

## The Importance of BNY Mellon to the ETF Industry

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

**Vonnie Quinn:** Are retail investors at a disadvantage, though, because those institutional investors are playing in the field now, because they can execute strategies that may not always be to the ETFs advantage. They can buy the ETF and then do something with the underlying securities.

**Joe Keenan:** Well, I don't really think so, Vonnie. I'll tell you why. It's the only area in this business that I can think of when there are more sophisticated investors it actually works out better for the retail investor. Or, the analogy I like to use in this case the more sharks in the pool, the better it is for the little fish.

The reason for that is, is because as an investor, any of us, if we were to go into the market today and buy an ETF, you purchase or sell your ETF at a bid-ask spread, and the greater the institutional interest, the greater the liquidity, the more these products are traded, the tighter the spread is. So, you as an investor or I have a better opportunity to buy the product at very close to its true intraday net asset value, as opposed to a closed-end fund where you might pay a big premium.

**Kathleen Hayes:** So, what's in it for BNY Mellon? Why is it such an important space for a company like you to be in?

**Joe:** Well, we're the world's largest custodian. We've been providing services to the fund industry broadly. Many of our fund clients have gotten into or are getting into this space. But, it's really been high growth, and we've got to find the growth in mature markets.

**Kathleen:** How much does that drive the bottom line for BNY Mellon?

**Joe:** It really is significant. This is one of our fastest growing businesses, given the adoption and growth. Today, we support well over 500 ETFs, so almost one in every three, actually a little bit more than that, of every ETF, are our clients. So, it's a very important business for us.

**Vonnie:** Very quickly, in these turbulent times, particularly for energy, and we've had a lot of volatility recently, where would you recommend that people go looking for ETFs?

**Joe:** Well, I'm not an investment advisor. I'm a banker. But I will tell you that you absolutely have the ability to either go long on a particular asset class or short. So, while many investors want diversified portfolios and as a part of that, they invest in commodities, you certainly need to be very thoughtful about the percentage of exposure that you have in that space.

**Kathleen:** OK. Who's up this morning that you cannot miss at the BNY Mellon 2014 ETF Symposium?

**Joe:** Well, we're certainly excited to see the experts. Back to the original question, this is really an opportunity to get the investors together to really educate the community on how to use these products.

**Kathleen:** And we're going to have several of these experts on. That's why we're here.

BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally.

Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates, and joint ventures of The Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction, and may include The Bank of New York Mellon, One Wall Street, New York, New York 10286, a banking corporation organized and existing pursuant to the laws of the State of New York and operating in England through its branch at One Canada Square, London E14 5AL, England. Registered in England and Wales with FC005522 and BR000818. Supervised and regulated by the New York State Department of Financial Services and the Federal Reserve. Authorized by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority of the United Kingdom (and any successor regulatory entity). Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. Not all products and services are offered at all locations.

Material contained within this audio recording is intended for information purposes only. It is not intended to provide legal, tax, accounting, investment, financial or other professional advice on any matter, and is not to be used as such. You should contact your independent financial advisor prior to acting on any information mentioned in the audio recording. This is not a financial promotion. No statement or expression is an offer or solicitation to buy or sell any products or services mentioned. The contents may not be comprehensive or up-to-date, and BNY Mellon will not be responsible for updating any information contained within this audio recording.

To the extent this audio recording may be deemed to be a financial promotion under non-US jurisdictions, it is provided for use by professional investors only and not for onward distribution to, or to be relied upon by, retail investors.

No statement or expression is an offer or solicitation to buy or sell any products or services mentioned. This audio recording is not intended for distribution to, or use by, any person or entity in any jurisdiction or country in which such distribution or use would be contrary to local law or regulation. Similarly, this audio recording may not be distributed or used for the purpose of offers or solicitations in any jurisdiction or in any circumstances in which such offers or solicitations are unlawful or not authorized, or where there would be, by virtue of such distribution, new or additional registration requirements. The contents may not be comprehensive or up-to-date, and BNY Mellon will not be responsible for updating any information contained within this audio recording.

BNY Mellon assumes no liability whatsoever (direct or consequential or any other form of liability) for any action taken in reliance on the information contained in this audio recording. Any unauthorized use of material contained in this audio recording is at the user's own risk.

The views expressed herein are those of the speaker(s) only and not those of BNY Mellon or any of its subsidiaries or affiliates. They reflect conditions as of the date of the video and are subject to change.

This program is not to be reproduced in whole or in part without the authorization of BNY Mellon.

Trademarks, service marks and logos belong to their respective owners.

© 2014 The Bank of New York Mellon Corporation. All rights reserved.