AST ASSETSERVICINGTIMES

ISSUE092
25.06.2014 WEDNESDAY
assetservicingtimes.com

# London en route to be new China hub

The Bank of England has confirmed the appointment of China Construction Bank (CCB) as the renminbi (RMB) clearing bank in London.

The appointment of one of China's 'big four' comes after the signing of a memorandum of understanding (MoU) on RMB clearing and settlement in London between the PBoC and Bank of England at the end of March.

This is the second major China deal to be revealed recently with Prime Minister David Cameron announced that trade deals worth £14 billion had been signed during a state visit by China's premier, Li Keqiang.

The new trade deals between the London Stock Exchange and two of China's biggest banks will further develop RMB trading.

Mark Carney, governor of the Bank of England, said the announcement of CCB as the London clearing bank "represents another important milestone on the progress towards greater cross-border use of RMB".

He added: "As the official clearing bank, CCB will play a valuable role in facilitating greater use of the RMB for trade, investment and other economic activities in the UK, particularly by providing a further option for UK firms to clear and settle their RMB activity within the London market."

"The bank is committed to further supporting the cross-border use of the RMB in a manner that is consistent with our domestic responsibilities."

## NSD fee approval to assist foreign entities

The supervisory board for Russia's National Settlement Depository (NSD) has approved fees for a new service that will assist foreign entities.

The fees have been approved for the provision of assistance in the preparation of documents for entities that are potential clients for NSD for the launch in July.

The board also approved a new catalogue of fees for settlement services where the NSD cancelled rates fixed in different currencies and merged all transfers into two groups; transfers to accounts opened with NSD and transfers to accounts opened with other financial organisations.

The upgraded catalogue of fees will go live on the company's website once approval has been given by the Bank of Russia.

## State Street opens Taiwan transfer agency outfit

State Street has launched its transfer agency operations in Taiwan with Sunny Yang as head of operations.

The Taipei branch will provide transfer agency services on a business process outsourcing basis to Securities Investment Trust Enterprise, a fund management company that offers public funds for local domiciled funds.

Yang has 15 years of experience in transfer agency and fund administration in Taiwan. Yang will oversee day-to-day operations including the resource of management of teams involved with client servicing and the monitoring of operational risk and regulatory framework.

readmore p2

## State Street opens Taiwan transfer agency outfit

**Continued from page 1**

Paul O'Neil, managing director of Asian operations for State Street's international financial data services, says: "Taiwan is an important emerging market in the Asia-Pacific region."

"By increasing our presence in the region, we will further enhance our support of domestic and cross-border products to our existing and prospect clients."

The transfer agency services can be used as a full suite of fund and securities services together with fund accounting and custody services.

Ilona Chen, general manager and head of State Street Global Services Taiwan, says: "We see great potential for the transfer agency business here given that Taiwan is the source of the majority of assets coming into UCITS products in the region."

## Calypso Technology opens new office

Calypso Technology has opened a new office in the financial district of Toronto, Canada.

The new office will become a sales, support and professional services hub for Calypso's portfolio of customers in Toronto and other regions in Canada.

Charles Marston, chairman and CEO of Calypso, commented on the new office: "Our operating model has always been to provide local or regional support to customers where feasible."

"This approach enables us to be more responsive and achieve economies of scale by leveraging local knowledge and skills."

## Rise in forward redemptions for SS&C GlobeOp

SS&C GlobeOp's Forward Redemption Indicator for June has shown notifications of 4.80 percent, up from 4.32 percent in May.

The data on the GlobeOp platform currently represents approximately 10 percent of the hedge fund industry.

The SS&C GlobeOp Forward Redemption Indicator represents the sum of forward redemption notices received from investors in hedge funds administered by SS&C GlobeOp, divided by the assets under administration at the beginning of the month for fund administration clients on the GlobeOp platform.

"In line with semi-annual patterns, forward redemptions increased for the month of June, with the majority of activity falling in the under one month category," said Bill Stone, chairman and CEO of SS&C Technologies.

Forward redemptions as a percentage of SS&C GlobeOp's assets under administration on the GlobeOp platform have trended significantly lower since reaching a high of 19.27 percent in November 2008.

## Curo helps client enhance investment portfolio

South African investment administrator Curo Fund Services has altered the pricing of its investments layers within its multi-managed portfolio for its client Old Mutual Multi-Managers. The new offering follows Curo's deployment of Milestone Group's pControl platform, which offers an investment platform for unit trust and life company clients.

Using pControl Curo has delivered flexible administration services across processes including net-asset-value unit pricing, cash allocation and rebalancing, order management,and distribution.

Paul Roberts, managing director for Europe the Middle East and Africa at Milestone Group, said: "Competitive market conditions across South Africa have driven an increased focus on integrity and transparency, which has triggered firms and their service providers to look for automated solutions."

pControl is a first in the South African market, according to Hank Pienaar, managing director of Curo, who said: "pControl removes manual processes, which enables Curo to support the likes of Old Mutual Multi-Managers in offering complex investment structures while at the same time providing greater visibility across the business."

"This deployment is a significant step in dealing with one of the key challenges typically faced by multi-managers," he added.

Old Mutual Multi-Managers clients include large retirement funds, which have direct access to its product portfolio.

Russel Julie, COO of Old Mutual Multi-Managers said: "[pControl] further speeds up the overall process in producing an output with the required level of integrity at first pass."

Roberts made a conclusive statement: "pControl has provided Curo's multi-manager clients with numerous benefits since going live in 2013. We look forward to supporting Curo in their future growth."

## BNY Mellon's OnCore for investment arrangements

BNY Mellon is launching an online portal that offers transparency and oversight to investment managers that have outsourced their middle-office operations.

# ASTINBRIEF



AST ASSETSERVICINGTIMES


Editor: Mark Dugdale
markdugdale@assetservicingtimes.com
Tel: +44 (0)20 8663 9620

Reporter: Stephen Durham
stephendurham@assetservicingtimes.com
Tel: +44 (0)20 8663 9622

Reporter: Catherine Van de Stouwe
catherine@blackknightmedialtd.com
Tel: +44 (0)20 8663 9629

Editorial assistant: Tammy Facey
tammyfacey@blackknightmedialtd.com
Tel: +44 (0)20 8663 9649

Account manager: Serena Franklin
serenafranklin@assetservicingtimes.com
Tel: +44 (0)20 8663 9626

Publisher: Justin Lawson
justinlawson@assetservicingtimes.com
Tel: +44 (0)20 8663 9628



Published by Black Knight Media Ltd
Provident House, 6-20 Burrell Row,
Beckenham, BR3 1AT, UK

MyOnCore will benefit investment managers who have entered outsourced agreements and are now re-evaluating how their operations teams can address key priorities, such as efficiency improvements, the rationalisation of arrangements, continuing reduction of risk and the ability to meet increasing regulatory obligations.

The online portal offers an enhanced level of transparency that helps define the governance of parameters around an outsourced arrangement with an insight into the logistics and benefits of the arrangement.

The quality of data shared between investment manager and the outsourced provider will be an improvement for middle office services.

John Lehner, global head of outsourcing in BNY Mellon's asset servicing business, said: "In addition to monitoring individual services, MyOnCore's dashboards can also be used to govern the overall outsourcing relationship, as traditional KPI reviews are too infrequent for today's environment."

"The more effective risk and compliance monitoring the dashboards offer provide early warning signals and triggers remedial action."

He added: "Since front office decision making is wholly dependent on data, both market and processed, the consistent provision of timely, high quality data that can be used to meet diverse requirements is critical not only to performing specific functions, but also to maintaining proper oversight."

## LSE highlights collateral fight

Access to collateral could become a challenge as firms see wider sources of liquidity and assets, an academic study published by the London School of Economics and Political Sciences (LSE) has revealed.

The study, supported by The Depository Trust & Clearing Corporation (DTCC), showed that a shortage of collateral is unlikely despite new global regulatory obligations and tighter risk controls mandating increased collateral requirements.

Written by LSE professors Ronald Anderson and Karin Jõeveer, The Economics of Collateral's findings were based on a model of global collateral flows, which was developed specifically for the study.

The study showed that the supply of collateral will be sufficient to meet the demands expected as a result of worldwide regulatory reform and evolving market practice.

But the study cautioned that access to collateral and the ability for collateral to circulate freely across financial systems could become challenging as market participants seek sources of liquidity and assets.

As a solution, the study advised market participants and infrastructure providers to work together on technical solutions and processes that ensure streamlined access to collateral worldwide.

Anderson said that there has been "much debate on collateral shortage" and that their research has found the challenge "does not lie in the global supply of collateral in aggregate, but rather the accessibility of collateral across markers and participants".

He added: "The search for new methods to alleviate bottlenecks and seamlessly allocate collateral is the next challenge for infrastructure providers and participants."

"Collaboration between participants and infrastructure providers will be crucial to ensuring an efficient process."

Managing director of strategy and business development at DTCC, Mark Jennis, commented: "In order to support the flow of liquidity and propel economic growth we must ensure that we develop solutions that increase collateral velocity and provide operational scalability."

"We are actively working with market participants around the world and our peers to identify solutions that leverage global market infrastructure, while ensuring streamlined efficient access and processing of collateral worldwide."

## Smart move for TOM and BATS

The Order Machine (TOM) Smart Execution is teaming up with BATS Chi-X Europe in a deal that will offer clients better execution of their equity orders.

The partnership with BATS Chi-X Europe allows TOM, a search engine that compares prices between markets, to compare more prices across different pan-European exchanges.

Another trading venue will be added to TOM where the smart order router (SOR) shows clients the best prices of retail orders at the time.

CEO of TOM, Willem Meijer, said: "From the start of our SOR business, the focus has always been on retail investors getting the best possible conditions for their order executions."

"Connecting our SOR to BATS Chi-X Europe promotes competition between exchanges and will therefore have positive effects for retail investors."

Mark Hemsley, CEO of BATS Chi-X Europe, said: "We are very happy to welcome TOM as the latest member to our equity trading venue."

"This connection confirms our position as Europe's leading equities exchange and we are pleased that TOM Smart Execution has chosen our platform to strengthen their best execution service."

The CEO of BinckBank, shareholders of TOM, Koen Beentjes added: "BinckBank congratulates TOM Smart Execution with their connection to BATS Chi-X Europe."

## Luxembourg is automated fund distribution hub

VP Lux is introducing a fully automated order routing, settlement and central securities depository (CSD) issuance facility that will future proof cross-border fund distribution.

The platform will be launched on 16 September and will create a new infrastructure for transfer agents and issuers operating in Luxembourg.

The platform, vp.Fund Hub, is building on the success of the past 12 months that have seen international fund distribution volume out of Denmark surpassing €500 million.

Bjørn Stendoph Crepaz, senior project manager at VP Securities in Denmark, said: "Fund distribution via vp.Fund Hub and the network of CSDs provides safe, robust and rapid distribution with a low risk profile."

With the vp.Fund Hub compatible with the current transfer agent set-up, VP Lux is looking to partner with transfer agents to allow a wider fund distribution across Luxembourg by reducing the manual process with the benefits of the fully automated system.

Jan Vandendriessche, head of fund platforms at VP Lux, commented: "We are very pleased to announce that we are offering this solution to Luxembourg's TAs and international investors."

"The platform will be launched in September and we have commenced discussions with transfer agents and potential partnering institutions."

"The flexible systems will ensure the future proofing of TAs, partnering institutions and investors with regard to CSD issuances and will help them connect to TARGET2-Securities."

## 3DEXPERIENCE boost to BNP Paribas Securities Services

BNP Paribas Securities Services has chosen Dassult Systèmes's 3DExperience platform to enhance product management and accelerate product development.

The 3DExperience platform and its Innovation Factory will allow the BNP Paribas teams access to a product lifestyle management solution.

The solution centres on product development from concept to launch that will enable banks to share information on product lifecycle management and reduce marketing time for new products.

Monica Menghini, executive vice president of corporate strategy, industry and marketing at Dassault Systèmes, said: "Financial institutions are searching for end-to-end productivity improvements to better compete in an increasingly complex, global, and regulated business environment."

"The 3DExperience platform delivers that in a disruptive way for the finance industry."

Sébastien Messean, head of product lifestyle management at BNP Paribas, is "proud" to be the first financial services provider to use the 3DExperience platform. He said: "We see huge benefits in adopting this new approach to product development, which has proved so successful in other industries."

"It will help our multi-local teams share knowledge efficiently and streamline our processes. We estimate the platform will reduce our time to market by 20 percent, which is significant in our fast changing industry."

Vice president for the financial and business services industry at Dassault Systèmes, Kevin Pleiter, said the platform uses "over 30 years of industry know-how in data management, collaboration and social intelligence applications".

"It combines the power of our 3DExperience business platform with finance industry best practices, enabling financial institutions to replace many ad hoc, manual methods with automated processes."

The 3DExperience platform will be applied to all business lines of BNP Paribas Securities Services, including asset and fund Services, clearing and custody services, corporate trust services, and market and financing services.

## MYRIAD and AlfaSec in network management partnership

MYRIAD Group Technologies and consultancy AlfaSec Advisors are teaming up to focus on bringing network management consulting and software solutions to clients in the Asia Pacific and Middle East regions.

Through the partnership, the firms will bring together technology solutions with a strong specialist consulting and advisory model to support entities as they align to industry standards and aim to reduce the inherent risks of operating global correspondent networks.

The partnership has created a coverage model that will allow clients to enhance the management of their in-house and third party agent networks. AlfaSec managing partner Giles Elliot said: "We are excited about bringing an integrated network management consulting and system solution to firms in Asia Pacific and the Middle East."

"The growing level of regulatory focus on client money and asset protection is triggering a huge focus on the depth of risk and control policies embedded within asset and cash management firms, with more responsibility for effective management being placed on service providers."

"Traditional approaches to managing agent networks frequently lack clear risk management frameworks or the tools to apply these consistently or transparently, something that becomes critical as international trade and investment flow activities grow."

CEO of MYRIAD, Simon Shepherd, added that his firm is "delighted" to branch out into Asia Pacific with AlfaSec. He said the partnership will allow them to "combine the strength of [their] systems solutions with a highly focused approach to improving a firm's policies and practices".

AlfaSec was founded in 2013 in Singapore by former J.P. Morgan executive Roger Harrold and Giles Elliott, previously of Standard Chartered Bank, and has since built up a presence across Asia and the Middle East. MYRIAD provides network management, risk management and control systems.

## Eurex Clearing adds cross margining to Prisma

Users of the new risk system Eurex Clearing Prisma can now benefit from portfolio margining capabilities within an asset class as well as cross margining between listed fixed income products and the OTC interest rate swap business.

Commerzbank Corporates & Markets, Citi and Morgan Stanley are among the firms that are using the second release of Eurex Clearing Prisma, which promises potential margin efficiencies of up to 70 percent depending on the nature of individual portfolios, according to the European central counterparty (CCP).

The service, in operation since the end of May, allows clearing users to offset margin between listed fixed-income and money market derivatives.

They can also use their existing portfolios in these interest-rate derivatives traded at Eurex Exchange to offset their margin requirements for their interest rate swaps cleared via EurexOTC Clear.

"Cross margining solutions allow clients the potential to secure capital efficiencies, and it is likely to be a powerful driver of clearing flows and liquidity going forward as the OTC clearing market matures," commented Nick Chaudhry, head of OTC clearing at Commerzbank Corporates & Markets.

Silas Findley, Europe, Middle East and Africa head of OTC clearing at Citi, added: "Clients are increasingly focused on the complete front to back clearing experience, from ease and quality of execution to the optimisation of collateral and other post-trade processes."

"We expect that the ability to provide meaningful margin offsets will become a key differentiator amongst clearing platforms going forward. We are pleased to be working with Eurex Clearing to offer cutting edge cross margining solutions to our clients."

"As the first European CCP we are enabling our customers to cross-margin within listed asset classes and across OTC and listed derivatives markets."

"Eurex Clearing Prisma incentivises holding balanced portfolios which represent lower risk and have lower capital and funding requirements thus creating a win-win situation for the markets we clear," commented Thomas Laux, chief risk officer at Eurex Clearing.

## Mizuho Trust & Banking chooses SimCorp

Japanese financial group Mizuho Trust & Banking has selected SimCorp Dimension to provide a software solution.

SimCorp Dimension will provide Mizuho Trust & Banking, which offers global custody, fund administration and securities agency services, with compliance support for the European Market Infrastructure Regulation (EMIR) and Alternative Investment Fund Managers Directive.

"We have chosen SimCorp Dimension because of its successful track record, and because we believe that it is the best solution to help us

meet the vast regulatory demands of the industry," said Toru Horie, director and CEO of Mizuho Trust & Banking in Luxembourg.

Hans Otto Engkilde, managing director at SimCorp Benelux, added: "The agreement with Mizuho is a testament to SimCorp's offering and commitment to the market. We very look forward to working with Mizuho in the future."

## LCH.Clearnet receives EMIR authorisation

LCH.Clearnet has received confirmation from the Bank of England regarding its application to become a central counterparty (CCP) under the European Market Infrastructure Regulation (EMIR).

The EMIR authorisation confirms LCH.Clearnet has met the requirements necessary for sufficient operation.

Michael Davie, chief executive of LCH.Clearnet, said: "We are delighted with this affirmation that our services are fully compliant under the EMIR rules."

Davie added that the LCH.Clearnet Group's CCP has "worked diligently" to ensure it "remains fully committed to supporting the market as the European clearing mandates evolve".

The green light from the Bank of England follows authorisation from the French Prudential Supervisory Authority (L'Autorité de Contrôle Prudentiel et de Résolution) on 22 May.

## Broadridge invests in derivatives tech

Broadridge Financial Solutions has extended its investments in exchange-traded derivatives technology.

This decision was based on Broadridge's long-term strategy to invest in a single processing solution for asset groups, equities, fixed income, money markets and derivatives.

It was also a response to a current trend, as firms "increasingly seek to streamline their operations across business silos".

Paul Clark, head of institutional strategy and product management at Broadridge, said: "Recent years have seen a tremendous growth in multi-asset trading, and it is essential that firms' post-trade operations are geared to help them capitalise on these new opportunities."

Clark added: "Our solution's breadth continues to increase, enabling business areas across the capital markets spectrum to maximise their STP and workflow control, while gaining a central, business-wide cross-asset position management capability."

Broadridge's most recent investments include the addition of commodity-based futures and options to the range of exchange-traded and OTC derivatives currently available on its processing solution.

The expanded capabilities also include real-time market connectivity to Intercontinental Exchange, enabling a pathway to 17 futures and options exchanges, plus connections to a range of central clearing counterparties.

## FCA finishes client money and custody asset rules

The Financial Conduct Authority (FCA) has finalised changes to rules in the UK that will affect some 1500 firms that collectively hold more than £100 billion in client money and £10 trillion in assets.

The client money and custody asset rule changes, which were finalised on 10 June, address lessons learnt from insolvencies such as Lehman Brothers, as well as feedback from firms and observations from the FCA's specialist client assets unit.

FCA director of markets David Lawton said: "The protection of client assets is central to confidence in the UK markets and fundamental to consumers' rights and the trust they place with firms."

"These changes will improve the protection offered to client assets and should speed up the recovery of client assets on a failure of a firm. Coupled with the increased focus the FCA has had on client assets, they will go a long way to ensure that confidence in UK markets is maintained and consumers are protected."

Among the rule changes are a rewrite of the client money rules for investment firms and substantial amendments to the custody rules in the client assets sourcebook (CASS).

The FCA hopes that the changes will improve firms' systems and controls around segregation, record keeping and reconciliations, as well as client asset risks.

It is not going ahead with changes to client money distribution rules, after the UK Treasury received recommendations in January that could have an effect. The FCA plans to assess what more will need to be done later this year.

Chapman's Eye on the market

## Leaving it all behind

While it's tempting to begin this edition of the column along the lines of last time's theme—'it's a funny old world'—given that the Iranians are now our best friends and it looks like Gadaffi wasn't that bad after all (a little like Charles Kennedy keeping the lid on the Star Wars cafe scene selection of Liberal Democrats for all those years before they outed themselves, sometimes literally, into the coalition). But no, loftier matters await, notably the issue of 'legacy'. Not the legacy versus sustainability argument, which was the running joke in the BBC sitcom Twenty Twelve, but more the question of what lasting memento will we leave behind when we go to the great central clearinghouse in the sky?

What prompted me into thinking this was no deep, life-changing event, but rather being called 'Sir' by someone in his late 20s at an airport bureau de change (off to Asia to catch up with developments there, as you ask). I swear that yesterday I was in my 20s myself, however, in reality I'm much, much closer to 50 and this young man called me 'Sir' out of respect to my age, not in some faux deferential or mocking way. So what will my legacy be? Children? Tick. Having run my own business? Tick. Some charity work? Tick. But what's missing—writing the great novel that's apparently inside all of us? Possibly. Build a house from scratch? Highly improbable given my ability to bodge even changing a lightbulb.

If you're in the asset servicing industry still, what could be done? Well, the options are multiple and they all involve standing out from the crowd in some way, be that as an individual contributor, on behalf of your firm or even the industry itself. Might it be paving the way for clients to pay via bitcoin, or perhaps setting up the first proprietary block chain (if that is not an oxymoron) and taking a quantum leap ahead in terms of client/supplier relationships? Might it be working to improve the reputation of our area of banking in the eyes of the general public, or helping to put aside partisan rivalries and help move our industry en masse towards an efficiency and professionalism level above and beyond where it is now? It could also be to help increase the level of staff training and job satisfaction and becoming an example of efficiency and professionalism.

The choice, I'd suggest, is between being a 'salaryman', corporate automaton or an individual—remember that if we all strive to achieve our targets then the general level of talent and quality of the industry will increase at the same time, and all will be for the greater good. The length of this column doesn't allow me to propose any further theories for potential legacies, but hopefully I've said enough to sow the first seed.

As ever, do let me know your thoughts. Drop me a line at paul@hornbychapman.com

**Paul Chapman, managing director, HornbyChapman Ltd**

# Mandate Mangle

Lord Abbett has selected **Brown Brothers Harriman (BBH)** to provide service support that will include passive currency administration for the launch of their new UCITS platform.

The platform, Passport Portfolios, is a fixed income fund range that consists of the Lord Abbett short duration income, the strategic income and the high yield funds.

The funds have surpassed $250 million in inflows since March and will be marketed first in the UK, Ireland, Netherlands, Denmark, Finland and Norway with other European markets expected to follow.

BBH specialises in servicing cross border funds, which Joan Binstock, partner and COO of Lord Abbett, believes is a major factor in choosing BBH as the launch of the new platform is "an integral part" of Lord Abbett's international growth strategy.

She added: "It came down to BBH's global enterprise and their track record of successfully servicing UCITS products to their clients."

"We're delighted to work with them on this launch."

Partner of BBH, Seán Páircéir, said: "Lord Abbett's ability to grow its UCITS product so quickly is testament to the reputation they have built over the years as a successful US-based asset manager."

"We could not be more pleased that they selected to partner with BBH on their strategic initiative. Europe continues to be an integral part of our strategy, and we look forward to supporting them in all facets of their UCITS business."

EQT Holdings has mandated **Citco Group** of Companies for private equity administration services

Citco will provide a range of administration services including fund accounting, budgeting, forecasting, investment and fund performance reporting, investor support as well as SPV services.

Nikolaos Perros, global head of private equity and real estate fund services at Citco, said: "We are delighted to have been selected by EQT. Our experience in the asset management industry, will allow us to deliver a scalable administration model for EQT."

The services will be delivered from Citco's European offices. Citco has also opened Citco Fund Services (Guernsey) and has hired the majority of the existing EQT team.

"We are looking forward to EQT´s partnership with Citco. This is a natural step in EQT's development and growth ambitions," added Johan Bygge COO at EQT Holdings.

**CACIES Investor Services** has entered into a partnership with the Edmond de Rothschild Group.

CACEIS and Rothschild have signed a fund accounting, bookkeeping, custody and transfer agent services agreement in Luxembourg, covering assets of €20 billion.

Under the agreement, responsibilities will be shared between the firms. CACEIS will provide the bookkeeping, custody, transfer agent and accounting services. Rothschild will become the central administrator and remain as depository.

Marc Ambroisien, CEO of Rothschild, said: "By choosing CACEIS, we have laid the foundations of our future development."

More than 100 Rothschild employees will join the CACEIS team on 1 October.

The partnership is the result of negotiations that began at the end of 2013.

Pierre Cimino, managing director of CACEIS Bank Luxembourg, commented: "This is an innovative alliance which will draw on our complementarity and respective skills, and see us consolidate our relationship with the Rothschild group."

He added: "CACEIS hopes to support the Edmond de Rothschild group in its development strategy. The staff joining us will help ensure the quality and continuity of services for our partner and its customers."

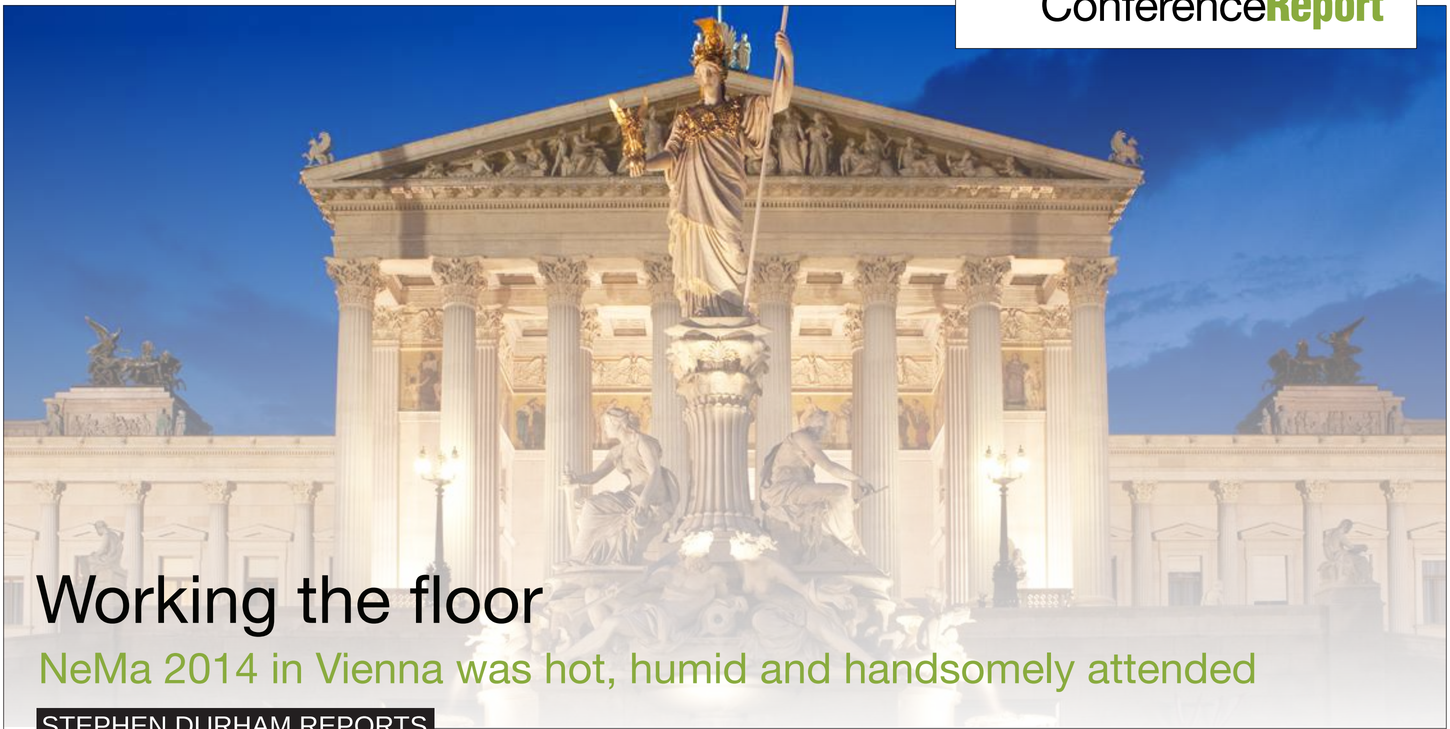
AXA Investment Managers Deutschland (AXA IM Deutschland) has engaged CACEIS as depositary for its entire existing real estate open ended mutual and special funds business in Germany, with a total fund volume of €2.5 billion.

Matthias Leube, managing director of real estate within AXA IM Deutschland, commented: "CACEIS is one of only a few service providers that is able to provide a comprehensive range of services for both mutual and special funds."

"During our selection process, CACEIS's wide experience in business migration as well as its status as a leading independent, third-party depositary, were decisive factors."

Holger Sepp, member of the management board of CACEIS Bank Deutschland, said: "Our broad range of services and our strong market reputation is derived from our group's extensive experience in the real estate funds business."

"We are delighted that AXA IM Deutschland has entrusted all its existing real estate business to CACEIS. Following this appointment, we provide depositary services for 16 real estate investment companies with a volume of some €16 billion."



# Working the floor

## NeMa 2014 in Vienna was hot, humid and handsomely attended

STEPHEN DURHAM REPORTS

With TARGET2-Securities (T2S) being implemented in 2015, attendees of the Network Management Conference in Vienna were warned that the potential benefits of the platform have been dramatically underestimated by the custodian banking industry.

The cost savings relate to costs not yet fully incurred by the industry and costs not exclusively related to fee effects, said one speaker, who added that quantification of the end-to-end benefits has also, to date, not been attempted.

As the first in a series of T2S discussions in Vienna, the speech was geared towards illustrating how the benefits of the regulations are so large that taking a wait-and-see approach has significant cost and opportunity cost implications.

The sole speaker in the presentation commented: “To access cost benefits, early action is essential. Previous experience has shown that markets take too long to act. This year presents a window in which strategic supply chain decisions can be taken, and executed.”

The speaker went on to concede that, as T2S was revealed more than 10 years ago, a certain amount of lethargy is understandable. However, the session advocated how the long-term savings of T2S compliance would outweigh the potential short-term rise in costs.

On the regulatory front, attendees heard one panel agree that banks’ relationships with sub-custodians are rarely affected by regulations such as the Alternative Investment Fund Managers Directive (AIFMD).

According to the panel, service providers are not forced out of the market by regulations, despite due diligence practices having to be adapted. On the contrary, the moderator claimed that new regulations have breathed life into an industry that was not as appealing 20 years ago.

Audience surveys during the panel concluded that the increased costs associated with regulatory changes should be paid by investors themselves, while the contingent of network managers in the crowd, rather optimistically, declared that fees for sub-custodians would decrease over the next five years.

The panel closed by reiterating that sub-custodians would continue to be in demand, due to banks appreciating the local expertise and connections that they provide.

Next up was global custody, which attendees heard must adapt to the new industry environment by thinking its way out.

When surveyed, a large proportion of the audience (45 percent) felt that problems in the industry are strategic and therefore fixable.

A panel claimed that these strategic problems stem from a lack of innovation, leading markets to become challenging or even financially counterproductive.

One panellist claimed that the custody sector should look to other areas, such as investment banking or technology suppliers, for inspiration.

Although mimicking the former’s offshoring and outsourcing could be a mistake, a change in model is essential, as far as the panel was concerned.

One of the panellists commented: “We have tried to be all things to all men in all markets and it just doesn’t work.”

Another of the surveys revealed that collateral management is viewed by network managers as the most lucrative route for global custodians in the future, with 47 percent of the audience choosing it as the best bet for rapid and sustained growth.

Although the panel agreed with this to an extent, a panellist warned: “There is a scarcity … and a lot don’t get it right.”

An area that banks must look to harness is digital media, which will become essential to network management in the future, according to a panel at the conference.

Although banks are still reluctant to open themselves up fully due to reputational risk, the panel asserted that mastering digital media is key to building client relationships and fostering continued debate, and therefore growth, within the industry.

The panel did not offer concrete guidelines on how network managers can go about embracing the virtues of social media but stated that the paradigm shift was inevitable.

Nevertheless, with #AIFMD and #EMIR becoming more common on Twitter and valuable industry connections being made on LinkedIn, the panel claimed that every financial marketing director is obligated to become “skilled up” with social platforms.

In addition to Twitter and LinkedIn, podcasts and other digital media were earmarked as different methods to communicate with managers’ target markets.

One of the panellists commented: “There was a time, 20 years ago, when companies were obligated to produce a long list of rules about how to use the new medium, email, safely. These days people are not nearly as worried and I believe that the same thing will eventually happen with digital and social media.” **AST**

# Swiss developments

## Tania Dupoy of Goal Group looks at the lay of the class action land in Switzerland

In recent years, securities class actions have developed at a rapid pace outside of the US as investors have increasingly sought alternative jurisdictions in addition to the US in which to pursue claims. Some jurisdictions have extended their legislation to capitalise on the development, which can, in part, be attributed to the result of the Morrison v National Australia Bank case in 2010. In Morrison, the US Supreme Court ruled that f-cubed actions (which involve a non-US shareholder, suing a non-US company, whose stock was purchased on a non-US exchange, bringing a case in a US court) were no longer allowed to be brought in the US.

Despite such developments, Switzerland has so far refrained from incorporating class actions directly into Swiss civil procedure and instead reflects the process of a class action closely within Article 105 of the Swiss Merger Act (SMA). The SMA has no minimum threshold to meet regarding the number of claims and provides compensation for damages for any company member/shareholder who has been disadvantaged during a transaction (merger, split or change of corporate form).

The decision of such a claim has legal effect for all company members/shareholders who have the same legal status as the plaintiff regardless of whether they were subject to the claim or not. It is possible for shareholders to file a claim for appropriate compensation and, as Alexander Vogel and Debora Kern of Swiss law firm Meyerlustenberger Lachenal highlight: "The court will verify whether the compensation offered to the minority shareholders in the merger agreement is equal to the fair value of the shares of the absorbed entity and, to the extent necessary, adjust such compensation."

Another form of collective action and what might be termed a 'group action' can be processed under the Civil Procedure Code (Article 71), which allows for simple joinders. These consist either of a joint plaintiff comprising several parties, or an opportunity where several parties are sued as joint defendants; the result is not automatically binding. Alternatively, under the Collective Investment Schemes Act (Article 85), a representative individual may represent a group of investors and claim in the name of the group. Such a judgement is binding for all affected investors.

Third party funding of cases is permitted. Legal expenses are often covered by a legal expenses insurance policy but there is commonly a maximum limit to the cover provided. If costs for a plaintiff's proceedings are paid by an insurance company, the plaintiff is not entitled to receive legal assistance.

Switzerland's reluctance to incorporate class actions in a more obvious way may be due to the 'principle party disposition'—a highly regarded procedure nationally which is relevant to all areas of civil law and enables parties to have direct control over the object of dispute. In an interview with World Radio Switzerland, Geneva lawyer Carlo Lombardini explained that the courts are reluctant to modify legislation that could encourage a sense of "because a loss has been suffered, it must be recovered".

This is because in Swiss law, if one has suffered damage, one must prove that the damage was caused because of a violation of a duty or contract. There has been recent petitioning, however, for class actions to be allowed in Switzerland, particularly as they are believed to encourage corporate governance best practice. The Swiss government has been receptive to such opinions and in July 2013 it published a report that analysed collective action mechanisms across the world. This report will act as a point of discussion and may prompt the Swiss government to extend its collective redress mechanisms.

Although Swiss law does not explicitly allow securities class actions, there are ways in which it is possible to file collective action and seek redress. It is a jurisdiction to watch as it may well adapt its legislation to mirror more closely alternative class action legislation established in EU member states, such as the Netherlands. In addition to seeking these opportunities, custodians, fund managers and trustees are reminded to continue vigilantly monitoring securities class actions opportunities across the world. A lack of international participation is unlikely to be tolerated as analysis has shown that more than 25 percent of equities owned by Swiss investors are held in foreign shares.

Securities class action and tax reclamation services provider, Goal Group, predicts that securities class actions settlements in legislatures outside of the US will rise to $8.3 billion annually by 2020. However, it is also estimated that $2.02 billion of global investors' rightful returns will be left unclaimed each year. While thorough monitoring across international jurisdictions can be a daunting prospect, failing to do so could result in legal action, an unfavourable risk when there are a number of services commercially available that minimise the complexity and cost of this activity. Such service providers can globally cover class actions in all markets, while managing on-going relationships with various law firms worldwide and a network of paying agents. **AST**

**Tania Dupoy**
Sales and relationship manager
Goal Group


## 24th FundForum International 2014

Date: 23-26 June 2014
Location: Monaco
www.fundforuminternational.com/FKN2394ASTWB

Welcome to the new look FundForum International. Let us help you navigate the challenges facing the global fund management industry across four days of energised content, conversations and collaboration

## European Clearing & Settlement 2014

Date: 25-26 June 2014
Location: London
www.icbi-events.com/FKP2369ASTW

European Clearing & Settlement 2014 will bring together the most important people in the clearing and settlement community giving you a cost-effective and time-efficient opportunity to meet with your peers and clients all in one place, at one time! 10% Discount - VIP Code: FKP2369ASTW when registering

## RiskMinds Risk & Regulation Forum 2014

Date: 22-25 September 2014
Location: Barcelona
www.riskmindsregulation.com/FKN2423ASTW

The RiskMinds Risk & Regulation Forum is the meeting place for 250+ CROs, global Supervisors, renowned Academics and expert industry Practitioners to meet and discuss the key issues in risk management and financial regulation across the banking, insurance and asset management industries

## Industry appointments

First Names Group has restructured to support its recent growth and appointed new members of staff in the process.

**Mike Pesco**, **Armin Kirchner** and **Mike Lightfoot** have joined the company in respective capacity.

Pesco joins as the group managing director for private client, Kirchner will serve as the corporate and institutional managing director, and Lightfoot as the leisure services managing director.

Morgan Jubb, CEO at First Names Group, commented on the appointment: “Our business has completely transformed in the past two years and it’s imperative that we continually assess our operational model.”

**Christopher Giancarlo** has been sworn in as a commissioner of the US Commodity Futures Trading Commission (CFTC).

Giancarlo received confirmation of the position at the federal agency, which oversees he commodity futures, options and swaps industry, by the US Senate on 3 June and will this week be taking over responsibilities.

He joins the CFTC from the New York broker company, GFI Group, where he was executive vice president.

Previous experience has seen him structure alliances with major investment banks with FENICS and be made partner in the New York law firm Brown Raysman Millstein Felder & Steiner, where he practised corporate and securities law.

BNY Mellon’s wholly owned accounts provider, HedgeMark, has appointed three new senior executives to the firm’s New York office.

**Bill Santos** is the global head of business development whose responsibilities will also include marketing and relationship management.

Santos has joined HedgeMark from Kenmar Olympia Group. With more than 25 years of experience, Santos’ previous positions were as Senior Managing Director and head of Institutional Business Development for the Americas and Japan.

As the new head of the Legal Consulting Group, **Maxine Alexis** is joining HedgeMark from Deutsche Bank where she most recently served as a global co-head of the alternative legal practice group.

With 15 years of experience, Alexis will be overseeing all legal matters relating to the structuring and operation of HedgeMark’s dedicated managed account solution.

**Neil Novembre** has taken the role of head of Fund Accounting and will supervise fund accounting operations for the dedicated managed account.

With 17 years of industry experience, Novembre was the Chief Financial Officer of Deutsche Bank’s Advisors Hedge Fund Group prior to joining HedgeMark.

Maitland, the international legal, tax, fiduciary and fund services group has appointed **David Kubilus** from June 2014 in a newly-created role of head of business development, client management and marketing.

Kubilus will be based in Maitland’s London office, forming part of Maitland’s executive committee and reporting to CEO Steve Georgala.

For the past 16 years, Kubilus has worked for State Street and its affiliates in Boston and Luxembourg, most recently as head of business development in Luxembourg.

Research firm Celent has appointed **Jay Wolstenholme** as senior analyst in its securities and investments practice.

Wolstenholme has experience in front, middle and back-office workflows and applications and has served on a direct trading desk.

David Easthope, senior vice president of Celent’s securities and investments group, said: “Wolstenholme’s background and expertise, along with his ability to focus specifically on investment management topics, will be great assets for our clients.”

CACEIS has hired **Annie Blouin** its new head of regional coverage for UK and US clients.

Blouin started the role on 2 June and reports to Joseph Saliba, deputy CEO of CACEIS, in charge of business development.

In her new role, Blouin manages the teams responsible for sales activity in North America, the UK and Ireland. She is also charged with developing sales activity with UK and US asset managers, institutional investors, banks and brokers.

Blouin has 24 years experience in asset servicing. She previously served as the global head of relationship and client management at RBC Investor Services.

BNP Paribas has hired **Sofie Strandberg** and **Steve Payne** as business development managers for Denmark, Finland, Norway and Sweden, extending its securities services capabilities to Nordic institutional investors.

The colleagues will be based in Stockholm, where they will report to the regional head of sales and relationship management for institutional investors in London, Annalisa Winge Bicknell.

Strandberg has 24 years of experience in the Nordic region where she worked at Citi as head of securities and fund services for Sweden, based in Stockholm.

PricewaterhouseCoopers has appointed **David Bettesworth** as head of its insurance and investment management advisory team in London.

Bettesworth joins from Deloitte where he served as financial services head of enterprise risk services. He has more than 20 years of experience in risk and consulting, enterprise and technology risk, and internal auditing.

“[Bettesworth] has extensive and in-depth experience of the enterprise risk market, and we look forward to him using his vast knowledge to help us to service our insurance clients,” said Jonathan Howe, UK insurance leader at PwC. **AST**