



Citi to provide services in Kuwait

KUWAIT 26.01.2011

Citi's Global Transaction Services business will be providing direct custody and clearing (DCC) services to clients investing in Kuwait.

Citi is now open to service the Kuwait Stock Exchange (KSE) taking Citi's proprietary network, the largest in the world, to 59 markets globally, of which 33 markets are in Europe, the Middle East and Africa.

The announcement was made at KSE's headquarters in Kuwait in the presence of Hamed Al-Saif, director general of KSE, Anas Al-Saleh, chairman of the Kuwait Clearing Company (KCC), Ziyad Akrouk, chief executive of Citi Kuwait, and Richard Street, Citi's head of securities and fund services for the Middle East. Also present were senior management from the three institutions. With this announcement, Citi will start offering custodial services in the market for KSE-listed securities. These services include:

account management, settlements, safekeeping, pre-matching, registration, full asset servicing suite, income collection and payment of dividends and interest, market claims, handling post-trade issues, cash management, foreign exchange, reporting, market expertise and information services to clients.

This move will encourage and facilitate further international investment in Kuwait which will lead to a broadening of KSE's investor base.

"We continue to respond swiftly to investor demands and this is a further step towards providing high quality custodial services and easier access to Kuwait's capital market," said Hamed Al-Saif. "We welcome Citi, as one of the leading global custodians, on board to assist with the continued globalisation of KSE's investor base and to help increase foreign investment in Kuwait's capital market."

Cavendish picks Linedata

Cavendish Administration will use Linedata Icon to build a fully integrated portfolio administration, fund accounting and reporting solution for its operations.

With over £1 billion of assets under administration, Cavendish is implementing Linedata Icon to be able to expand its business, service more funds and extend its service offering.

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HSBC implements AWD

HSBC Securities Services Transfer Agency has implemented globally the image and workflow system AWD.

AWD is designed to facilitate operational efficiency gains in high-volume functions such as shareholder subscriptions and redemptions, and account opening. It also complements the TA client service and distribution support model on a global basis.

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MXConsulting

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Citi to provide services in Kuwait

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Akrouk emphasised the significance of this market for the bank, saying: "Providing direct custody and clearing (DCC) services in Kuwait is an integral part of Citi's plan to enhance its services in the country and falls in line with Citi's long stated objective of contributing to the meaningful development of the region's financial markets in cooperation with solid partners such as KSE and KCC."

Direct custody and clearing plays an integral role in the capital markets by providing the clearing and settlement services required for broker dealers and global custodians to support trading and investing activities around the world.

Lee Waite, global head of direct custody and clearing at Citi, said: "Reaching 59 DCC markets is a milestone for our business and shows Citi's unrivalled ability to respond to and support our clients who will benefit from dedicated DCC client service teams providing local expertise combined with globally consistent services."

Waite added: "We continue to expand our services in the region and are encouraged by the opportunities in Kuwait as well as the rest of the Middle East. This is another important achievement in our development strategy to embed our securities and fund services capabilities within the region's world-class exchanges."

Cavendish picks Linedata

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Cavendish was previously using proprietary tools for its portfolio administration and separate systems for fund accounting and wanted to migrate to a more sophisticated solution.

"Linedata led a workshop with us to explore, map and evaluate our existing systems and processes," said Anthony Lee, director, Cavendish Administration. "This new system is comprehensive and can fully support our ambitious growth plan and significantly improve our capabilities along the way. We believe that Linedata Icon will enable us to build upon the excellent level of service that we currently provide to investment management companies and the funds they manage."

With 45 clients in the UK and beyond, Linedata Icon is a complete back office investment man-

agement, fund accounting, portfolio valuation, collective fund pricing and reporting solution which has been subject to a recent programme of innovation and development to meet market expectations and regulatory demands.

"Fund administrators need to be able to deliver a streamlined, first class service in today's environment. Their clients are extremely demanding and expect the best," said Mike de Verteuil, Linedata's group business development director.

"We have invested in Linedata Icon to ensure it delivers the flexibility needed and efficiently handles the complexities which characterise today's fund administration market. By using Linedata Icon, Cavendish will be able to extend its service offering to a greater number of funds and meet their clients' exacting due diligence requirements. We're proud to be supporting Cavendish's growth in this area."

HSBC implements AWD

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The new technology was introduced over a period of two years. HSBC clients now benefit from more efficient processing, reduced risk and a standardised service across the various TA locations.

Gina Slotosch, head of global product management, transfer agency, HSBC Securities Services, said, "AWD is supporting us to deliver a consistent offering to our clients and provides the scalability for future growth. It will help us to optimise our business efficiency around the world and to complete our transformation initiatives. Our clients will benefit through streamlined processes which will lead to an even better customer experience."

FM selects Profidata's XENTIS

IFM Independent Fund Management in Vaduz, Liechtenstein, has selected XENTIS, the investment management platform of Profidata, to support its fund management middle and back-office disciplines.

Luis Ott, managing director at IFM said: "As a bank-independent fund management company, we offer our clients the greatest possible flexibility in structuring their fund products. Hence, flexibility must be a key feature of the software platform on which we run our fund administration. Also, having the means to automate client-

individual processes and relieve our staff of repetitive tasks is just as important."

Christian Widmer, CEO and chairman of Profidata, added: "IFM's business model is comparable to that of a Master KAG. It places the highest demands on a fund administration. XENTIS has stood the test in similar environments in various countries. From those projects, Profidata have gained sound and comprehensive experience which we will now apply to the implementation at IFM."

Dealis completes migration of DekaBank funds

Dealis Fund Operations, a joint venture company owned by Allianz Global Investors and DekaBank with EUR 340 billion under administration, has successfully migrated 1,300 mutual and special DekaBank funds onto its investment management platform, SimCorp Dimension.

"Following the successful migration, we are now offering our system platform to other fund companies in Germany and Luxembourg," said Roman G. Trageiser, spokesman for Dealis. "New customers benefit from our independence and ability to innovate. Owing to SimCorp Dimension, we guarantee a highly flexible and cost-effective response to individual customer needs, market demands and regulatory requirements."

Since the formation of Dealis in late 2008, up to 50 funds per week have been lifted onto the common SimCorp Dimension platform in an automated migration process. These include 260 former Cominvest funds transferred by mid-2010, just a year after that company's integration into Allianz Global Investors. Dealis now administers approximately 2,500 funds on the platform.

"This project's success is an important signal to the market, especially in these times of general consolidation," said Dr. Jochen Müller, managing director of SimCorp Central Europe. "The Dealis case shows that SimCorp Dimension is the right platform, even for very large volumes."

Bank of China allocates global custody mandate

BNY Mellon Asset Servicing has been selected by China Construction Bank as the global custodian for the upcoming QDII fund in China to

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Moving Forward



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be launched by Bank of China Investment Management Co. (BOCIM).

The new fund will be called BOC Global Strategic Fund (FOF) and is expected to launch in March 2011. BOCIM is a joint venture fund management company between Bank of China and BlackRock.

"The pace of QDII approvals is expected to continue in 2011," said Chong Jin Leow, head of Asia, BNY Mellon Asset Servicing. "This is welcome news. With QDIIs outperforming domestic equity funds in 2010 for the first time since the financial crisis, thanks to an improving global economy, it is likely that more Chinese will seek to increase their international exposure via QDIIs in 2011."

BNY Mellon's Leow added: "As Chinese asset managers continue to diversify their portfolios through increased investment overseas, demand for global custody and related services from institutions like BNY Mellon is on the rise. We are a strong partner to Chinese asset managers, bringing our global experience and deep understanding of the infrastructure needed for QDIIs to help them achieve their international growth ambitions."

Club Plus to review custodial arrangements

Australian fund manager Club Plus Superannuation is to review its custody agreements.

The \$1.3 billion fund currently uses NAB Asset Services as its master custodian, a relationship that goes back to the fund's launch three years ago.

The CEO of Club Plus, Paul Cahill, is running the tender and said companies must meet over 100 requirements across a broad range of custody operations.

"We sent out a document asking for information, based on what they return we'll then determine that then," he said.

Northern Trust selected by Kensington & Chelsea

Northern Trust Global Investments has won the mandate for transition management services for the Royal Borough of Kensington and Chelsea.

Northern Trust will also run a \$129 million index portfolio for the next six months. The bank already provides custody services for the Borough's \$721 million in assets.

Royal Borough of Kensington and Chelsea head of financial services Paul Kidd said: "We appointed NTGI based on their track record of performance in providing custody services to us since 2009, as well as their strong reputation for transition management.

"We also recognised the efficiencies in consolidating our custody and transition management requirements into one provider."

Citi wins new Banco de Brasil mandate

Citigroup's Global Transaction Services has been appointed by Banco do Brasil to provide a full suite of investor services including trustee, custody, administration, transfer agency and cash management to Banco do Brasil's new Irish domiciled Qualified Investor Fund, BB Unit Trust Ireland, an open-ended umbrella unit trust authorised in Ireland by the Central Bank of Ireland.

José Ewerton Motta Nunes, head of distribution, Banco do Brasil, said: "By selecting Citi, we are obtaining access to their high calibre technology, expertise, global footprint and local knowledge. Citi was able to provide us with a state-of-the-art solution that was flexible and matched the needs of our company."

Richard M.F. Ernesti, global head of investor services client & sales management, Citi, said: "By winning this important mandate, Citi has received a strong acknowledgement from Banco do Brasil – one of the oldest financial institutions in the world – for our investor services solutions and products. Banco do Brasil will benefit from our network and breadth of services to help it seize the advantages of the current investment environment".

SIS Fund Services Completes Type I SAS 70 Examination

ISIS Fund Services and its wholly-owned subsidiary, ISIS Fund Services USA, have recently completed a Type I SAS 70 examination as of October 31, 2010 that was performed by a big four independent accounting firm. ISIS intends to obtain a Type II SAS 70 in 2011.

AICPA SAS 70 is a recognised reporting standard that allows service providers to disclose in detail their control activities and processes to their clients and their customer's auditors in a uniform reporting format. The independent Type I SAS 70 examination for ISIS consisted of an evaluation of the description of controls related to fund accounting (which includes new fund set up, transaction processing, cash and position reconciliations, valuations, cash receipts and disbursements, NAV calculations, performance and management fee processing and financial statement reporting), investor services and information technology (which includes logical and physical access security, change control management, and system back-up and recovery processes).

"Completing a Type I SAS 70 is an important and critical step for ISIS to take to compete in an ever more challenging fund administration environment. The annual performance of the SAS 70 examination demonstrates our commitment

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to quality, confidentiality and maintaining a high level of internal control," said Brian Desmond, ISIS COO.

SGSS mandated to provide asset servicing for Allianz

Societe Generale Securities Services (SGSS) has been mandated to provide a range of services to Allianz Global Investors Investments Europe in France and Italy. AllianzGI IE, Allianz Global Investors' European investment platform, offers tailor-made investment solutions to institutional and retail clients across Europe.

In France, AllianzGI IE has renewed its existing mandate with SGSS for depositary bank services provided since 2003.

In Italy, AllianzGI IE will rely on SGSS to provide depositary bank fund administration and transfer agency services for its full range of funds. This mandate, which is subject to regulatory approval, concerns over 60 funds and 9 billion euros of assets.

SGSS has been selected, in particular, for its managerial capabilities within the framework of its pan-European platform, which are necessary to serve the needs of investment managers with pan-European reach, such as AllianzGI IE.

Euroclear Sweden to automate fund-transaction processing

Euroclear Sweden has announced the launch of its inaugural service to automate and standardise fund-transaction processing. Fund management firms, fund distributors and transfer agents in Sweden may now benefit from automated fund-transaction order routing between relevant parties and settlement of the cash-related part of the transaction on a straight-through processing basis at Euroclear Sweden.

Euroclear Sweden's fund service will be extended to include automated fund-unit settlement and asset servicing by mid-2011. In subsequent phases, fund investors will also be able to hold their fund units in the same Euroclear Sweden account where they already hold their equity and fixed-income positions. Euroclear Sweden also aims to provide registry services for fund management companies.

Anders Löfgren, head of product management at Euroclear Sweden, said: "The Swedish fund market, which includes over 1,300 funds with an estimated value of EUR 200 billion (SEK 1.9 trillion), is a sector where Euroclear Sweden can add value by reducing back-office processing costs and risks through automation and standardisation. The consolidated and comprehensive fund service that Euroclear Sweden will offer is filling a gap in transaction processing that should cut client processing costs, compared with conventional manual processing procedures. We also intend to leverage Euroclear Bank's cross-border FundSettle service in providing Swedish firms with access to over 50,000 foreign funds and trading counterparties from over 30 markets via Euroclear Sweden."

A number of Euroclear Sweden clients, representing the fund management, transfer agent and fund distribution community, have signed up as pilot users. These include: Carnegie Fonder, Catella Fondförvaltning, Nordnet AB, Öhman Fonder and Öhman Fondkommission.

Björn Pettersson, head of administration at Carnegie Fonder, is very positive about the initiative. "We welcome and take an active part in the development of Euroclear Sweden's fund services. We believe the initiative will create more efficient, secure and standardised administration of the ultimately, the end investor," he said.

This new fund service at Euroclear Sweden is a core part of Euroclear's overall objectives for investment fund processing; a fully automated pan-European investment fund solution giving all Euroclear clients easy access to domestic and international funds, as well as a choice of services and connectivity options.

Euroclear Bank to offer post-trade services for Brazilian securities

Euroclear Bank will provide settlement, custody and related post-trade services for all Brazilian equities and domestic fixed-income securities from January 31.

Transactions in these securities will be sent to Euroclear Bank's local agent for processing in one of the three Brazilian central securities depositories (CSDs).

The three CSDs are Câmara de Custódia e Liquidação (CETIP) for corporate bonds, Companhia Brasileira de Liquidação e Custódia (CBLC BM&F BOVESPA) for equities, and Sistema Especial de Liquidação e de Custódia (SELIC) for government bonds. Euroclear Bank previously signed Memoranda of Understanding with CETIP and CBLC in 2007 and 2008, respectively.

Frédéric Hannequart, chairman of the board of Euroclear Bank, said: "Brazil's capital markets are attracting growing international investor interest. Our clients will now be able to settle transactions in Brazilian domestic securities through our agent, Citibank, in the Brazilian market. This is a very important development in reinforcing our commitment to the Latin American region and in extending the scope of our services to clients. We will continue to work with the Brazilian authorities and market infrastructures on the development of useful services to Euroclear Bank clients involving Brazilian domestic securities."

Brazil is the third Latin American market where Euroclear Bank offers services for domestic securities.

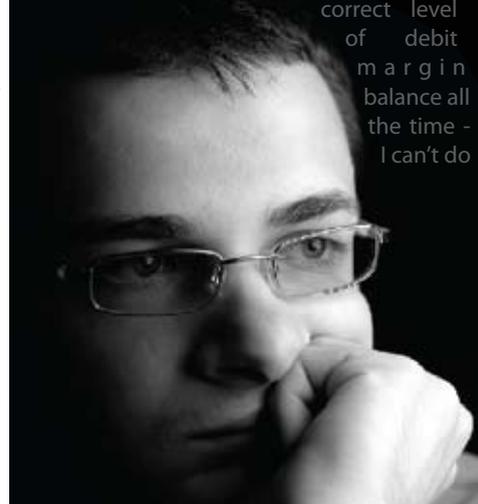
As of September 2010, the total foreign holdings in Brazilian securities amounted to EUR 240 billion (of which EUR 65 billion are fixed income and EUR 175 billion are equities). In addition, there are EUR 120 billion ADRs (American Depositary Receipts) and EUR 15 billion in Eurobonds denominated in the Brazilian Real.

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Oversight management

Tom Davis, CEO at Meridian Global Fund Services, talks to Asset Servicing Times about how the fund administration industry has changed

EXCLUSIVE

AST: Could you tell us a bit about yourself and Meridian Fund Services?

Tom Davis: Well, I'm Bermudian and have been involved in fund services for my whole career, mainly at Bank of Bermuda and then later at Olympia Capital. Meridian Fund Services, which had been formed in 1996, was affiliated with an investment management company in which my brother was a partner. In 2000, I joined the firm and separated out the fund services operations from the investment management activity and I took over Meridian's fund services operations.

In 2004, we opened our fully operational New York office because we wanted a presence in the city - I feel you still need face to face contact with the principals at the hedge fund firms. I found someone to help me set it up, Randy Troy, who had previous experience as a controller at a sizeable hedge fund. The New York operation is a very strategic component of our overall operations, and has been particularly important over the past couple of years.

In 2006/7, finding high calibre accountants in New York and Bermuda was proving very difficult. As a result, we set up an operating presence in Nova Scotia in January 2007, which was, and still is, headed by Patrick Donnelly, a twelve year veteran of the hedge fund administration industry. We didn't want to go down the India route, as Canada is closer, has great educational institutions, and is more familiar to persons working in our industry. We also have an office in the Cayman Islands and our IT is run out of Massachusetts.

We did look at expanding into Europe in 2007 but even then we could see the chilly winds heading our way, so we held back. It's still an option for us though and we're keeping an eye on the development of legislation over there - the jurisdiction of choice itself will be decided based on availability of resources and the local regulatory environment.

We mostly operate within the hedge fund industry but there are some different programmes we administer that have a relationship with our hedge fund clients - for example, in Bermuda, we perform administrative services for a pension fund that uses hedge funds. Historically we have only been appointed to service hedge funds because the mutual fund sector tends to be very institutionalised and as such the large players dominate the industry.

AST: How do you feel 2010 was for the industry and for Meridian in particular?

Davis: For us, 2010 was a good year. In the second half of 2008 and the first half of 2009 we did not lose many funds, but because of over-

all hedge fund performance, market conditions, and redemptions, we saw a decrease in the asset values of the funds we administered.

But then everyone realised that "unregulated" hedge funds weren't the main culprits behind the financial crisis - the regulated banks were. High net worth investors tended to exit the market rather than the institutions, but we started to see them come back. By the second half of 2009 the tide had turned, and at the end of the year and throughout 2010 we have seen a strong recovery for both the funds we administer and the funds that are starting up.

In the US, fund managers that traditionally performed their NAV calculations in house are now being forced to outsource that work and we have been able to take advantage of that new standard in the industry.

AST: Is the recovery coming from the growth of existing funds, or is it new entrants to the market?

Davis: I think most of the recovery is money going to established managers, but we are starting to see new managers entering the market. As the prop trading desks in banks start to shrink or disappear, traders are moving on and setting up their own hedge funds. However, we don't tend to see as much business from those managers as they generally have existing relationships with service providers arising from their careers at the banks.

In addition, although we are starting to see new managers entering the market, the amount needed to properly launch a fund is increasing, because the costs of the infrastructure needed to support a fund have increased.

AST: Do you feel the reputation of the industry has been harmed over the past couple of years?

Davis: Within the offshore market, there has always been an emphasis on due diligence, anti-money laundering, and governance. The offshore fund industry gets so much bad press and has become the whipping boy for anything wrong with the financial industry as a whole. So we have almost had to assume that every dollar we work with is laundered until we can prove otherwise. The regulators in the US have constantly been looking at what we do in this respect and challenge us to prove that we have real substance in places like Bermuda and the Cayman Islands, not just informal structures that could be used to hide the origins of dodgy cash. The infrastructure is already in place and we are ready to meet the challenge.

In the last couple of years fund governance is also being scrutinised by institutional investors

and with the implementation of Dodd Frank it will be interesting to see the impact that legislation has on fund governance within the US in terms of the funds organised there.

AST: How is Dodd Frank and other legislation affecting your business?

Davis: People are looking at a division of duties. Fund administration prior to the downturn was seen as a calculation process, something that gave credence to what had already been calculated in house.

But now investors want to see fund administrators involved in the reconciliation and valuation process. We're seeing a growing industry of firms that specialise in hard to value securities. Administrators are serving as the independent check and balance that institutional investors have recently been demanding.

AST: Are economies of scale there in the fund administration industry? Do you have to be a big firm with a global footprint to succeed?

Davis: It's starting, or restarting, to look that way. Back in 2008/9, it was all about survival, but in 2011/12, administrators will be asking if they need to consolidate, if they need to expand, and what they need to do to compete.

I don't think you necessarily have to have \$100 billion under administration to compete, but probably \$15-30 billion to have the scale you need. Larger clients don't want to be too big a proportion of your assets. They appreciate the extra level of service a smaller administrator usually provides, but on the other hand their investors are seriously looking into the financial integrity of the administrator - that's the level of due diligence we're seeing.

I think we'll see that the main reason for consolidation is to provide a global solution. For Meridian, we can expand on our own, or we can find a European group without a North American platform and through a strategic alliance or merger offer a combined service. We need to look at Asia too. So there will be more consolidation, but will it be on the same scale as the banks? I don't know.

AST: What's your view of 2011?

Davis: Everyone is optimistic. There's still risk, and we're not out of the woods yet, but the outlook is positive. The hedge fund market in particular is quite exciting. The hedge fund industry came out of the correction of 2008 extremely well. And the role of the fund administrator is also very exciting. But it's not the same role as we have historically seen. **AST**



Denmark

Denmark's custodians are increasingly needing a regional outlook to succeed in a very competitive and fast-changing market

EXCLUSIVE

Denmark has long been a well-regarded domicile for funds, and the back office has a reputation for efficiency and high value at relatively low cost. It's also seen some changes over the past few years, and expects greater automation and efficiencies over the coming years.

The introduction of CCP in 2009 was undoubtedly the biggest event in the post trade market for the past five years. "This has completely re-shaped the operative models and also the revenue situation," says Ulf Noren, global head of sub custody at SEB. "Going from a situation where exchange trades were settling bilaterally in 1:1 relationship to a situation with netting has not made great wonders to sub-custodian's gross revenues. On the other hand, this development has been supported by us as it takes on

falling link away from the Danish scene and has made the market more attractive from a cross border cost perspective. It might also have contributed to a safer and more predictable market even if all current European clearing models leaves a few things to be desired on that account. A related effect of CCP is that banks have developed more sophisticated and advanced risk management models, partly in response to the nature of a clearing environment but equally so in response to market supervisory powers requirements and own managements ditto for counterparty risk control.

"A surprising effect of the CCP introduction (even if apples not necessarily are compared with apples here) is the lowered settlement rates - an issue that is addressed by an informal CSD/Bank

consultation process at this very moment." Many international financial institutions tend to class Denmark as being simply part of the greater Nordic market, along with Sweden, Norway and Finland - and occasionally with the Baltic states of Estonia, Lithuania and Latvia.

But there are distinct differences. While Finland, Sweden and Denmark are all members of the European Union, it's only Finland that is a euro country, and Norway is not a member at all.

But there has been significant consolidation. The stock exchanges of the four countries are closely linked as part of the OMX Group, and the major regional players all offer a one-stop custodial service for the area. The likes of Nordea and SEB all have a significant presence

but there is still room for local providers such as Danske Bank. Big international players also have a role, with Northern Trust, State Street and others all making a mark.

"The Danish sub-custody market is dominated by two regional players, SEB and Nordea, in addition to one local player of some size in the sub-custody business, Danske Bank," explains Noren. "This is a trend that has been evident since 2003/2004 and it shows no signs of stopping.

It can be difficult for a domestic player to punch its weight, says Noren. "For cross border business into Denmark, most definitely so. We will continue to see local Danish banks and smaller regional banks continue losing business to the two Nordic larger players. This is not saying that local players are not doing a formidable job, they are just victims of a trend that has been ongoing for more than a decade and picked up speed some seven or eight years ago.

"As a result of this, regional players have invested heavily into the regional service provision and primarily so into bridging the differences between the four Nordic markets. This focus has also been noted by infrastructure and regulators locally, meaning that regional suppliers to a very high extent now also have taken the role as speaking partners (and thereby to some extent also influencers), something that is of crucial importance to the foreign client base. At what pace will this continue? If nothing else changes, I would say that this will be a quick process but as we stand in front of some really big changes in the post trade universe, of which T2S is the biggest, I predict pace to be moderate for the next three or four years. This is naturally due to a need for the international client base to work out their future European strategy and the sub-custodians' ability to show viable proof that they have the right thinking and will survive. Very few will."

Noren: A related effect of CCP is that banks have developed more sophisticated and advanced risk management models

Funds

Unlike neighbouring Sweden, where virtually everyone is an investor, Danes simply don't invest in mutual funds - less than 20 per cent of the population has a stake in mutual fund. And the situation is unlikely to change.

There are tax advantages for Danes to use institutional pension schemes and buy financial products through insurance companies. Bonds and cash savings accounts are also popular.

But there are also regulatory issues that prevent the growth of the mutual fund market. Under Danish law, the manager of a locally domiciled fund is a company that is appointed by the association of investors in that fund. The depositary bank or custodian must be a Danish bank and is often the promoter and distributor of that fund.

Issues

While the back office in Denmark is well-regarded, problems do remain, says Noren: "There are a number of key issues specifically in Denmark:

"First is the comparably weak performance of the CCP - is key features like partialling performed in an ultimate way and has the CCP/ CSD set-up added value or introduced new obstacles to efficiency?"

"There is also the discussion on punitive actions by the CSD for settlement fails, something SEB generally does not want to see as a first resort, only as a last one when the avenues on efficiency improvements have been fully explored more on that in the below

"We also have to deal with the full implementation of the practical terms of the shareholder directive. When true voting procedures can be introduced without excessive segregation, a lot will be achieved in the perception of Asset Servicing Quality

"When buying services in Denmark, the focus is still very much on price and reciprocity. It is though encouraging to notice that the quality elements have travelled higher up on the agenda. So has thought leadership. As margins in the industry have become very low, buyers are scrutinising efficiency elements. No one can afford to pay for inefficiency and no one can afford operational mistakes. We believe that this will lead to new operating models being introduced independent from the strong mega drivers like T2S. We also think that providers who can demonstrate sustainable models will be rewarded. Being able to speak the cross border clients voice will also be of ever increasing importance. "

Regulation

As part of the European Union, Danish funds and custodians are going to be affected by the raft of new legislation, but practical changes have yet to filter through, says Noren: "It has not had a great visible impact yet. It will though. We have never seen this amount of regulation in our sector being either implemented or in its final decision stages. Post trade development has become a process that to a great extent is politically driven. For service providers it poses a number of challenges: Management time has to become more and more devoted to this, investment budgets will to a greater extent be consumed by mandatory development and the compliance issue is becoming really big. I suspect a fairly substantial number of organisations will struggle in declaring that they are truly compliant.

"The industry do make their voice heard but it is really hard to do so without intermediary forces like European industry associations or MoFs etc. The key regulatory initiatives to shape this industry going forward are in our view: Securities Law Directive, EMIR, CSD Regulation, UCITS IV & V, AIFMD, PSD, SEPA, MiFID II, Basel Rules and the Dodd Frank Wall Street Reform."

Noren: We will continue to see local Danish banks and smaller regional banks continue losing business to the two Nordic larger players. This is not saying that local players are not doing a formidable job, they are just victims of a trend

The future

As to the future, Noren remains positive: "I think that 2011 & 2012 will continue to be financially challenging and that whatever is happening thereafter very much will be dependent of how the regulatory scene plays out. On a positive note, I think that a few banks (in which league SEB intends to stay) will benefit from positional changes primarily driven by T2S (whether or not T2S happens according to plan). This will inevitably lead to further consolidation and pair that with infrastructural changes, you will see a future where every card must be played carefully.

"For Denmark specifically, I would like to see practical implementation of the shareholders' directive, I would like to see a harmonised practice for the treatment of hold & release functionality among the three sub-custodians so that proper predictability can be introduced and standard autoborrowing functionality implemented across the line. I would like to see true efforts being made by legislators/practitioners allowing proper use of omnibus accounts and I finally would like to see the CSD encouraging increased efficiency efforts rather than implementing punitive fees and worst of it all, a mandatory lending pool!" **AST**

next issue:
Fund Administration
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Industry Appointments

RBC Dexia has appointed **Sébastien Danloy** as managing director for Luxembourg. This appointment will be effective on 2 May, 2011 and is subject to regulatory approval. Danloy will be responsible for building the business by focusing on market strategy, strategic client management and effective engagement with local industry, government and regulatory bodies. Danloy will report functionally to Tony Johnson, global head, sales & distribution.

“Our Luxembourg operations are central to the promotion of our onshore/offshore strategy, which is designed to help clients expand globally, as well as servicing them in their home markets,” said José Placido, CEO of RBC Dexia Investor Services. “We look forward to Sébastien capitalising on his long list of accomplishments and experience to achieve RBC Dexia’s goal of maximising growth across our European footprint.”

Prior to joining RBC Dexia, Danloy served as global head of sales & relationship management for Société Générale Securities Services. In this role, he was responsible for managing sales & relationship management activity across all countries and business lines and for defining and implementing the sales strategy..

Fabian Vandenreydt has been named head of securities and treasury markets at Swift.

He will report to Gottfried Leibbrandt, head of marketing. In his new role, Vandenreydt will work closely with Chris Church, global head of securities at Swift, to support the overall growth of the securities business at the cooperative. In this capacity, he will focus on the development and delivery of value-added solutions to investment managers, brokers, central securities depositories (CSDs) and asset servicers. Fabian will also look at expanding Swift’s scope in trade matching, in the areas of FX, equities, fixed income and commodities. In addition, he will lead initiatives targeted at the reference data space.

Vandenreydt brings 20 years’ experience in

securities and financial technology to his new role at Swift, where he was previously head of product management. He joined Swift in 2004 from the consultancy Capco, where he was involved in large front-to-back automation programmes in the various securities areas. His professional experience also includes work at Euroclear, where he led product management for communications services.

“The securities market is a very strategic and active area for Swift,” said Gottfried Leibbrandt. “Fabian’s understanding of the global securities market coupled with his extensive Swift background make him a perfect fit to lead a team that will deliver new levels of value to the securities industry.”

Separately, Swift recently named **Brett Lancaster** as managing director, securities initiatives, Americas. Lancaster joins from The Depository Trust & Clearing Corporation (DTCC) where he was vice president of the Global Corporate Actions business unit.

In his new role at Swift, Lancaster has responsibility for driving securities initiatives in the Americas, such as corporate actions, collateral management and electronic trade confirmation messaging solutions. He is a member of the Swift Americas management team and will report to Chris Church, chief executive, Americas and Global Head of Securities, SWIFT. Brett is based in Swift’s New York office.

Alan Flanagan has been named head of global product management at BNY Mellon Alternative Investment Services. He will continue to be based in Dublin and reports to Brian Ruane, BNY Mellon AIS chief executive officer.

“The alternatives industry will see continued progress in 2011 and will look to trusted providers like BNY Mellon to service the array of complex new funds, structures and strategies being introduced,” said Ruane. “In his new role, Alan will now sharpen our ability to deliver timely, in-

novative products – such as our asset validation-price verification service – that help fund managers satisfy today’s investor audience.

“Alan will lead a global team focused on leveraging and integrating capabilities across our business – from administration and risk reporting to cash and collateral management. New offerings like prime custody and rising demand for middle-office outsourcing will also drive growth in the years ahead,” Ruane added.

Since June, Flanagan has served as interim head of AIS global product management, while continuing in his role managing the group’s private equity administration product set. He also was primary lead for the European integration of the PNC Global Investment Servicing business, acquired by BNY Mellon in July 2010, and has been instrumental in developing plans for the BNY Mellon and GIS banking entities in Ireland and Luxembourg.

Phoenix Fund Services has appointed **Sophie Panchal** head of hedge fund sales. In this new role she will be working closely with Anthony Wolfe, Phoenix’s business development director.

Panchal has 14 years experience in financial services, covering roles in financial management, investment research and more recently selecting hedge funds and creating portfolios for a fund of funds and for private clients. Her career started at Goldman Sachs in London, embraced roles at Aon Consulting and Nedgroup Investments and most recently UBS Wealth Management.

Anthony Wolfe, business development director at Phoenix Fund Services, commented: “I am delighted that we have been able to attract someone of Sophie’s calibre to drive Phoenix’s business growth in the alternative asset class. It reflects Phoenix’s commitment to building on our success to date in servicing hedge funds and investment managers who wish to take full advantage of Ireland as a fund administration centre.”



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