



Hedge fund benchmarks go live

London 08.04.2011

GlobeOp Financial Services has launched an independent monthly window into hedge fund capital flows with the first in a planned series of GlobeOp Hedge Fund Indices.

"There is a real lack of independently confirmed industry data against which hedge fund managers and investors can benchmark their allocations and performance," said Hans Hufschmid, CEO, GlobeOp Financial Services. "GlobeOp is the first administrator to publish independent fund liquidity and investor sentiment data. This transparency was produced by combining our significant platform of assets under administration with our data management expertise. As a publicly listed company, we periodically report our assets under administration. We also summarise aggregate subscription, redemption and performance figures. It was a logical next step to apply the same rigour and controls to repackage a subset of this data into consistent, timely indices focused on capital movements for administration clients. Later this year, we anticipate adding further indices."

The first two indices will provide monthly reports based on actual and anticipated capital movement data independently collected from all hedge fund clients for whom GlobeOp provides administration services.

While individual fund data is anonymised by aggregation, Index data will be based on the same reconciled fund data GlobeOp uses to produce fund net asset value (NAV) reports. GlobeOp's total assets under administration represent approximately eight to 10 per cent of the estimated assets currently invested in the hedge fund sector. The investment strategies of the funds in the Indices span a representative industry sample.

On the eighth business day of each month the GlobeOp Capital Movement Index will report on investments, or capital movements, into and out of hedge funds on the GlobeOp administration services platform.

Data is based on actual subscriptions and independently calculated and confirmed from real capital movements, and published only a few business days after they occur.

Phoenix wins Downing FA mandate

Phoenix Fund Services has won the contract to provide the ACD, fund accounting and transfer agency services for the Downing Active Management Fund. Downing has also contracted to install Phoenix's proprietary front office system, AFOS.

[readmore p2](#)

Sound Mind extends Huntingdon contract

Sound Mind Investing Funds has extended its contract through 2013 with Huntingdon Asset Services. Sound Mind Investing Funds has been a Huntingdon Asset Services client since 2005. Huntingdon Asset Services provides fund administration, fund accounting, distribution support and transfer agency services.

[readmore p2](#)

CONTENTS

Asset Control expands in Ireland

Data management provider Asset Control is to build its development team in Dublin with the creation of 50 new jobs.

[page2](#)

KAS appointed by Method

KAS BANK has been appointed by Method Investments to provide clearing, settlement and custody services across multiple markets and asset classes.

[page2](#)

J.P. Morgan wins MainePERS mandate

J.P. Morgan Worldwide Securities Services has been selected by the Maine Public Employees Retirement System (MainePERS) to provide custody and securities services for the State.

[page3](#)

Country focus

Custody's big beasts have been fighting for market share in Germany, leaving the smaller players behind.

[page5](#)

People moves

Find out the latest hires, and who is getting promoted within the industry.

[page7](#)

Ten markets, ten cultures, one bank.

S|E|B

Asset Control expands in Ireland

Data management provider Asset Control is to build its development team in Dublin with the creation of 50 new jobs.

The company offers a strategic reference and market data platform that it says delivers the accuracy, consistency and relevance that firms need to reduce costs and risk, manage evolving compliance needs and accelerate the delivery of new products and services.

The new staff will carry out research, trading, operations, risk management and compliance on behalf of the firm's clients.

Phoenix wins Downing FA mandate

Continued from page 1

The fund is a specialist fund that invests in smaller quoted UK companies with market capitalisations of under £150 million. The Open Ended Investment Company takes advantage of the inefficiency of the smaller companies quoted markets. It invests in companies whose market values do not appear to reflect their intrinsic worth and where there is a route to uplift in value. The fund will use a proactive private equity investment style to identify and exploit the anomalies that it believes exist in these markets, with a view to providing long-term returns in excess of the capital growth that is typically achieved from UK small-cap equity funds.

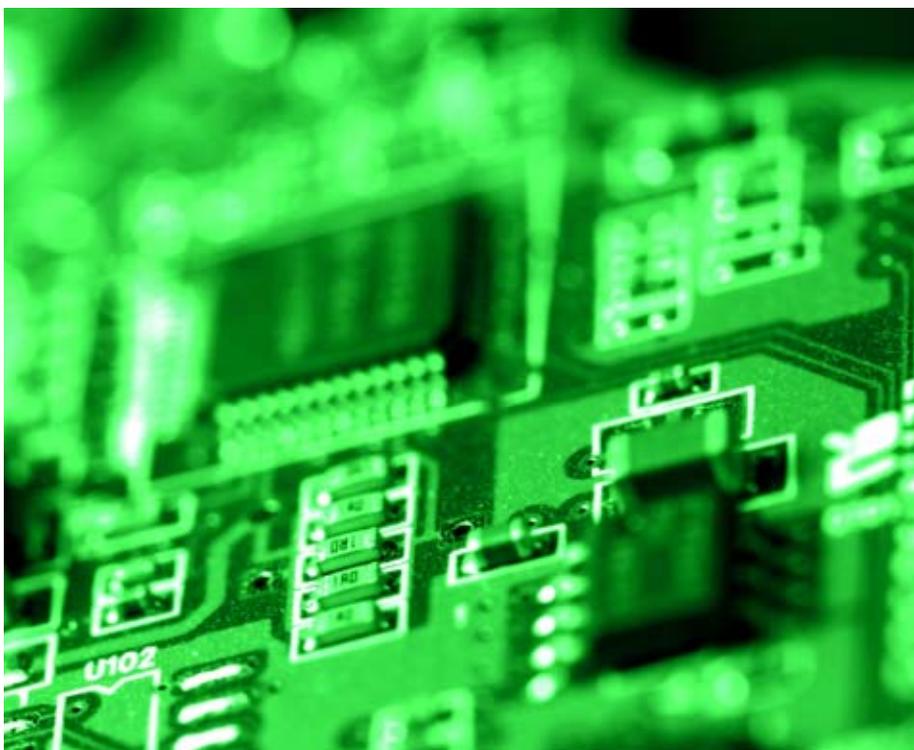
Judith MacKenzie, investment director, Downing Corporate Finance Limited stated: "The comprehensive nature of the service provided by Phoenix, notably its securities and middle office administration, allied with its proprietary software offered real value to Downing as it embarked on this new strategic initiative. Downing is delighted to be working with Phoenix with their commitment to supporting the growth of specialist fund managers."

John Rice, managing director of Phoenix Fund Services, commented: "Phoenix is very pleased to be working with Downing with their established and well earned reputation in the world of VCTs, and as they look to extend their reach in the investment management world. We look forward to assisting this exciting new development and supporting Judith MacKenzie and her colleagues."

Sound Mind extends Huntingdon contract

Continued from page 1

"Over the years, Huntington Asset Services has been a great partner as we've grown our business. Their personalised service and recent investments in state-of-the-art technology showed us their strong commitment to our business and our funds," said Mark Biller, senior portfolio manager, Sound Mind Investing Funds.



"We've been working with Sound Mind Investing since they launched their first fund in 2005," said Brian Blomquist, president, Huntington Asset Services. "We're delighted that they chose to extend our relationship and look forward to continuing to support them as they grow in the future."

Quintillion wins Insparo mandate

Quintillion has been chosen to provide administration services to the investment funds managed by Insparo Asset Management Limited.

Insparo Asset Management operates within the frontier market sector. The firm's flagship Africa and Middle East Fund has returned 33 per cent since launching in June 08. A second fund, focusing on African equities, was launched to investors in February. Insparo's investment philosophy seeks to identify deep value opportunities through an emphasis on in-depth analysis at both the macro and micro levels, and aims to provide investors with superior returns and limited volatility.

Quintillion now provides both Insparo funds with a complete range of administration services, including NAV calculation, investor servicing, anti-money laundering checks and financial reporting.

Garrett Breen, head of fund administration at Quintillion said: "We are delighted to have won a client of Insparo's calibre. We feel we can provide Insparo with the timely, accurate and transparent information they need each day to help them achieve their aim of being the premier asset manager in frontier markets."

Commenting on the appointment of Quintillion, Jon Laidlow, chief operating officer of Insparo, added: "The comprehensive range of services offered by Quintillion make them an excellent partner for the funds. We are pleased to be working with them, and we look forward to the value they can add for our investors."

KAS BANK appointed by Method Investments

KAS BANK has been appointed by Method Investments & Advisory Limited to provide clearing, settlement and custody services across multiple markets and asset classes.

Method Investments & Advisory Limited is an independent diversified investment company, whose expertise and skills are tailored to suit institutional and professional clients. Method provides trading, asset management, fixed income sales, advisory, research and analytics services.

Giuseppe Dessi, CEO, Method Investments & Advisory Limited, said: "We are very keen to start and consolidate this strategic partnership with KAS BANK, a well-established European bank. We strongly believe KAS BANK can mark our turning point to increase our activities across European markets."

Laurens Vis, managing director, KAS BANK UK, "We are delighted to have been selected by Method as a strategic partner to provide post-trade services. Method Investments & Advisory is a dynamic and ambitious firm, and we think represents an excellent fit with our own neutral profile and aspirations for the future."

J.P. Morgan wins MainePERS mandate

J.P. Morgan Worldwide Securities Services has been selected by the Maine Public Employees Retirement System (MainePERS) to provide custody and securities services for the State's \$10.5 billion in assets.

J.P. Morgan will provide a wide range of custody and securities services including: global custody, fund accounting, performance analytics, alternative asset administration, compliance monitoring, securities lending, transition management, foreign exchange, and cash management.

Andrew Sawyer, chief investment officer for MainePERS, said: "We chose J.P. Morgan because they offer the complete breadth of services we require. We are impressed with the strength of the firm, their commitment to the public pension market - and we believe they have the right combination of customer service and technology to provide the best service for our funds. In addition, as MainePERS looks to increase our allocation into alternative investments, J.P. Morgan clearly has the expertise and tools to provide the administration, reporting, and transparency that we desire."

Robert Caporale, head of new business development – Americas for J.P. Morgan Worldwide Securities Services, said: "J.P. Morgan is proud to have been selected by MainePERS. We will provide the State of Maine with an outstanding set of global securities services delivered with award-winning technology by an expert team. This is the latest in a series of J.P. Morgan deals in the public pension space, demonstrating our commitment to this important market segment."

Deutsche Bank appointed custodian for Kepler

Deutsche Bank has been appointed custodian for Kepler Capital Markets' Fixed Income activity across 14 markets in Europe.

The bank has already begun providing services to Kepler's French fixed income activity and expects to have completed the roll-out to all 14 countries by the end of this month.

Joseph Cusanno, managing director, head of fixed income and Olivier Segonne, head of fixed income operations & process control, Kepler Capital Markets commented: "Deutsche Bank is the ideal partner to provide a global clearing solution tailored to our clients' needs and our business lines".

Michael Aschauer, head of global sales and relationship management, Direct Securities Services (DSS), Deutsche Bank said: "We are delighted Kepler has chosen us for such a broad



mandate. This agreement represents a further expansion of our footprint in Western Europe and demonstrates our commitment and dedication to Direct Securities Services."

Al Jabha rebrands for growth

Mauritian fund administrator Al Jabha has gone in for a rebranding exercise. It will now be known as Aurisse International, or simply Aurisse. It has also moved its offices to Ebene Cyber City.

Rohit Ghai, CEO of Aurisse International, commented: "The Al Jabha Group has moved into new markets like Bermuda, Cayman Islands, and the British Virgin Islands, with expansion into Europe and the Far East on the radar. In view of this, we felt the need to identify ourselves as a global brand, a global name that reflects our ambitions of expansion and our commitment to provide quality services to clients worldwide. Aurisse is the result of this need.

Mukesh Choradiya, director and CFO, added: "Rebranding is a step forward for us. We are confident of exceeding our targets, both in monetary terms and more importantly, in client satisfaction."

QIC Selects Northern Trust

QIC has entered into an investment operations outsourcing agreement with Northern Trust, while retaining incumbent custodian NAB Asset Servicing for back office services.

QIC is one of Australia's largest institutional fund managers with \$55.9 billion under management as of 31st December 2010.

Under an agreement approved by QIC's Board of Directors, Northern Trust has been appointed to provide a broad suite of middle office functions including unit pricing, registry, trade services, reconciliations, investment accounting, performance and risk analytics, post-trade compliance monitoring, client reporting, fee administration and billing. The appointment of Northern Trust was made after a comprehensive due diligence and selection process.

"Outsourcing middle office services will give QIC a flexible and scalable operational platform to support our local and global investment management activities," QIC chief executive Doug McTaggart said. "We chose Northern Trust because of their depth and breadth of expertise in middle office services and their ability to deliver what QIC is looking for."

Investment operations outsourcing is a growing business at Northern Trust, said Steven Fradkin, president of corporate and institutional Services at Northern Trust. "As investment firms increasingly see the value in a specialist provider that can deliver true transparency, greater control and speed to market for their products, clients want a partner who becomes an extension of their business," he explained. "Northern Trust's culture, steeped in partnership and service, is a perfect fit for the operations outsourcing relationship."

"We are delighted with this strategic appointment, which reflects Northern Trust's ability to provide a broad range of market-leading solutions for asset managers and asset owners in the region," said Paul Cutts, Northern Trust's managing director for Australia and New Zealand.

"Our investment operations outsourcing team can

help fund managers to execute their business strategy better, faster, and more predictably at a time when that has never been more important," Cutts said. "We look forward to supporting QIC's continued growth in the Australian fund market, as well as the launch of new fund structures in Europe and other markets where QIC sees demand for its institutional strategies."

Clearstream completes settlement link to Malta

Malta, the last missing Eurozone country, is now in Clearstream's settlement network.

The new cross-border settlement link will be operated by the Malta Stock Exchange (MSE) and will allow international investors to access Maltese securities. The link connects MSE with Clearstream Banking Frankfurt (CBF), the central securities depository (CSD) for the German domestic market.

The Maltese securities will be eligible in CASCADE, the settlement system of CBF. Customers of CBF can settle these securities between themselves and hold them in collective safe custody like any other German security. Maltese securities could also be used for collateral purposes. Moreover, they will also be eligible through the international central securities depository (ICSD) Clearstream Banking Luxembourg (CBL) via the settlement link between the ICSD and the CSD, thus allowing an even wider range of international investors to access the Maltese market.

Andreas Wolf, CEO of Clearstream Banking Frankfurt, said: "The development of the link with the Malta Stock Exchange is a further proof of our commitment to facilitate market openness and to find viable and cost-efficient solutions for the post-trade environment in response to customer and market needs."

Eileen Muscat, CEO of the Malta Stock Exchange, said: "We are delighted with the establishment of the link with Clearstream Banking Frankfurt which is not only a response to our industry's needs, but which we believe is vital in helping our market to develop a truly international presence."

The Malta Stock Exchange (MSE) was set up in November 1990 and became a full member of the European Central Securities Depository Associa-

tion (ECSDA) in 2006. In 2007 it attained the license to operate a central securities depository.

Helvetic buys Capita

Helvetic Fund Administration has acquired Capita Financial Administrators (Gibraltar) Ltd.

The acquisition sees the transfer of Capita Gibraltar staff and over £500 million of assets under administration to Helvetic.

Helvetic Fund Administration has operated in Gibraltar since 1998. As the first fund administration company in Gibraltar, Helvetic was licensed by the Financial Services Commission (FSC) in Gibraltar with the introduction of a licensing regime for the fund administration industry. Helvetic has extensive experience in supporting sophisticated hedge fund structures and investment vehicles. The company focuses on maintaining a close working relationship with clients in order to provide them with services superior in quality, efficiency and responsiveness.

During the acquisition, Capita continued to provide outsourced back office functions via Capita Sinclair Henderson Limited, part of the Capita Financial Group, located in Exeter, UK.

Nicola Smith, CEO of Helvetic Fund Administration Ltd explained: "We have now completed the full integration of Capita Financial Administrators (Gibraltar) Ltd into our operations and welcomed new staff members to our company. We are known for our experience, expertise and high service levels in Gibraltar and are pleased that not only have we been able to retain jobs, but we have also accomplished this with zero disruption to clients during the integration process. Adding over £500 million to our assets under administration positions us as clear leaders in our industry in Gibraltar and provides us with a sound basis for the future growth of our business internationally. We are very pleased that we have reached this important milestone."

Kenmar Group selects GlobeOp

The Kenmar Group, a Rye Brook-based \$1.5 billion global alternative investment firm, has selected GlobeOp Financial Services to provide an extensive range of fund administration, risk and data center-related services.

Kenmar invests in managed accounts and funds

across a wide variety of trading strategies. The firm's CLarITy Managed Account & Analytics Platform is comprised of 40 separately managed accounts. GlobeOp's managed account, risk and technology expertise were key elements in the selection decision.

"Since our inception in 1983, Kenmar has recognised the value of transparency and of providing our investors with the most advanced technology and information access available," said Esther Goodman, chief operating officer of Kenmar. "As technology develops, we continue to look for better and more efficient ways to use data. We harness technological innovation to our advantage and for the benefit of our clients. The integration of risk and customised reporting is a central operational requirement.

"GlobeOp's systems will enhance Kenmar's ability to provide our investors with detailed and integrated risk analytics and reporting, and independently verified asset and performance data. Their size and reputation, robust technology platform, data centers and commitment to continuous technological investment offer the scale for continued growth that we require from a top-tier administration services partner."

"We welcomed the rigour and attention to detail of Kenmar's due diligence during the selection process," said Vernon Barback, GlobeOp president and COO. "Their proactive approach to identifying and managing risk aligns well with our commitment to operational transparency and controls. We appreciate their trust and confidence in our experience, people and technology to strengthen their platform and increase the value added for their clients."

Added George Evans, GlobeOp head of business development: "Kenmar's 27 years of managed account experience continually raises the bar in terms of industry best practices and investor reporting solutions. We look forward to supporting them with an established infrastructure and processes that now serve more than 250 managed accounts."

Maples Fund Services enhances services offering

Maples Fund Services is leveraging Geneva, Advent Software's global portfolio management and fund accounting solution, to provide enhanced services to its clients.

Corporate and Investment Banking

Standard Bank offers a sophisticated range of safekeeping, clearing and related services to local and foreign institutional investors in the South African and 12 sub-Saharan markets. For information e-mail transacts@standardbank.co.za

Moving Forward



Standard Bank

Maples has expanded its services beyond traditional fund administration to offer enhanced reporting and middle-office capabilities. Maples implemented Geneva to link its global offices on a single, real-time portfolio accounting platform. As a result, through the use of Geneva along with proprietary technology developed by Maples, the firm is able to provide the detailed, timely reporting and middle-office capabilities that investment managers require.

“Alternative fund managers face unprecedented reporting requirements and investor due diligence, and they are turning to their administrators for support,” said Chris Momsen, senior vice president and general manager of global accounts at Advent. “Many fund managers are finding that they lack the middle-office infrastructure to produce the kind of detailed reporting that investors expect and regulators require. Enhanced middle-office functionality is a key feature of the latest version of Geneva, which further expands the services that Maples and other administrators can offer.”

Maples’ clients around the world can access Geneva reports and bespoke dashboards to get a comprehensive picture of activity across multiple portfolios at any time, including:

- NAV overviews and P&L monitoring
- Cash positions and projections
- Liquidity reporting
- Compliance monitoring
- Performance attribution analyses
- Trade allocation support
- Collateral management and counterparty exposure

“Investment managers have very customised ways of doing things and a one-size-fits-all approach to middle-office services just doesn’t work,” said Tyler Kim, chief information officer, Maples Fund Services. “We work with our investment management clients to introduce best practices into their operations, help re-engineer their processes, and provide access to the information necessary to execute their investment strategies. Geneva is instrumental in helping us provide that level of service for our clients.”

Kingdom of Spain mandates BNP Paribas

BNP Paribas Securities Services has been appointed by the Kingdom of Spain (Tesoro Público) to provide a fully integrated suite of collateral management for OTC derivatives, and custody services. Tesoro Público, is responsible for the design and implementation of the funding strategy of the Spanish Central Government.

Commenting on the development, Ignacio Fernandez-Palomero, head of the Debt Division at Tesoro Público said: “The new platform has given us the base to enhance our collateral activities, with the safety and security of BNP

Paribas Securities Services’ custody services. We also appreciated the team’s expertise, both on a technical and regulatory level. The fact that they had a deep knowledge of both collateral management and custody under one roof was a key factor in our decision.”

BNP Paribas’ collateral management platform also enables clients to benefit from multi-jurisdictional booking of collateral across more than ten locations – a feature that is completely unique in the market today. The platform can either be integrated seamlessly into existing client systems, or provided as part of the Bank’s full suite of services for OTC derivatives including trade management, independent valuations and collateral management.

Hélène Virello, head of collateral management services at BNP Paribas Securities Services said “We are delighted that the Kingdom of Spain has entrusted us with its collateral management and custody requirements.

“Meeting ever increasing collateral requirements is essential to clients trading OTC derivatives today, and this development demonstrates our dedication to supporting our clients across the entire post-trade lifecycle.”

New fair value information service from Interactive

Interactive Data Corporation has launched the real-time Fair Value Information Service.

The new service, which will be available in the second quarter of 2011, will provide real-time evaluated prices for more than 15,000 international equities throughout the trading day. These streaming evaluated prices reflect an independent opinion of international equity prices that would likely prevail following the close of local markets.

The Real-Time Fair Value Information Service will also be offered as a premium input to the Company’s Basket Calculation Service, which provides intraday indicative values (IIVs) for exchange traded structures and values for market indices. This will enable ETF sponsors and index providers to provide fair value adjusted IIVs throughout the day to the investment community.

“Investors need a way to assess the fair value of ETFs on an intraday basis, and this has been a challenge for more than a decade,” said Matt Hougan, president of ETF Analytics for IndexUniverse, a leading independent authority on ETFs, indexes and index funds. “Interactive Data’s real-time fair value adjustments represent a significant step forward for the ETF industry, and will help investors make more informed decisions.”

Other market participants, including market makers, authorised participants (APs) and traders, can utilise real-time fair value information as an additional reference point to form their opinions of value and support trading activity, the creation/redemption decision-making process, and risk management.

“From ETF sponsors monitoring the behavior of their ETFs in the marketplace to APs and other investors estimating basket values to inform creation/redemption and trading decisions, the Real-Time Fair Value Information Service can help to address the needs of multiple market segments,” said Liz Duggan, managing director, Global Evaluations for Interactive Data. “We are excited about this extension of our Fair Value Information Services, which underscores our commitment to evolve our offerings to support our clients’ business processes.”

Since 2002, mutual fund companies have been using Interactive Data’s Fair Value Information Services to help meet regulatory requirements, to safeguard investors’ interests against market timers, and to reassure their investors that appropriate procedures are in place to reflect the fair value of assets when determining net asset values (NAVs). More than 185 of the company’s clients in the United States, Europe and Asia currently utilise its Fair Value Information Services.

Real-time fair value information will be available from Interactive Data through:

- The Basket Calculation Service: Designed for ETF sponsors, this service will deliver fair value adjusted intraday indicative valuations (IIVs) for US-listed global equity ETFs;

- PlusFeedSM: This low-latency, consolidated global datafeed will provide real-time fair value information to financial institutions for integration into their trading applications. PlusFeed is also available on the Interactive Data 7ticks network.

- Market-Q: Interactive Data’s flexible browser-based real-time market data desktop terminal will offer streaming access to real-time fair value information to a wide range of market participants for trading, research, charting and data download purposes.

SGX/ASX merger collapses

The proposed merger of Singapore Stock Exchange and the Australian Stock Exchange has fallen apart following the announcement that the Australian Treasurer has rejected the deal.

Earlier, the Foreign Investment Review Board (FIRB) of Australia said it was minded to reject the merger as not in Australia’s national interest.

In a statement released following the announcement by the Treasurer, SGX said: “Asia will remain the world’s growth engine in the coming decades. SGX, as the Asian Gateway, is well-positioned to leverage on opportunities within Asia’s vibrant and dynamic economies. As Asia’s most international exchange, we will continue to pursue organic as well as other strategic growth opportunities, including further dialogue with ASX on other forms of co-operation.”



Bottom line:

Your securities services expert
in Central and Eastern Europe

Our network is available for you in Central and Eastern Europe for your securities services business. We bring you in-depth local experience and award winning international expertise. ING is your partner in Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, Slovak Republic and Ukraine. For more information call Lilla Juranyi, Global Head of Investor Services on +31 20 563 6435 or e-mail: Lilla.Juranyi@mail.ing.nl.

www.ingcommercialbanking.com





Germany

Europe's biggest market has been fiercely competitive for years. And as the market moves increasingly cross-border, the smaller players are starting to lose out

BEN WILKIE REPORTS

As the powerhouse economy at the heart of Europe, what happens in Germany reverberates across the continent. More manufacturing-based than some of its neighbours, it has survived the global downturn remarkably well, although its position as one of the EU's leaders has put pressure on it to help its struggling neighbours - when Greece needed a bailout, there was a huge domestic outcry about the support the German taxpayer had to give to its less disciplined neighbour. And as Ireland and now Portugal have followed Greece's lead, the

burden is starting to show - Chancellor Angela Merkel is taking an increasingly tough line about the need to rein in public spending.

This is all set against a backdrop of concern about Germany's status as one of the world's largest manufacturers. It's not cheap to hire people in the country, and it's really expensive to let them go if times start to get tough. While German manufacturers have remained relatively loyal, their international competitors have no such ties and have looked to reduce their costs in the fast-growing Asian markets.

Even so, Germany was one of the first major Western economies to come out of recession at the start of 2010. Growth since has been relatively slow, hovering around the one-two per cent mark, though as its downturn was comparatively benign, there haven't been huge losses to make up.

But the financial markets remain in rude health. Although Germany has pretty much conceded the position of Europe's leading financial centres to London, and several national banks had

to take state support to survive the downturn, the funds industry is doing well.

INREV, the European Association for investors in non-listed real estate vehicles, says that Germany has overtaken the UK as the preferred location for investment in non-listed real estate funds. 36 per cent of investors said German retail was their choice - a real change from the year before when the country didn't even get into the top 10.

T2S

Germany is also gearing up for the prospective implementation of the cross-border trading initiative Target2-Securities (T2S).

In July 2008 Eurosystem, the council of the European Central Bank (ECB), the monetary authority of the eurozone, made the formal announcement that it will build T2S, the ambitious IT platform to provide harmonised delivery-versus-payment settlement in a variety of currencies for almost all heavily traded securities circulating in Europe. This will make cross-border settlement identical to domestic settlement in terms of cost, risk and technical processing.

Under T2S each participating central securities depository (CSD) will outsource to T2S its core account holding and securities transaction settlement functionalities. CSDs will have a legal relationship with T2S, while participants will continue to have their legal relationship with their CSD.

CSDs will start testing the T2S software in January 2014 and the platform is expected to be ready to go live in September 2014, according to the latest project plan.

T2S will consolidate settlement across all countries in. It will be a state-of-the-art settlement engine offering centralised delivery-versus-payment (DvP) settlement in central bank money. It will be operated by the Eurosystem on a cost-recovery basis, to the benefit of all users. T2S will be neutral towards all countries and market infrastructures and towards the business models adopted by all CSDs and market participants. The T2S concept is based on 20 General Principles, formulated in cooperation with the market and aimed at ensuring the resilience, integrity and neutrality of the Eurosystem's settlement platform.

The main characteristic of T2S is that it will

make cross-border settlement identical to domestic settlement, in terms of cost, technical processing and efficiency. A single set of rules, standards and tariffs will be applied to all transactions in Europe, dramatically reducing the complexity of the current market infrastructure. Cross-border fees will be considerably lowered, making the European securities markets more attractive and cost-effective.

Transactions in T2S will be final and safe. The use of DvP on a real-time gross basis will eliminate the counterparty risk, ensuring that a participant's counterparty fulfils its obligations. The use of central bank money, i.e. the transfer of cash between participants' accounts held at the respective national central banks, will eliminate the settlement agent risk. In T2S, both the securities and cash legs of the transactions will be settled in DvP mode: the securities will only be delivered to the buyer when the cash is delivered to the seller.

T2S will only perform settlement and will be a service offered to central securities depositories (CSDs), and not a CSD in itself. The CSDs will be the only parties involved in a contractual relation with the Eurosystem and will remain responsible for the legal and business relations with their clients. They will continue to maintain their customers' accounts and to perform all activities pertaining to the rest of the post-trading value chain. Such services include custody, asset servicing, corporate actions processing, and tax and regulatory reporting.

T2S will have a multicurrency dimension. It will extend beyond the euro area, enabling the interested non-eurozone national central banks to connect to T2S with their currencies. Today most CSDs organise DvP settlement in central bank money with only one central bank. In T2S securities will be settled against any of the available currencies.

T2S will ensure real-time DvP and settle across borders by employing the so-called "integrated model": both securities accounts and cash accounts will be integrated on one single IT platform, so that only one interface will be necessary between the CSDs and the T2S platform. T2S will accommodate both the market participants' securities accounts, held at either one or multiple CSDs, and their dedicated central bank cash accounts, held with their respective national central bank. The dedicated cash accounts will be used exclusively for settlement purposes

in T2S and will be linked to the participants' cash accounts held in TARGET2 or another non-euro central bank RTGS account.

The use of an "integrated model" will allow T2S to connect any securities account at any participating CSD with any cash account at any participating central bank, within the same currency.

Competition

As one of the world's largest markets, there has always been competition from both local and global players to grab market share. In the past three or four years, though, this has only increased. Those custodians that have reported growth over the past year have tended to be in the international providers, with domestic banks getting somewhat left behind.

This has been exacerbated by consolidation within the sector. BNY Mellon bought BHF Asset Servicing, including its fund administration business Frankfurter Service Kapitalanlage-Gesellschaft last year, while other multinationals have made similar deals. It makes BNY Mellon the second largest custodian in Germany, just behind State Street, which itself grew significantly as a result of buying Deutsche Bank's global custody business in 2003. Other majors with significant share include J.P. Morgan, Citi and HSBC Trinkaus.

This has really squeezed the local players, and the work going forward on T2S is only making the market tougher. "The local banks have survived on their relationships with their clients, many of which go back years or even decades," says a representative from one of the global players. "But as new regulation and new technology comes in, they are finding it increasingly difficult to keep up. These problems are increased when their clients see the service others are getting from bigger organisations, who can absorb the cost of changes and advances in technology." *AST*

Next issue: South Africa
A look at the local
custody market

SLT
SECURITIESLENDINGTIMES

WWW.SECURITIESLENDINGTIMES.COM

Covering all areas of securities
finance
Don't miss out.
Subscribe now - click here

New York London Securities Financing Forum

Date: 26 May 2011
 Location: New York
 Website: <http://www.dataexplorers.com>



Gather the world's leading thinkers and doers in securities financing and offer them one day of extraordinary insights and powerful inspiration.

Network Management 2011



Date: 15-16 June 2011
 Location: Dubrovnik
 Website: www.icbi-events.com/nema/

With over 300 attendees from the Network Management and Securities industry in 2010, NeMa has become the most important event of the year for the network management community - bar none.

ISLA 20th Annual International Securities Lending Conference



Date: 28th-29th June 2011
 Location: Penha Longa (Lisbon/Sintra)
 Website: www.afme.eu/isla2011

ISLA is pleased to announce the date and venue for its 20th International Securities Lending Conference. The event will take place between 28th and 30th June 2011 in Penha Longa (Lisbon - Sintra).

European Clearing and Settlement



Date: 29-30 June 2011
 Location: London
 Website: www.icbi-events.com/ecs

An expected wave of European regulation; more competition; pressure on costs and fees; a new focus on risk – all this and more will be covered at ICBI's flagship 17th annual clearing and settlement event.

ready for your future needs

FINACE®
 A COMIT Product

The state-of-the-art IT solution for:

- Securities Lending
- Repo
- Synthetic Finance
- OTC Derivatives Collateral Management

Finace is currently the only fully integrated solution which supports the future business models within the area of Securities Finance and Collateral Management. The architecture of Finace is based on a stable, leading edge technology platform which was developed with performance and robustness as the focus of design. With flexibility at its core, customer-driven extensions and modifications can be quickly and easily applied to the standard component set.

COMIT AG, Pflanzschulstrasse 7, CH-8004 Zürich, Phone +41 (0)44 298 92 00, info@comit.ch, www.finacesolution.com

Industry Appointments

Margaret Law has joined the Hong Kong office of Northern Trust as head of client services for its asset servicing business in North Asia except China.

"Margaret Law is an industry veteran who has a wealth of experience serving sophisticated institutional clients, including global asset managers," said Teresa Parker, chief executive officer of the Asia Pacific region for Northern Trust.

Robert Druskin has been appointed chairman of the board of the Depository Trust & Clearing Corporation, effective April 18, 2011.

In December, DTCC announced that it would separate the roles of chairman and chief executive officer to ensure a best-in-class approach in DTCC's governance and risk management oversight. "This approach follows the global standard for corporate governance, and aims to ensure optimal checks and balances between the businesses and risk control functions," said Art Certosimo, presiding director of DTCC's board of directors.

As DTCC's chief executive officer, Donald Donahue will continue to oversee the company's domestic and international businesses, operations, technology and other functions (eg, customer outreach and staff areas), reporting to Druskin.

The California Public Employees' Retirement System (CalPERS) has appointed **Russell Fong** as its acting chief financial officer (CFO).

In this newly-established position Fong will be responsible for managing the financial processes for CalPERS, including budgeting, accounting, cash management, and financial planning and analysis. He will also oversee CalPERS Enterprise Risk Management projects.

Fong is currently the interim assistant executive officer of the CalPERS Administrative Services Branch. He manages the Fiscal Services, Human Resources, Operation Support and Strategic Management Services Divisions. He joined CalPERS in 2005 as chief of fiscal services,

where he oversaw the system's accounting and budgeting functions.

RBC Dexia Investor Services has appointed **Mauro Dognini** as managing director for Italy, subject to regulatory approval.

He will report to Tony Johnson, global head, sales & distribution. Dognini will be responsible for local market strategy, leading the company's integrated sales, relationship and strategic client management model in Italy. He will also chair RBC Dexia's Italian Management Committee and oversee local regulatory relationships.

Dognini joins RBC Dexia from BNP Paribas Securities Services where he was global head of asset managers & asset owners solutions, based in Paris. Prior to this, he was deputy general manager for BNP Paribas Securities Services Italy for more than a decade.

Dognini replaces Paride Amiotti who retires from RBC Dexia in May.

HornbyChapman has appointed **Liz Cleary** as MD of Asia and head of its Singapore office. Cleary, who has been based in Singapore since January 2010, will have pan-Asian responsibility for business development, client retention, market research and expansion.

"We are delighted that Liz has chosen to join our expanding firm," said Paul A. Chapman, co-founder and managing director of HornbyChapman. "Asia is central to our global growth plans and to have secured the services of a senior talent acquisition executive such as Liz is both a coup for us and a demonstration of our ongoing commitment to the region, additionally evidenced by our setting up a Singapore office. We offer a consultative and bespoke approach and follow a policy of mirroring where our clients are to maximise market knowledge and the sourcing of the most relevant candidates".

BNY Mellon Asset Management has named **Jack Malvey** chief global market strategist and director of the newly formed BNY Mellon Center for Global Investment & Market Intelligence.

AST ASSETSERVICINGTIMES

Editor: Ben Wilkie
benwilkie@assetserVICingtimes.com
Tel: +44 (0)20 3006 2710

Marketing: Steven Lafferty
design@assetserVICingtimes.com

Publisher: Justin Lawson
justinlawson@assetserVICingtimes.com
Tel: +44 (0)20 8249 2615
Fax: +44 (0)20 8711 5985

Published by Black Knight Media Ltd

16 Bromley Road
Beckenham
Kent
BR3 5JE
UK

Company reg: 0719464

Copyright©2011
Black Knight Media Ltd.
All rights reserved.

To subscribe please visit
www.assetserVICingtimes.com

He will lead a team responsible for capturing and researching investment trends, market activity and economics.

Malvey reports to Curtis Arledge, vice chairman of BNY Mellon and chief executive officer of its asset management business.

Malvey will focus on developing a global investment and market knowledge platform that will help capture and communicate the investment opinion and analysis from across the investment firms that comprise BNY Mellon Asset Management. **AST**



Raising The Bar In Recruitment

Telephone: +44 (0)20 7959 2440 | Email: enquiries@hornbychapman.com
Web: www.hornbychapman.com | Postal: 68 King William Street, London, EC4N 7DZ, UK

