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Risks mount for eurozone

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Another volatile week for global financial markets was punctuated by political uncertainty in Greece as the country struggles to come to terms with a European deal to manage its debt.

George Papandreou, the Greek prime minister, surprised the world by announcing a referendum on the eurozone rescue package - later abandoned after the opposition promised to support the deal's terms.

EU and G20 leaders stressed to Papandreou that there was no alternative to the agreement. Without it, Greece will be unable to pay public employees this December.

"Five EU summits in the past two weeks have failed to rein in the European financial crisis. The continued failure to agree on a concrete plan to contain the financial consequences of Europe's unfolding political drama increases worries that Europe's politicians are losing their ability to manage the European crisis," wrote Stefan Angele, head of investment management at Swiss & Global Asset Management.

The National Institute of Economic and Social Research (NIESR) warned that the now open discussion on a Greek exit from the European Monetary Union carries risks on its own. Under any exit scenario, bank lending would freeze for one quarter while the move would not at all guarantee that the country's outlook would improve.

Indeed, the risk is that the outlook would worsen. If Europe's leaders continue to follow a muddle through scenario versus decisive actions, the risk premiums on government debt does not recede following a default.

In its prospects for the world economy, the think tank expects world growth to slow to four per cent and indicates that the probability of double-dip recession is high across Europe.

The ECB cut interest rates by 25 basis point to 1.25 per cent and lowered lending rates to two per cent, seemingly shelving earlier concerns about inflationary pressures and acknowledging the region's debt crisis, noted Angele, who added that this week's G20 summit in Cannes is likely to become a damage control exercise.

CONTENTS

BNY Mellon gets French, UK mandates and expands P&RA offering

BNY Mellon has announced two new mandates as well as an expansion of its performance and risk analytics (P&RA) offering.

readmore p3

New liquidity opportunity for collateral managers

Loan Against, an arm of Prestige Asset Management, is accepting blue-chip wines as sole collateral for loans, according to Decanter.com.

readmore p3

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BNY Mellon gets French, UK mandates and expands P&RA offering

Continued from page 1

Oddo AM, the asset management branch of French financial services group Oddo & Cie, appointed BNY Mellon to provide fund administration and custody services for its new hedge fund, Orsay Merger Arbitrage.

In addition, the asset servicing provider was selected by Moat Housing Association in the UK for corporate trust services of a £150 million bond issuance. It will provide principal paying agent, account bank, custodian and common safe-keeper services.

BNY Mellon has also has introduced a number of enhancements to its Performance & Risk Analytics reporting that offers interactive capability which enables clients to customise and gain greater insight into their portfolio returns.

John Gruber, managing director, global product strategy for BNY Mellon Asset Servicing's P&RA group, said, "It's all about delivering the level of insight and flexibility managers need to make informed investment decisions."

The company's new Interactive Performance Report (IPR) makes new features available to institutional clients which allow users to view and customise a wide range of performance-related data by options including rate of return by account or asset class, and to drill-down on select data by asset classification such as by country, sector or industry on a daily, weekly or customised time period basis.

New liquidity opportunity for collateral managers

Continued from page 1

The company will provide tax-deductible loans of between £100,000 and £10 million for purchases of wines including Bordeaux first growths, super seconds, top right bank wines and other blue chip properties.

Quoted in Decanter, James Constantinou, managing director at Loan Against, said, "We create instant liquidity for UK and offshore-based investors who are looking to acquire fine wine at auction or through private sale."

Possibly it could be the next big thing for clearing houses after gold?

Clearing houses take MF Global in stride

MF Global's bankruptcy is being taken in stride by clearing houses around the world.

Eurex Clearing announced the successful winding down of the futures commissions merchant after terminating the former clearing member and subsequently liquidating corresponding positions. Exposures were at all times fully covered by collateral placed by MF Global and there was never a need to draw on the Clearing Fund.

MF Global was licensed as a Clearing Member for Eurex Exchange, Eurex Repo, European Energy Exchange, Xetra and the Irish Stock Exchange.

LCH.Clearnet is the appointed clearing house for the Hong Kong Mercantile Exchange and is managing all of MF Global and associated client positions for the London Metal Exchange. A source familiar with the latter said that the unwind is proceeding in a calm and orderly albeit manual manner.

CME Clearing announced it is holding "substantial excess margin collateral" from MF Global and therefore continues to be in a strong financial position, both with respect to MF Global and more generally.

"MF Global's customer positions on CME Group exchanges were and continue to be substantially over-collateralised at CME Clearing. As of today, the proprietary positions of MF Global have been liquidated with no adverse market impact, leaving a substantial part of that collateral to be applied to MF Global's obligations at CME," the clearing house wrote.

Citi appointed as FA for Hong Kong fund

Citi Global Transaction Services has announced its appointment as fund administrator for E Fund Management.

Citi's Securities and Fund Services will provide fund administration for two recently launched funds: the emerging market long-only fund and emerging market long/short fund. E Fund Management (Hong Kong) is also looking to launch a renminbi-denominated QFII retail fund by the end of the year.

Citi will provide a comprehensive service to E Fund, which will include fund administration and custody for the long-only fund, including custody in more than 15 emerging markets. Citi will also be providing hedge fund administration for their long/short fund.

David Russell, regional head, Asia Pacific, Securities and Fund Services, Citi, said, "With Citi, clients can continue to capitalise on our capabilities across the trade lifecycle, enabling growth, reducing costs and mitigating risks."

In a separate release, Citi announced its intentions to expand its alternative investment services to hedge fund and private equity investors in Asia Pacific.

BNY Mellon gets Haspa special funds mandate

BNY Mellon has been appointed by Hamburger Sparkasse (Haspa) to provide technical services related to investment limit reviews in the German bank's depository business.

BNY Mellon's specialised asset servicing business will provide administration for special fund assets valued at approximately €1.4 billion and daily support to Haspa to ensure its mandates comply with statutory and contractual investment limits on each valuation date.

Thomas Grünewald, managing director of BNY Mellon Service KAG, said, "There are a number of ways in which depotbanks can meet the additional regulatory requirements that have recently been imposed and one compelling option is to outsource individual processes and services to a specialist institution."

"Superfund" solution launched in Australia

Superfund Wholesale has announced the launch of its 'white label' service, which allows financial advisers to maintain complete control over clients' self-managed super funds (SMSFs) to simplify fund administration.

Company director Kevin Nicol said the service is designed for SMSF professional advisors to simplify the setup process and ongoing administration without losing clients to a third party administration provider.

"Unlike some other SMSF administration services that outsource the administration work off-shore, Superfund Wholesale uses industry leading software to deliver unparalleled efficiencies and support to the professional, while allowing them to maintain all communication with their client and full control and management of the client's funds," he added.

Completely cloud based, the Superfund Wholesale system provides advisors with a simple automated process for SMSF establishment, fund administration, auditing services, trust deed upgrades and round-the-clock online reporting as well as strategic advice and technical help.

Elaf Bank forms JV with Malaysian custodian

Elaf and Ohad Trust have formed a joint venture in Labuan under a regulator approved trustee license which allows the entity to work on trust, foundations, fund administration, registrar and custody assignments in Malaysia.

"As the first ever licensed trustee in the Middle East, Ohad Trust has been present in Bahrain since 2005. We are proud to expand our presence and business prospects into South East Asia by obtaining a license in Malaysia. There can be no doubt that Elaf Bank and Ohad Trust share common objectives and we are very happy to have joined forces through this strategic partnership in such an important market," said Stefan Cnoops, CEO of Ohad Trust.

He added, "We are confident Ohad Labuan, which is backed by a comprehensive regulatory framework and legal environment in Malaysia, will be able to capture significant trust related work, particularly in relation to Sukuk. We are equally confident that Ohad Labuan will become a leader, as it already is in Bahrain, in the administration and custody work of the increasingly important Labuan Islamic Investment Funds market."

Citi gets HAAM mandate

Citi's Securities and Fund Services has been appointed administrator and custodian for HuaAn Asset Management Hong Kong (HAAM).

Citi will provide customised services to HAAM's Long-Short Greater China-focused fund management business. Services offered will include daily net asset valuation, custody and hedge fund administration.

George Ding, deputy CEO of HuaAn Asset Management said, "HuaAn continues to grow its business in size and scope, which requires sophisticated and comprehensive fund administration and custody solutions. With its global network and local expertise, Citi is a strong partner for our expansion plans. We look forward to building on this partnership with Citi on this important initiative to support the ongoing success of our business in Greater China."

Northern Trust expands FI offering

Northern Trust is set to integrate BI-SAM's attribution modelling services to increase its fixed income portfolio analysis capabilities for custody and fund administration clients.

This will allow investors to further analyse the key determinants of performance with multi-factor, asset-level detail on market and manager decisions affecting the portfolio's return.

"After a detailed review of global fixed income attribution models, BI-SAM appeared as an ideal solution for Northern Trust," said Anthony Stevens, practice head for Investment Risk & Analytical Services in EMEA at Northern Trust. "By integrating the BI-SAM security-level attribution data into our existing product offerings, Northern Trust will be able to provide granular analysis of portfolio returns across a broad range of securities to distill meaningful summaries across manager specific classifications."

Huntington gets US mutual fund mandate

Huntington Asset Services has been chosen by Kovitz Investment Group to administer the launch of the advisor's first mutual fund, the Green Owl Intrinsic Value Fund. Huntington will provide back-office support and service for the Chicago-based investment firm's new fund.

"We are excited to work with an industry leader like Kovitz Investment," said Brian Blomquist, president, Huntington Asset Services. "Their proven track record in the equity space, along with their success in the investment management business, makes them a perfect fit for our growing Valued Advisers Trust series trust solution."

Marc Brenner, president, Kovitz Investment Group, said, "As we looked to launch our first mutual fund, we sought a partner who could help us bring our fund to market effectively and efficiently, while also providing a complete turnkey solution. Huntington Asset Services worked with us to develop the structure of the fund and collaborated with our team to ensure a successful launch later this year."

Fund administration survey shows HSBC and Northern Trust leading

In terms of fund accounting, Northern Trust is fast but BNP Paribas is accurate, say respondents to an FSbenchmarks fund administration survey.

Some 50 respondents from investment management firms across the UK rated their providers across core activities such as operations, reporting and pricing - of five providers, HSBC and Northern Trust stand ahead of their peers in terms of overall client satisfaction.

On the OTC derivatives side, results showed that despite headline grabbing activity related to processing these products, much work is yet to be done.

"From a European perspective, there have been industry attempts to improve efficiencies for over 20 years but the survey demonstrates that existing standards are not enough," says Graeme Austin, chief executive at FSbenchmarks. "The trickle down of regulations from clearing to asset servicing hasn't happened yet, particularly in the OTC derivatives space. As regulators continue to focus on operational risk, one can expect this will improve."

Generally high levels of satisfaction were scored for fund account preparation and client report generation with HSBC taking the lead and Northern Trust slightly trailing the pack, while BNP Paribas topped the list for accuracy.

The survey shows that while the speed of preparation of fund accounts by BNP Paribas may not be up with the industry norm, when they are generated, there is greater satisfaction with their accuracy than with any other provider while the reverse was true of Northern Trust.

On the operations side, HSBC and J.P. Morgan scored high in the management of failed trades.

Bloomberg EPS says "connect the dots" at enterprise level

Pervasive change, globalisation and standardisation are rewriting the rulebook for all companies that participate in financial services, especially vendors, says Bloomberg in a recent report.

And, in an era of rising complexity, companies that offer technology solutions such as co-location and network providers, as well as established financial services companies, have discovered the necessity of working together in an era of rising complexity.

Bloomberg's Kevin McGilloway, head of business development for Enterprise Products and Solutions (EPS), says the trends have been apparent for more than a decade. At one time, firms benefited by creating proprietary islands of services or data, but now, those structures no longer make sense in today's open environment.

McGilloway believes firms want ecosystems that work together seamlessly— systems that do not require many translations between each hop. Developments such as the adoption of FIX protocols and the use of shared infrastructure are driving this demand.

For example, Bloomberg is developing "mini-ecosystems" in collaboration with firms such as Equinix to provide timely access to data. "We no longer see the benefit of trying to be all things to all people."

McGilloway added, "We used to focus on the desktop, on the individual, at 'eyeball speed. We now have to focus on the enterprise. It's not just the desktop. It's algorithm boxes, it's golden copies, it's middle and back office, it's handling regulatory needs. We have recognised this need to be open and to think at the enterprise level."

Erste Group picks Lombard Risk

Lombard Risk Management has announced that Erste Group Bank has selected COLLINE as its collateral management solution.

The contract further extends Lombard Risk's growing customer base in EMEA, and in particular in the German-speaking region.

COLLINE is a web-based solution designed by experienced business practitioners for end-to-end, cross-product collateral management. It provides a consolidated solution for mitigating credit risk while meeting the growing demand for multiple global entities, cross-product margining, Central Counterparty Clearing (CCP), MIS reporting and electronic messaging.

Adam Zentai, head of risk management and business support, Group Capital Markets, said, "Erste Group will benefit from the new collateral system... that allows for efficient and precise exposure and margin calculations and, through a high degree of possible automation, decreases the operational risks incurred in a manual margining process."

Opus gets Agile

Opus Fund Services has announced the acquisition of Agile, a hedge fund technology firm in San Francisco to strengthen its west coast presence.

Robin Bedford, CEO of Opus Fund Services said, "This acquisition is the result of many months of hard work by both parties. We are excited to have the opportunity to work with the Agile client base as they become part of the award winning Opus platform."

Prior to today's announcement, Agile Hedge Solutions provided two lines of business to its hedge fund clients consisting of outsourced operations cash flow solutions and fund administration.

Jupiter adds Deutsche Bank for hedge fund services

Jupiter Asset Management has announced the appointment of Deutsche Bank as an additional prime broker and custodian for its Financials Hedge Fund.

Deutsche Bank will provide custody, financing and reporting services regarding the purchase and sale of securities entered into by Jupiter.

Assets will be allocated between Deutsche Bank and Credit Suisse, the current prime broker and custodian, based on the nature and type of transaction.

IBM and Misys to automate MCB treasury operations

IBM and partner Misys have been selected by Muslim Commercial Bank (MCB) to automate the bank's treasury operations.

The project will improve efficiencies and help the bank to comply with new regulations from the State Bank of Pakistan aimed at revamping and integrating financial services by making collection and credit operations much more efficient. IBM will provide implementation services alongside business partner, Misys, to deploy Misys Opics Plus, which will standardise financial mechanisms and minimise complexity.

Mohamad Ramzan, head of treasury & foreign exchange at MCB Bank, said, "IBM's services and the deployment of Misys Opics Plus will enable us to take new products to the market faster while meeting regulatory requirements."

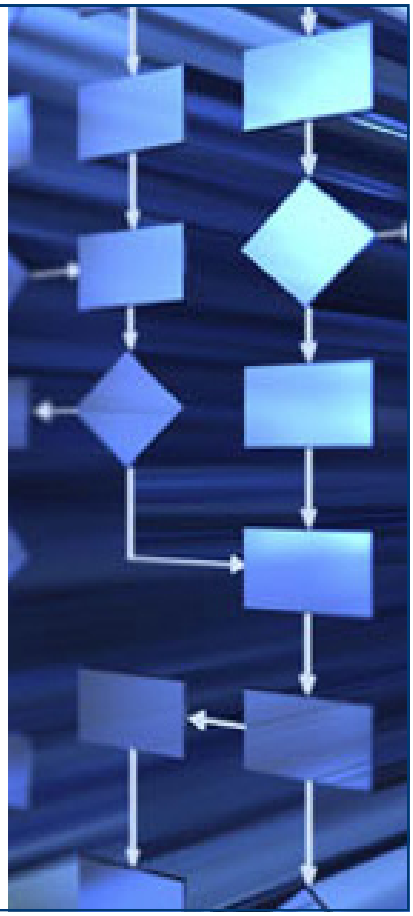
The new solution will integrate MCB's financial instruments and departments, improving transparency and accountability of financial management and supporting decision making and governance. The bank's clients will get a single point of access to a diverse set of services.

"Now more than ever, banks require a comprehensive technology to handle the intricate requirements of the global marketplace," said Michel Daenen, sales director for the Capital Markets Business in Middle East and Africa at Misys. "The flexible architecture of Misys Opics Plus ensures rapid pricing and risk calculations, allowing users to manage the high volume and complex financial instruments more effectively. This, in turn, means banks need fewer systems and less manual processing, enabling them to take new products to market much more quickly and more efficiently."

BIA Funds picks Newedge UK for custody and PB

BIA Funds has announced that it has selected Newedge UK as its prime broker and custodian for two funds.

Newedge UK will provide prime brokerage services, in respect of all investments, margin financing, clearing, stock (securities) lending and borrowing facilities and custody services for the BIA Pacific Macro Master Fund and BIA Pacific Master Fund.



Newedge UK is a wholly-owned subsidiary of Newedge Group, which is joint-owned by Societe Generale and Credit Agricole.

CIBC Mellon gets FrontFour Capital mandate

CIBC Mellon has been selected to provide its market-leading hedge fund servicing and administration to FrontFour Capital.

"We are proud to partner with FrontFour Capital as they look to grow their business in Canada," said Tom Monahan, president and chief executive officer, CIBC Mellon. "Sophisticated clients like FrontFour Capital demand local expertise, high-touch service and advanced capabilities and we look forward to exceeding their expectations."

Southwest Securities partners with Comerica for trust administration

Southwest Securities has announced that it is expanding its product platform by offering customers trust administration services through an alliance with Comerica Bank and Trust.

Comerica will act as the professional trustee for Southwest's clients who maintain or want to establish a trust, with custody of the assets remaining with Southwest. Southwest Securities is one of only 10 broker-dealers partnered with Comerica in this capacity.

"Our alliance with Comerica offers tremendous growth opportunities for [Southwest Securities' Investment Management Group] in both the near- and long-term," said James Ross, president and CEO of Southwest Securities Group. "In addition, it opens new recruiting channels by adding a new dimension to our platform that makes us even more competitive with the major Wall Street firms."

Maples Fund Services expands middle office offering

Maples Fund Services has expanded its middle office capabilities with the launch of consolidated reporting for institutional investors. This expansion will enhance the ability of investment teams to actively monitor and manage the sophisticated investment strategies needed to achieve superior risk-return ratios.

The consolidated reporting offering builds on Maples Fund Services' leading middle office solutions, and is tailored by teams of industry experts and information technology professionals to meet each institutional investor's specific requirements. Proprietary technology developed by Maples Fund Services aggregates data across all assets, renders consolidated information on an online dashboard, and produces customised analytical reports.

"There is a gap in the way solution providers typically address the information requirements of the increasingly sophisticated strategies employed by institutional investors today," Scott Somerville, chief executive officer of MaplesFS, said. "A one-size-fits-all approach of retrofitting needs into a pre-defined solution often results in unnecessary complexity. A collaborative approach to understanding the nuances of each investor's strategy is the key to providing truly useful reporting."

By focusing on the most important and relevant information, Maples Fund Services' bespoke dashboards and reporting packages can help portfolio decision makers to quickly identify trends and anomalies. By making data easy to interpret at multiple levels of abstraction, these tools enable investment teams to drill-down into underlying data to investigate causal factors and better explain portfolio performance.

"Enriching the insight that institutional investors have across all of their assets is a logical extension of the heightened portfolio transparency and other value-added analysis that we have been providing in the area of managed accounts," Tyler Kim, chief information officer of Maples Fund Services, said. "We continue to be excited about opportunities like this that allow us to apply our industry expertise and technology solutions to directly enhance the ability of pension funds, endowments, foundations and family-offices to better serve their beneficiaries."

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FSA closes deal on ARM

Mills & Reeve has announced the completion of the sale of the Financial Services Authority's (FSA) transaction reporting system (TRS) to the London Stock Exchange (LSE) for £15 million. TRS is an approved reporting mechanism (ARM) established in the UK market for the reporting of transactions in regulated instruments by firms to the FSA in accordance with FSA and MiFID requirements.

The UK regulator uses this information to detect and investigate suspected cases of market abuse, insider trading, market manipulation and is also used as part of its monitoring of supervised firm activity.

Patrick Spens, head of Market Monitoring at the FSA, said, "We are pleased to have now concluded this transaction with the London Stock Exchange for the sale of TRS. Mills & Reeve's level of commitment and breadth of expertise have proved invaluable in getting this deal across the line".

Bravura gets SMART for messaging platform

Bravura Solutions has boosted its straight through processing (STP) capabilities for Babel, its financial messaging platform, with a securely managed and reliable technology (SMART) connection to DTCC.

The new private circuit offers Bravura's clients quick and efficient access to DTCC's subsidiary network, the National Securities Clearing Corporation (NSCC) and high speed message transfer services in the US. These include clearing, settlement, risk management and central counterparty services.

There is also a guarantee of completion for certain transactions for virtually all broker-to-broker trades involving equities, corporate and municipal debt, American depositary receipts, exchange-traded funds and unit investment trusts.

Tony Klim, Bravura's CEO, said, "As facilitators of the DTCC connection we are able to offer services right across all clearing and messaging mechanisms so that our clients can expand their services and reach new markets."

Already live, the facility offers administrators access to the US, the world's largest mutual fund market, including North American fund ranges. In addition it can give clients access to markets in Canada, South America and Asia Pacific regions.

BNP Paribas expands investor services

BNP Paribas Securities Services has unveiled an expanded range of market and financing services to support the increasingly sophisticated requirements of institutional investors and financial intermediaries.

Alongside custody, clearing and fund administration, the custodian bank's Market and Financing Services business line now offers principal and agency lending, foreign exchange and collateral management – as well as a variety of financing solutions to asset owners, asset managers, including alternatives and broker-dealers.

"In the current environment, reducing risk and increasing profitability are challenges that have shot to the top of the agenda for investors that manage large asset pools," said Florence Bonnevay, head of Market and Financing Services at BNP Paribas.

"We have positioned ourselves as a fully integrated banking service provider to the buy side, managing their dealing, collateral and liquidity requirements enabling them to concentrate on their core business."

The bank is also first to market with the introduction of a fully outsourced dealing service for buy-side firms, giving them round-the-clock access to all asset classes.

CopperTree Capital selects Phoenix

Phoenix Fund Services has won the contract to provide middle office, fund accounting and transfer agency services for the Coppertree Dynamic Fund.

The Coppertree Dynamic Fund is a Bermuda domiciled fund with an absolute return investment objective through investing in special situations. These may include directional trades, as well as relative value and event driven plays. The basis for alpha generation is extensive market experience, combined with ongoing in-depth research.

David Atkinson, founding partner of CopperTree Capital Management, stated: "We were looking for a solution that would help us focus on our investment strategy, whilst strengthening our internal processes. The ability to delegate the middle office function, combined with Phoenix's "on demand" reporting enables us to retain control on a real time basis. We are now ready to expand our offering by adding new funds to the platform."

Sophie Panchal, head of hedge fund sales for Phoenix Fund Services, commented: "We are very happy that Coppertree has chosen Phoenix to accompany them through the next phase of their development. We believe that our ability to provide a combination of middle office, securities administration functions with the more recognised portfolio accounting and transfer agency capabilities, is an invaluable service for growing investment managers."

Empaxis launches quality control overlay for Advent users

Empaxis has announced it has launched a new quality assurance overlay system designed for Advent's Axys and APX portfolio management applications.

Empaxis' quality assurance system was built to help buy side firms running Axys and APX applications maintain and verify the accuracy of daily portfolio accounting and trade reconciliation reporting.

"With new trends constantly emerging within the industry, particularly to fixed income securities purchases, it is imperative to employ a quality assurance system that detects any missing prices immediately and effectively," said Stephen Van de Wetering, CEO of Empaxis. "This new system is designed to locate and address these issues that the typical quality assurance overlay system would overlook due to rapid advancements in financial technology and investment outsourcing."

Empaxis verifies and reconciles more than 10,000 data points each month across its client base, which accounts for approximately $30 billion in assets under administration management across more than 200 custodians. Normally that quantity of data validation and quality control would require a full time specialist and would be impractical for all but the largest operations. However, with the Empaxis system, all data validation is completed in less than 30 minutes.

Norway's CSD should wait on T2S - SEB Bank

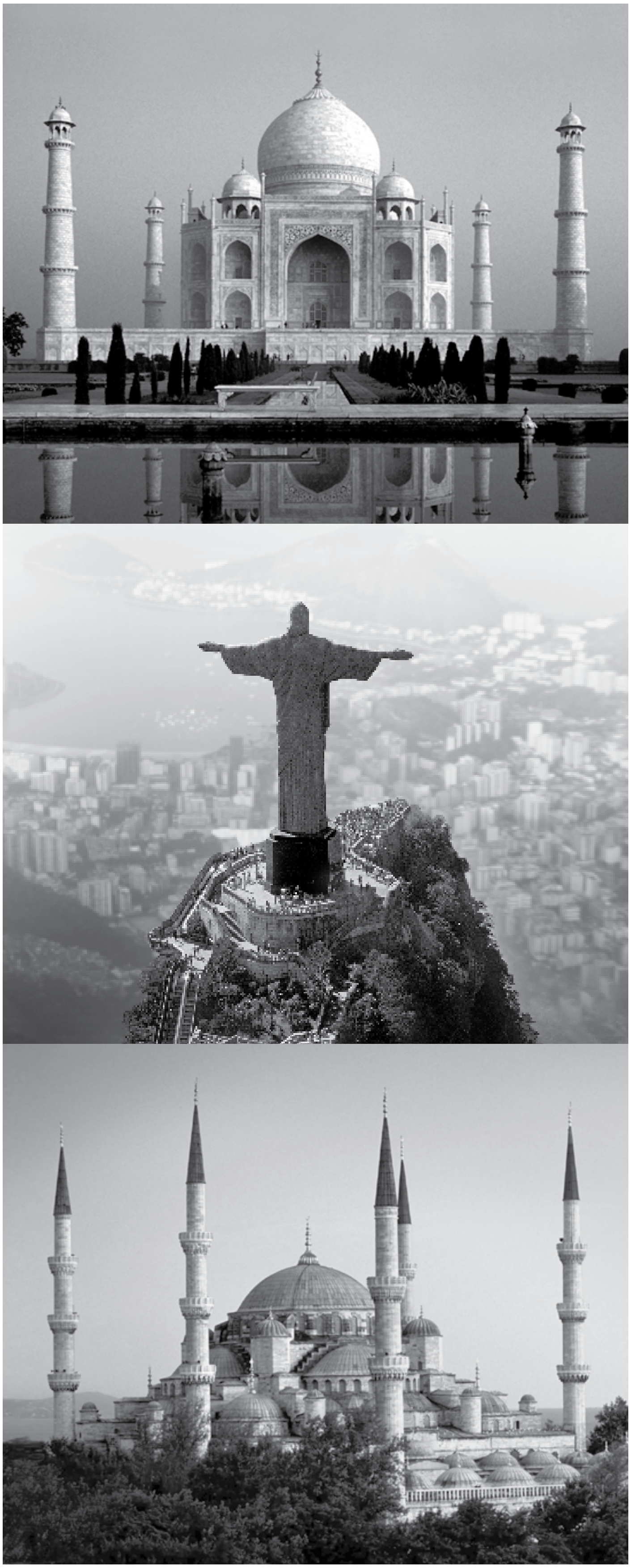
SEB Bank has recommended that Norway does not commit to joining the TARGET2-Securities framework within the deadline period, anticipated in the second quarter next year.

SEB believes that VPS' proposed adaptation model to connect to T2S will prevent the Norwegian market from achieving full benefits from European market integration and will require substantial investments in the short to medium term while raising costs, particularly for domestic settlements.

"Weighing these factors together, the banking sector does not recommend that Norway commits to T2S at the present time and recommends that participation is considered at a later stage," wrote SEB in a client note.

VPS, Norway's CSD, has invited market participants to comment by 7 December.

"The Norwegian banking sector broadly supports measures that promote the harmonisation and integration of the Norwegian securities market with a broader set of European Markets. The Norwegian banking sector recognizes T2S as an ambitious and significant contribution to achieving a truly integrated European securities market. In the longer term this development will lead to a more efficient securities market in Europe," wrote SEB.



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Jersey

Jersey has weathered the financial storm well, and is showing strong growth in its funds sector

BEN WILKIE REPORTS

The British Crown Dependency on the coastline of Northern France has long been a domicile for the European - and particularly, UK originated - fund industry. While tourism and some agriculture contribute to Jersey's economy, it's financial services that maintains the island's wealth and position in the global economy - over half the dependency's income comes from financial and legal services.

The original attraction of the island was the tax status. Often criticised in the past as a tax haven, the island has a range of attractive taxation schemes, which attracts both wealthy individuals and investment funds to the region. But it's not just that - the geography of the islands mean they are in the same time zone as Europe - although not part of the European Union - with the start of the business day coinciding with Asia and the end at the start of the American business day. And as a major employer, it has a well-educated, internationally-minded workforce that is experienced in dealing with all aspects of the funds industry.

Jersey's finance industry showed stable overall growth in the second quarter of 2011, with the value of funds administered in the island reaching its highest level for two years and the value of funds under management increasing by 4.2 per cent.

Geoff Cook, chief executive of Jersey Finance Limited, saw signs of stability for Jersey in a persistently volatile global environment, highlighting that company formations, a good indicator of the health of an economy, were up for the third quarter in succession.

There was positive news for the funds sector, which recorded an increase in the net asset value of funds being administered in Jersey for the fourth consecutive quarter to stand at £196.7 billion, reflecting a 10.5 per cent year on year increase. The figure does not include funds established under the Unregulated Funds Regime, of which there were 136 by the end of the period – an 8.8 per cent increase on the previous quarter. The alternative asset classes also reported net asset value growth of £2.3bn (1.6 per cent) to £145.2 billion.

Whilst bank deposits held in Jersey showed a slight quarterly decrease, deposits originating from the Far East and Middle East remained impressive, standing at £8.7 billion and £20.4 billion respectively. This continues to represent a combined total of around 18 per cent of Jersey's level of deposits and reflect the value of recent promotional activity in Hong Kong, Greater China and the United Arab Emirates.

The statistics, collated and prepared by the Jersey Financial Services Commission, are for the three month period ending 30th June 2011. The headline figures were:

- The net asset value of funds under administration increased by £2.1 billion (1.1 per cent) from £194.6 billion to £196.7 billion during the second quarter of 2011. The JFSC authorised 25 new regulated funds during the second quarter of 2011, reflecting a 25 per cent increase over the quarter.
- The total number of unregulated funds increased by 11 (8.8 per cent) to 136 during the second quarter of 2011.
- The value of funds under investment management increased by £0.9 billion (4.2 per cent) compared to the previous quarter from £21.3 billion to £22.2 billion.
- The total number of live companies on the register increased by 118 from 32,998 to 33,116 during the second quarter of 2011.
- Banking deposits decreased by £1.5 billion (one per cent) during the second quarter of 2011 from £166.5 billion to £165 billion.

"There continues to be very positive news for the funds sector, which saw an increase in the total net asset value of funds under administration and management," says Cook. "New business instructions were up 25 per cent and, subject to markets stabilising, we expect to see improvements in new funds numbers in the coming months. The investment management sector, meanwhile, reported growth of two per cent in its client base and the net asset value of funds under investment management grew by 4.2 per cent.

"Although the banking sector saw a slight decrease in deposits, the reduction amounted to just one per cent and was driven by a decrease in deposits from other banks. In fact, if we drill down into the figures, customer deposits were up £1.2bn during the period, whilst weaker sterling added a further £0.9 billion to the value of foreign currency deposits.

"Given most economies did not recover at the rate economic forecasters were predicting for the second quarter of 2011, these latest figures demonstrate a stable position with improvements in company formation numbers and investment management being sustained.''

In September, it was announced that Jersey has climbed two places, and retained its position as the highest rated offshore international finance centre according to the latest Global Financial Centres Index (GFCI).

Overall, Jersey is placed 21st in the competitive rankings, which are published every six months, ahead of Guernsey in 31st, the Isle of Man (40th), Cayman Islands (46th) and Malta (70th).

In addition, Jersey climbed into the top 10 locations in the world for wealth management and private banking services, being named in eighth position, and is the fifth highest ranked location overall in Europe, only behind major city centres London, Zurich, Geneva and Frankfurt.

Jersey has also moved from being categorised as a 'transnational specialist' to a 'global specialist' centre, becoming the only offshore to achieve a 'global' profile, listed alongside centres such as Beijing, Dubai and Geneva. The Index also scores Jersey well in terms of stability and as the 16th highest ranked centre globally in terms of reputation - the only offshore centre to appear in the top 20 centres by reputational advantage.

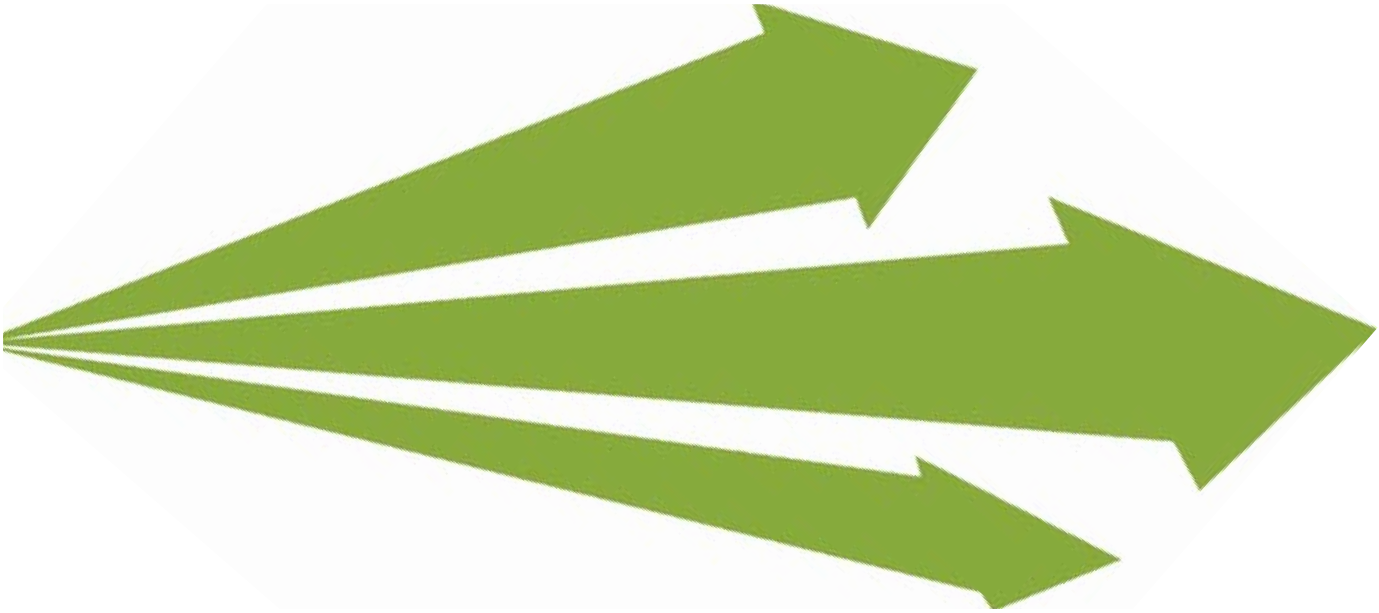
Noting that confidence amongst financial professionals has risen since the last index for virtually all centres, the report comments that Eurozone centres, such as Dublin, Luxembourg and Malta, have suffered in the rankings. It also states that offshore centres 'are now recovering' as respondents 'recognise the contribution these centres can make to global finance', and that 'Jersey and Guernsey are working to change perceptions and to 'rise above' the status of offshore specialist centres by being seen as more diversified'.

London was named as the number one centre overall in the rankings again, marginally ahead of New York and Hong Kong.

When the index was published, Cook commented: "Jersey has performed extremely well in this latest Index, holding on to its position as the top offshore centre, which it has now held for five consecutive Indexes. To be listed ahead of major European centres such as Paris, Munich and Luxembourg, confirms that Jersey is incredibly well regarded on the global stage.

"This is particularly pleasing when you consider that Jersey is one of the only offshore centres to have improved its global ranking and is now referred to as a global player and one of the top centres worldwide for wealth management services. That Jersey's stability is also emphasised is extremely positive in the current climate, whilst the fact that the Index recognises Jersey's reputation is testament to the hard work that goes in to promoting Jersey both at home and in key foreign markets.

"It is interesting that the Asian centres are continuing to consolidate their position in the rankings. Both Hong Kong and Shanghai remain in the top five, emphasising how important it is that Jersey continues to maintain its marketing efforts with overseas centres like Hong Kong and Greater China in order to drive Jersey's future success." **AST**



Driving change

Following the implementation of Paladyne's ClientLink platform, Butterfield Fulcrum's COO and president explains how his firm will be be able to expand its offering beyond the back office

BEN WILKIE REPORTS

AST: Is the dividing line between the middle and back office changing?

Chris Mulhern: It doesn't seem like any two fund administrators will have the same dividing line between the middle and back office. Our definition is that the middle office refers to the tasks performed on the trade date for the client.

We were doing some middle office work for our clients using a previous system, but what Paladyne has brought us is the ability to do additional incremental tasks on the trade date, as well as perform existing services more efficiently.

Our new services include trade allocation, compliance, confirmation and affirmation processes, intraday P&L reporting and cash and collateral management reporting on trade date.

AST: Have the demands of your clients changed or is this about being able to provide services that will attract new clients?

Mulhern: We recognised a year or so ago that there is a gap between us and the four or five Tier One administrators - the State Streets, the Citcos and so on. Our services historically had being geared toward month-end, with limited amounts of intra-month activities, in the same way as most other administrators.

But we want to compete with the Tier 1 competitors and we were challenged by the gap in the service offering. So we decided that had to be changed. The decision to bring in new technology and offer more services was a business one; we knew putting together an offering like what we now have would be attractive to new and existing clients in terms of cost efficiency and transparency.

AST: Does this mean your client profile will change?

Mulhern: If you look at the changes to the fund administration industry over the past two to four years, there has been an increase in client size, complexity, the levels of offering and so on. In the past, we couldn't even get to the table to bid for these types of mandates. Now, not only can we get to the table, we are winning them. And these mandates breed a much higher service level and offer us additional revenue streams.

AST: What was the driver for choosing Paladyne's system?

Mulhern: The process started a couple of years ago and we already had an existing relationship with Paladyne as we used some of its systems. When we started out due diligence we found a lot of excellent systems but there were very few that did both order management and portfolio management well. So we built a shortlist of some very good systems and Paladyne was the best.

AST: What does the implementation mean in terms of your staffing and training requirements?

Mulhern: Some of our staff have previously worked in the asset management field and as such have experience of the requirements of fund managers for this new offering. So we had some of the skillsets with some of our people but we have needed to expand. This has meant additional training, as well as a recruitment process. We transferred some people out of our general fund accounting division and also hired from the outside.

AST: Will the new service be used by all of your clients?

Mulhern: As with all of our offerings, this is an optional product, and it won't be suitable for some of our clients - within our client base we work with a lot of fund of funds, and some private equity funds, and it won't be of interest to them.

We also have clients who are comfortable with their current technology and have no interest in changing. Often they have their own proprietary systems, and they are proud of what they can do with those. Before implementation, we approached a subset of our clients about what we're doing, and from that we estimate that about 60 per cent of them could benefit from it. **AST**

Transaction manager

There is an alternative to the current system of managing international payments, says SEB's offering manager

JESPER LINDEN

You would have thought we would have gotten further

Ever since the East India Companies of the 17th century, business around the world has been growing more and more international. Customer and supplier relationships are to an ever increasing extent occurring across the borders, often with very broad patterns linking into several markets, the result of modern multinational corporations.

Still many of the multinationals are given no choice but to handle their global payment needs either as plain international payments or on multibanking/referral basis unless they take a quantum leap and go local. We, the international banking industry, have not followed the advance of our corporate customers in a global context anywhere near the level we have done so in a domestic context. We need to realize that our customers have global payment needs that deserve domestic attention.

On the bank side we are all experiencing income pressure on the transactional business. We can no longer afford to give our multinational customers away to local banks and lose out on making the most out of it. Just handing over the transaction margin as well as the liquidity is a waste of money, which cannot be justified.

All of the above points in the same direction - banks need to take the game to a new level. We need to go global in order to satisfy our customers' new requirements. It is no longer enough to be able to simply refer our customers to a partner with a good luck. The MT101/MT940 setups of the past just do not cut it anymore. The value delivered is weak both on the referring bank side and for the customer.

Better options are available

The alternative is not new; it has been in the market for quite a few years living a quiet and unrefined life. It is often referred to as the re: account-model, basically meaning that customer accounts are opened in the name of user banks but in reference of the customers.

Several banks offer it throughout the European landscape, SEB being the prime provider in the Nordic region with our solution "White Label Services" (WLS).

The solution adds both width and depth to the customer proposition. Account opening can be made in just a few days instead of the weeks required for traditional referrals. The customer can get access to a completely different range of products than with traditional multibanking/referral setups. This while being able to stay in a consolidated banking relationship with their main bank that is educated and fed local market information through a tight partnership with the provider bank.

In addition to the obvious benefits for the customer, there is also a substantial upside for the user bank as liquidity, pricing, interest terms and customer ownership stays with them. The only comparison really is a full fledged branch network, but even that will not guarantee the same quality, as it is neither easy nor cheap to mimic the experience gained by a local bank with decades of experience in a region.

Adding even more width

SEB is now adding new services to the WLS offering that have historically been the prerogative of local banking. With the launch of Nordic Direct Debit (NDD), we open up the gates in a whole new way by providing access to the five direct debit schemes in Denmark, Norway and Sweden under a common white labelled umbrella.

A single ISO20022-based interface in SEPA DD style, replaces the proprietary format integration otherwise needed with each of the three Scandinavian clearing houses. NDD is developed to it next to SEPA DD, so if you can do one you can do the other. **AST**

Jesper Lindén
Offering manager - GTS product management
SEB

Asian gains

HSBC's head of client management in Asia Pacific talks to AST about how the market has weathered the global financial crisis, forthcoming regulatory changes and opportunities in the region

BEN WILKIE REPORTS

AST: How would you describe the market in Asia over the past 12-18 months?

Dan Massey: In terms of general observations as to what we have been seeing, volatility in the markets over the year has brought risk back on to the menu, both for clients and for the service providers such as HSBC Securities Services (HSS).

We have found that there is a degree of uncertainty around the growth prospects of the funds market due to the well publicised economic difficulties globally. Historically, the markets in Asia have been protected when the European and US markets are affected. However, this time the penetration of the difficulties would suggest that we may see recession in some of the Asian markets.

In terms of a market trend there is move towards increasing protection for investors which for HSS means more responsibility being placed on service providers to oversee the actions of fund managers.

This is driven by the regulators in the different markets who are faced with the dual purpose of trying to obtain a balance by encouraging product development and innovation but have retail investor concerns high on their agenda. Markets across the region show their diversity and differences which continue to present challenges to organisations who wish to be truly operational across the region.

There are more players entering this asset servicing space, including the traditional large global players and at the same time competition from regional/local players who wish to expand. This means growing pressure on product proposition, service quality and of course, pricing.

AST: The European and North American markets are struggling with a raft of new legislation and regulation. Are you having similar experiences in Asia, whether dealing with regulation from other continents or changes from domestic regulators?

Massey: The regulatory changes introduced within the region have not had a significant impact on administrators as such, especially when compared to those introduced in the west. However, the regulatory changes in the EU and US do impact players in the region, often focusing on fund managers. This then extends to asset servicers. Any organisation involved with servicing assets will need to support the new regulatory requirements for their clients.

For example, fund administrators (and custodians) will need to play a significant role in meeting the FATCA requirements such as know your customer (KYC), account opening, tracking of investors, clients and investments, applying withholding tax etc. All this means a lot of changes across all our systems, a large project we have already started working on. Similarly, the Central Counterparty Clearing requirements for OTCs will mean incremental efforts around activities such as margins, collateral management, reconciliations etc for fund administrators. AIFMD has direct impact on custodians.

There are two key areas of regulatory change going on in emerging markets in Asia, firstly product enhancement eg, open-ended funds in Vietnam, hedge funds in Korea, streamlining order processing in Indonesia, etc. Fund administrators must respond by being ready for their clients to launch such products on day one, otherwise fund managers will look elsewhere and put at risk taking existing business with them.

Secondly, we are seeing an increase in fund manager oversight and regulatory reporting.

There is a steady increase in the burden for custodians and/or administrators to oversee the activities of fund managers and to report breaches and exceptions. Fund administrators and fund custodians must be able and willing to take on this quasi-fiduciary role in order to enter the emerging markets in Asia.

AST: Are you seeing the requirements of your clients changing? Are they asking for further services, or changes to the services you already provide?

Massey: Earlier we mentioned the uncertainty and volatility that was shaping the market and we have found clients placing great importance on the relationship with their service provider.

They are looking for longevity and depth of solution provision. This suits HSS well and enables us to build on the security and balance sheet that are key parts of the wider HSBC offering.

Another development HSS is seeing is a dual requirement for seamless service provision at both a local and regional level. Clients are reacting to our local presence, on the ground capability, and ability to handle local regulations but at the same time want a consistent set of reporting and service provision at a regional level. This is becoming an increasingly important element to business operations for the asset managers we are in contact with.

This places HSS in a strong position as because of our network we are able to offer a broad product range in a wide geography in the region and globally.

We are also seeing more new products being launched which means that the provider needs to be constantly developing solutions to meet these product requirements and the flexibility and robustness of systems has become more critical.

AST: Where is the growth coming from?

Massey: Asset flows for Asia have remained strong over the year. With the developed markets of Europe and US struggling, investors have looked to Asia as the driver for growth and there has been a transfer of funds in this direction.

Equally there is the development of Asian institutions who have started locally and have grown to regional level investors. This has also driven the South-South trade flows that have developed as a phenomenon.

The money is largely with the large asset owners and linked to this we are seeing the increased importance of the sovereign wealth funds on the world stage.

Any talk of growth has also to look at the enormous potential of China. Moves to internationalise the RMB has created a whole new market for Hong Kong, and a new set of opportunities for international investors.

AST: How important is the Chinese market? Is it already a vital part of your business, or is it more a case of preparing for its potential?

Massey: Of course there is massive external interest in China as the economy is booming.

This is contributing to major interest in the RMB as an investment and eventual reserve currency.

HSS works to service assets both entering the country and the flows heading out. We have provided sub-custody services in China, so institutional investors, banks and broker dealers can use HSBC as a sub-custodian for QFII investments. And we also offer global custodian services for QDII investments, supporting local manager's and local custodian's investments outside of China.

I think the regulators are looking closely at whether to allow fund administration to be outsourced.

They are also looking at securities lending and how to progress in that area, but it will be in a slow and controlled manner.

I am sure that the large domestic banks will continue to be pushed, by their local clients, to provide custody services outside of China – as those clients start to invest outside of their home market. They then have a decision to make: do we find a partner to provide global custody services for us, or do we offer the services ourselves? AST

Dan Massey
Head of client management group, Asia-Pacific
HSBC Securities Services

> The money is largely with the large asset owners and linked tothis we are seeing the increased importance of the sovereign wealth funds on the world stage

Industry appointments

Bravura Solutions has appointed **Roland Slee** as managing director for Asia Pacific.

Slee will be responsible for accelerating growth, developing new lines of business, implementing major change programs and leading M&A activity in the region.

Tony Klim, CEO of Bravura, to whom Slee will report, said, "Roland has a wealth of experience in financial services IT solutions having held positions in consulting, sales and management in Europe and Asia Pacific."

Prior to his appointment at Bravura, Slee was a vice president with Oracle Corporation. He represented Oracle's software development organisation in Asia Pacific and Japan, ran Oracle's banking industry solutions team for Asia Pacific and led Oracle's middleware business.

The Securities and Exchange Commission (SEC) has announced that **Peter Curley** has been named associate director for Clearance and Settlement in the US regulators trading and markets division.

In this role, Curley will oversee the Division's clearance and settlement program, which has been expanded significantly over the past two years.

Traditionally focused on securities clearing agencies and transfer agents, the Division's Office of Clearance and Settlement is now additionally responsible for implementing regulations under the Dodd-Frank Act for clearing agencies that clear security-based swaps and will be responsible for overseeing security-based swap data repositories.

"I am pleased to welcome Peter to this important role," said Robert Cook, Director of the SEC's Division of Trading and Markets. "His significant expertise in both the securities and derivatives markets together with his senior management experience in the exchange industry makes him a tremendous asset for the clearing and settlement program."

Prior to joining the SEC's Division of Trading and Markets in August 2010 as an attorney fellow, Curley was a senior executive with Hong Kong Exchanges and Clearing Limited, where he served as head of Corporate Strategy and head of IPO Regulation.

Standard Chartered has announced leadership changes to its Transaction Banking global sales team to strengthen its presence in Asia, Africa and the Middle East.

Neil Daswani, currently regional head of Transaction Banking for North Asia has been appointed to the role of global head of Strategic Client Coverage Group (SCCG), Transaction Banking. In this role, Daswani will be responsible for accelerating the growth of the SCCG portfolio which encompasses Corporate and Financial Institutions clients.

Large and complex deals are added on to the SCCG team's itinerary. Daswani will be based in Singapore and has over 20 years of experience at Standard Chartered in various senior positions in transaction banking and client coverage in Asia Pacific and the Middle East.

Transaction Banking country head for Singapore, **Sumit Aggarwal**, will be appointed regional head of Southeast Asia overseeing the sales team for the region. In this role based in Singapore, Aggarwal will also focus on supporting clients who are looking to leverage the growth between the intra-regional trade corridors.

In addition, **Dinesh Khanna** will assume the role of regional head of South Asia, based in Mumbai to grow the region's franchise.

All three will report to Jiten Arora, global head of sales, Transaction Banking.

"I am confident that with such a highly experienced team in place, Standard Chartered will continue to drive strong growth of our Transaction Banking business going forward. This is an extremely high calibre team, their collective and extensive banking experience across the world's fastest growing markets span over 68 years and will play a huge role in deepening our offerings for clients across all key segments across our footprint," Arora said.

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HedgServ has announced an additional 300 jobs in Ireland. The expansion plans come after the global hedge fund administrator increased its workforce by 150 people over the last year to build its 230 strong team.

Minister for Jobs, Enterprise and Innovation, Richard Bruton, said, "Jobs are at the very top of this government's agenda...This means setting highly ambitious targets and undertaking radical change in order to achieve them. It also means targeting sectors where Ireland has advantages, including international financial services."

Jim Kelly, chairman and co-founder of HedgeServ said, "Our fast-paced development in Dublin reflects our commitment to answering the global demand for HedgeServ's innovative, high-quality fund administration services." AST