today and tomorrow taking on things like actively managed ETFs, that's becoming a big deal now. Currency and hedging strategies, investing in Chinese markets, for example, and we'll be taking the temperature of all of those panels right here on the show over the next two days, Kathleen.

**Kathleen:** And you can do it all with ETFs. That's why we're kicking off today with Joe Keenan, one of our hosts. Very happy to be here; very happy to have been invited to attend. He's head of Global Exchange Traded Fund Services. He's a managing director at BNY Mellon.

**Joe Keenan:** Well, good morning. Thank you for joining us at Dana Point.

**Kathleen:** Well, it's a little bit cloudy outside. We have to keep rubbing it in. All of our colleagues think we're out on the beach getting tan, but it's a beautiful spot. But most importantly, we already met some people yesterday evening when Vonnie and I and our producer came in. What is the purpose of this symposium, Joe? What are you trying to do?

**Joe:** Well, this is really for us an opportunity to get our clients who are ETF sponsors together with potential investors and other participants in the market that really make, combined, these ETFs work and work so effectively.

**Vonnie:** Now, explain that concept of sponsor, because it used to be, right, there was only one or two sponsors who had the whole marketplace. Suddenly, from five years ago to now we're seeing that whole area thrive.

**Joe:** Well, it's very interesting, Vonnie. We've seen a large number of new entrants, and the way you enter this space is you do need to get relief from the SEC, because there are certain aspects of the ETF business that really require approval from the regulators. So, there really is a long time horizon to get into this space. But given the extraordinary popularity and growth of these products really over the last 20 years, many firms have entered and many more will enter this space.

**Kathleen:** So, how closely is it regulated, Joe? Some people think that you have to be kind of careful with ETFs. There are ETFs, and most of them are good, run by great ethical smart people and then there are ETFs where you might have to exercise caution.

**Joe:** Well, I think, with all investment products the rule of caveat emptor certainly prevails, right? You need to know what you're buying, how you're investing, no matter whether it's a single stock or a portfolio of investments. ETFs broadly are regulated under the 40 Act, so they're just like mutual funds. Now the problem, I guess the challenge, with the ETF acronym is that it's become a catchall for many structures. So, there are some that are less regulated, some that are less diversified, but in general, broadly the vast majority of these products are just like mutual funds.

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