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Northern Trust's LGPS assets up $26 billion in a year

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Northern Trust added US$26 billion in assets under custody for new UK pension fund clients during 2011. This growth is attributed to 13 new client wins, including the US$5 billion Lothian pension fund, the US$7.5 billion Lancashire County Council and the US$2.4 billion SAUL (Superannuation Arrangements of University of London) Trustee Company.

"We are delighted to continue to expand our footprint in the UK pensions arena," said Douglas Gee, head of sales for Northern Trust's Institutional Investor Group (IIG) for the UK and Ireland. "Our UK pension fund clients face unique challenges and regulatory pressures and in line with our continuing focus on supporting their requirements, 2011 also saw the launch of our Institutional Governance Services, a part of Northern Trust's Retirement Solutions Practice."

The service enables institutional investors, such as pension funds, to easily aggregate and analyse wide ranging information across their portfolio, through a new suite of data and product solutions, helping them meet their increasing risk management, governance and transparency requirements.

"In today's world, governance and risk management are centre stage," said Penelope Biggs, head of IIG. "It's no longer sufficient for institutional investors to have a high level view of their portfolio, they need and want to know in depth about issues such as the underlying make-up of pooled funds, counterparties in security lending, industry and country exposures and regulatory disclosures - and they need those answers before they get to work, not at month end."

"By providing institutional investors with the tools and technology needed to manage their business based on data

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SEI has been selected by Exchange Traded Concepts (ETC) to provide a comprehensive suite of back-office services for the firm's recently launched turnkey ETF platform.

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Schroder Investment Management (Luxembourg) is implementing Milestone Group's pControl software to enhance management of its outsourced fund accounting processes.

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Northern Trust's LGPS assets up $26 billion in a year

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driven insight, Institutional Governance Services will ensure strong oversight, informed decision making and compliance with industry and regulatory requirements," added Gee.

Northern Trust provides custody and related services to approximately 34 per cent of the top 200 pension funds in the UK and 36 per cent of all UK Local Government Pension Schemes, and over the past three years, has added more than US$80 billion in assets under custody on behalf of new UK pension fund clients. Its Institutional Governance Services offering is available to all its institutional clients and, developed in line with individual client requirements, provides a highly focused level of information to help pension funds meet their regulatory requirements.

SEI wins ETC bid

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SEI will be the distribution and operational engine behind the ETC platform, which is designed to help investment managers enter the growing ETF market quickly without the large capital expenditure typically associated with building an institutional-quality infrastructure.

Yorkville ETF Advisors, LLC will be the first firm to launch an ETF, the Yorkville High Income MLP ETF, on ETC's platform. SEI will provide operational outsourcing for Yorkville ETF Advisors, LLC and subsequent managers who launch on ETC's platform. SEI will also provide ETC with a complete outsourcing solution that includes back-office services such as fund administration, fund accounting, and investor servicing, and offer an index receipt agency and custody solutions. Leveraging off its significant market share, SEI will also provide distribution services, daily and monthly portfolio measurement, and authorised participant (AP) processing in a straight-through electronic processing environment. SEI's flexible infrastructure, its deep ETF sector expertise, and trading support for over 55 per cent of the US ETF market were highlighted as the key decision factors in ETC's selection.

"SEI's strong experience and best-in-class technology simplified our decision in choosing a partner for this new venture," said J. Garrett Stevens, CEO of Exchange Traded Concepts. "SEI combines the robustness and scalability of an institutional-quality infrastructure with a proven track record of getting managers up and running quickly on its platform. SEI's integrated solution is exactly what we need to grow the platform and provide managers with the operational support they need."

"This is an exciting new model and we are proud to provide the turnkey solution Exchange Traded Concepts needs to offer managers an innovative way to get their funds to market quickly and confidently," said John Alshefski, senior vice president, SEI's Investment Manager Services division. "Operational outsourcing has already become the norm in the ETF space but it's particularly fitting in this case given the complexity and the potential growth of this model. We are excited that ETC put its trust in SEI to help them grow this unique business, and we're excited to begin by launching Yorkville High Income MLP ETF."

Schroder selects Milestone

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pControl's Fund Oversight module will provide Schroders with oversight of third party service providers, to ensure SLAs are met and client service is maintained. The fully automated solution will enable Schroders to monitor, validate and analyse all components of their investment funds valuations process from a single point of reference and drill down into transaction and fund data when forensic examination is required.

"We recognised the need to have a system like pControl in place for some time and had begun to build a proprietary system to manage this process," said Gary Janaway, operations director at Schroders. "When Milestone Group showed us pControl, it was clear the solution was exactly what we needed. The software can deal with the multi-class, multi-currency complexities of the investment vehicles we offer, and its flexibility and scalability were critical as we focus on improving the quality and efficiency of the fund services we provide."

"pControl's Fund Oversight addresses the operational, regulatory and reputational risks faced by financial institutions outsourcing key operational functions head on," said Paul Roberts, managing director – Europe at Milestone Group. "What's more, it is clear that under the current climate, demands for transparency and operational control are only going to intensify. This makes it vital for financial institutions to look for better ways to monitor service levels and outputs associated with outsourced relationships. There is an emerging need for automation of this process to achieve the levels of efficiency, transparency, and timeliness now demanded. Schroders had already recognised this and we are delighted to welcome them as a client."

SGX and Eurex team up

Singapore Exchange (SGX) and Eurex have announced a partnership to deliver convenient market access and cost efficiencies to members of both exchanges. Both companies plan to link their co-location facilities/data centres to provide market participants easy connectivity to each other's markets in Singapore and Frankfurt respectively.

As part of this partnership, Eurex will be moving its existing access point in Singapore into the SGX co-location data centre. In return, Eurex will act as a network service provider to SGX's customers in Europe. This initiative is expected to be implemented mid-2012.

When the link becomes operational, customers of each exchange can more easily and cost effectively access both markets by connecting their trade-execution systems to either the SGX or Eurex co-location data centres. Trade matching will still be executed at the respective home exchanges.

Eurex's co-location customers in Frankfurt can conveniently participate in Asia's biggest and most dynamic economies and companies via SGX's securities and derivatives markets. Similarly, SGX's co-location customers will be able to easily trade in Eurex's diversified derivatives market if they are Eurex trading members.

"Today's collaboration is part of our on-going Asian strategy and will lower the connectivity costs for our Asian customers while improving our footprint in a growth region", said Juerg Spillmann, member of the Eurex Executive Board.

"We are pleased to partner Eurex to grow our distribution network. As part of our strategy to reach out to global liquidity pools, this collaboration will offer enhanced market access to SGX, thus further establishing ourselves as the Asian Gateway," said SGX President, Gan Seow Ann.

SGSS wins Emergence mandate

Societe Generale Securities Services (SGSS) has been designated by the Board of Directors of the fund Emergence to provide trustee and valuation services to the delegated asset manager NewAlpha AM. Emergence, which has 120 million euros in assets under management, is the first seed-money fund launched with the support of the Paris financial marketplace.

As a delegated fund manager, NewAlpha's mission will be to select young asset management companies to help them reach critical mass by acquiring institutional references which will facilitate their development. SGSS will thus provide the reporting required to highlight to investors the management capabilities of these companies.

Custom House picks Nirvana

Custom House Fund Services has chosen Nirvana Solutions to provide risk reporting and risk analysis solutions to its hedge fund clients.

Compliance, increased investor demand for risk measurement, transparency and daily valuation are driving the need for fund administrators to provide affordable, scalable and innovative reporting, risk and technology solutions to their hedge fund clients.

"We invested considerable time evaluating vendors and Nirvana came out on top. Nirvana provides the most value and breadth of solutions for our growing business. Nirvana's approach to engage in a comprehensive test environment before we invested provided us the flexibility and reliability we expect in a partner. Risk and enhanced P&L reporting lead the list of new functionality our clients demand from Custom House This increased demand is coming particularly from hedge fund investors. With Nirvana's technology, we can give our clients what they need to keep their investors satisfied, and assist them in raising assets by attracting new investors for their hedge funds", said Chris Rakers, chief information officer at Custom House.

"We are delighted to offer our suite of risk and reporting solutions to Custom House Fund Services. Custom House invested the time to test our offerings in depth to ensure they were indeed addressing their clients' requirements for risk reporting," said, Shams Karim, CEO of Nirvana Solutions. "We look forward to extending Nirvana Risk Reporting, Nirvana Enterprise and our newest product, Nirvana Touch to Custom House's clients."

Beginning in Q1 2012, Custom House will offer their clients a new suite of services that includes daily risk reporting and analytics in real-time or on T+1. Investor Focus Reports also make up part of Custom House's new service offering and will enable their hedge fund client's to provide a greater level of transparency that today's investors are demanding.

As a key component of their partnership, Nirvana and Custom House have agreed on a fixed pricing model that does not require their clients to pay a large upfront investment. "The model of paying upfront license fees for technology or risk management and hoping for the best are slowly eroding. In today's environment, hedge funds must make strategic investments in technology based on results, not on sales promises. With our partnership, Nirvana and Custom House can significantly reduce the risk of making strategic technology mistakes," said Steve Lewczyk, co-founder of Nirvana Solutions.

Trio launch Asian cross-border settlement pilot

The Hong Kong Monetary Authority (HKMA), Bank Negara Malaysia (BNM) and Euroclear Bank have announced the launch of a pilot platform for the cross-border investment and settlement of debt securities (Pilot Platform) that will be operational on 30 March 2012, to enhance cross-border debt securities settlement efficiency and strengthen the capacity for debt securities issuance activities in the Asian region.

The launch of the Pilot Platform will strengthen the cross-border issuance of, and foreign investment in, local bonds in Hong Kong and Malaysia. Through the Pilot Platform, investors in Hong Kong and Malaysia can buy and hold foreign debt securities and settle cross-border transactions on a Delivery-versus-Payment (DvP) basis, whilst local and international bond issuers can issue a wide range of debt securities. The Pilot Platform also includes a comprehensive debt securities database of Asian debt securities maintained by Euroclear Bank.

The Pilot Platform signifies an important step for Asian bond markets, supported by an international central securities depository, to collaboratively strengthen post-trade infrastructure. This would facilitate harmonisation of market practices and standardisation of the issuance and settlement of debt securities to deepen Asian bond market liquidity, attract investment and increase operational efficiency.

The Pilot Platform entails the optimisation of existing system links between the Central Money Markets Unit (CMU) of the HKMA, RENTAS of BNM and Euroclear Bank and the connections between local central securities depositories (CSDs) and foreign currency RTGS systems in Asia as well as sharing certain Asian CSD services.

Peter Pang, deputy chief executive of the HKMA, said: "We are pleased to see the Pilot Platform going live. It is a strategic alliance that goes much beyond commercial cooperation and will bring about more significant benefits in fostering global and regional bond market development as well as promoting financial stability in the region. The HKMA will continue to collaborate with BNM and Euroclear Bank to promote the Pilot Platform to other central banks and securities settlement systems in the region and implement additional services to meet market needs."

Muhammad Ibrahim, deputy governor of BNM, said, "Bank Negara Malaysia has been collaborating with central banks in the region on the platform for the settlement and depository of debt securities and sukuks. The rollout of the Pilot Platform provides investors and market intermediaries an efficient and cost-effective cross-border access to the bond markets in Malaysia and Hong Kong. This marks a major milestone for regional financial integration, and a step towards a unified bond market platform across Asia. As we expect ongoing growth of emerging East Asian markets, the implementation of the Pilot Platform would indeed be an important step towards sustaining growth and development in the region. ”

Anso Thiré, managing director and head of business development for the Euroclear group, said: “Euroclear Bank has supported the initiative from the beginning and is very happy to work closely with our Asian colleagues to deliver practical ways of further improving the bond market infrastructure in Asia. Euroclear Bank has strong ties with the Asia-Pacific region, having operated with offices in the region since the 1980s. We value the trust that the HKMA and BNM have placed with us to partner them as they embark on a multi-faceted programme of regional post-trade improvements. We look forward to working with other Asian markets on their settlement, collateral management and corporate action processing challenges.”

IFS rolls out Multifonds platform

International Financial Services (IFS) has implemented Multifonds’ Fund Accounting (MFFA) platform and has begun migrating client funds. IFS, incorporated in Mauritius, services major global institutions and administers funds for global asset managers such as BlackRock, Invesco PowerShares, New York Life, TATA and Birla Sunlife.

IFS chose Multifonds after a competitive external selection process that included a rigorous proof of concept in Mauritius. The project took six months to implement from start to finish, and was supported by a small on-site team from Multifonds.

To date, IFS has migrated most of its daily funds onto the new Multifonds platform, and expects to complete the migration of all its weekly and monthly funds by the end of Q1 2012.

Yash Beeharee, senior manager at IFS commented, “Thanks to the scalability and functionality of the Multifonds platform, we now have the capacity to increase the number of funds and clients that we are able to take on and service. The Multifonds platform has enabled us to significantly improve our levels of efficiency and rationalise our processes.”

Oded Weiss, CEO at Multifonds added, “We are delighted that IFS chose the Multifonds platform. We have been working very closely with them to ensure that the fund accounting process is as streamlined and efficient as possible. With so many different types of funds available today, being able to use one secure fund accounting platform saves time and associated costs.”

SGSS launches Solvency II package

Societe Generale Securities Services (SGSS) has set up a package of services to enable institutional investors and asset managers, in the context of their asset management activities, to meet the requirements imposed by the provisions of the Solvency II directive, which is due to come into effect on 1st January 2014.

This directive will result in a significant increase in the information that needs to be provided to regulators. The frequency and level of data to be provided mean that new requirements for information, both quantitative and qualitative, will have to be met.

Using its experience as a custodian and valuer of financial assets, its control over risk calculation and its expertise in cash management, SGSS has designed a package of services for its clients:

- A transparent inventory of funds and portfolios of assets
- Assistance with SCR (Solvency Capital Requirement) calculations, stress tests and multiple risk indicators
- Monitoring and management of the risks linked to financial assets

- Preparation of reports dedicated to Solvency II covering financial assets
- Thanks to this services offering, SGSS' dedicated teams of experts will advise and accompany their institutional investor and asset management clients throughout the procedures required in order to be fully compliant with the requirements of traceability, auditability and transparency imposed by the Solvency II directive.

SunGard expands suite of Adaptiv Risk Solutions

SunGard has extended its Adaptiv suite of solutions to help customers not only calculate Credit Valuation Adjustment (CVA) but also actively manage it. Adaptiv CVA Studio now helps traders hedge their CVA exposure, minimise their firm's earnings volatility and understand the direct impact of CVA on their P&L.

Basel III's CVA mandate will require banks to hold more capital for counterparty credit risk. This is expected to reduce the return on equity and therefore have a direct impact on the profitability of the over-the-counter business lines within many organisations, from global banks to regional franchise banks. Adaptiv CVA Studio helps traders dynamically hedge CVA volatility by offering the ability to calculate and view sensitivities, manage and hedge credit risk on their books, and calculate P&L and P&L Predict.

Adaptiv CVA Studio includes a Monte Carlo calculation engine for measuring risk and a trading-style interface to display counterparty and hedge positions in a single view of P&L and key risk metrics. The solution can run over one million valuations per second per processor core, helping customers achieve greater accuracy in their valuations by avoiding approximation techniques. Adaptiv CVA Studio can accurately calculate multiple risk measures on a CVA book to help manage volatility, including CVA, Debt Valuation Adjustment (DVA) and Funding Valuation Adjustment (FVA), sensitivities, stress scenarios, P&L attribution and P&L predict. Accurate CVA calculations help banks improve their selection of counterparties by helping them more precisely assess counterparty risk.

Juerg Hunziker, president of SunGard's Front Arena and Adaptiv business units, said, "As the impact of Basel III on both profitability and earnings volatility is better understood, banks are establishing CVA functions to support compliance and improve how they manage P&L. Adaptiv CVA Studio can help by providing a complete view of CVA and transparency into credit risk using technology that can be quickly rolled out to traders and CVA managers across the organisation."

Apex completes Type 2 examination

Apex Fund Services has successfully completed a Type 2 examination under Statement on Standards for Attestation Engagements No. 16 (SSAE 16), and under the International Standard on Assurance Engagements, Assurance Reports on Controls at a Service Organization (ISAE 3402).

A key determination for completing an ISAE 3402 / SSAE 16 examination is that an independent service auditor successfully examined the system under audit for processing user entities transactions during the period of audit, as well as the suitability of the design and operating effectiveness of controls based on the defined control objectives.

This examination was performed by KPMG in India, one of the leading firms of independent service auditors for such examinations for 10 offices of Apex Fund Services.

Commenting on KPMG's report, group managing director Peter Hughes added: "Fund Managers require increasing levels of confidence and trust in their administrators as the demand for greater transparency begins to take effect. The need for managers to work with the most reliable partner possible has never been higher.

"Investors and fund managers alike can take comfort from the fact that KPMG has completed a 'root and branch' examination of the controls and systems at 10 of Apex's offices. This is another clear demonstration of Apex's commitment to its clients ensuring they receive the best levels of service in the industry."

The service auditors issue an unqualified opinion when they are satisfied that (i) the description of controls fairly presents the system that was designed and implemented through the period in scope, (ii) the controls related to the control objectives are suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period in scope, and (iii) the controls tested, if operating effectively, were those necessary to provide reasonable assurance that the control objectives operated effectively throughout the period in scope.

Custody assets at Clearstream decline in February

In February 2012, the value of assets under custody held on behalf of customers registered a decrease of three per cent to €11.0 trillion (compared to €11.3 trillion in February 2011). Securities held under custody in Clearstream's international business decreased by one per cent from €6.0 trillion in February 2011 to €5.9 trillion in February 2012 – while domestic German securities held under custody decreased by four per cent from €5.4 trillion in February 2011 to €5.1 trillion in February 2012.

In February 2012, 3.5 million international settlement transactions were processed, a four per cent increase over February 2011 (3.3 million). Of all international transactions, 79 per cent were OTC transactions and 21 per cent were registered as stock exchange transactions. On the German domestic market, settlement transactions reached 6.9 million, seven per cent less than in February 2011 (7.4 million). Of these transactions, 67 per cent were stock exchange transactions and 33 per cent OTC transactions.

For Global Securities Financing (GSF) services, the monthly average outstanding reached €599.7 billion. The combined services, which include triparty repo, securities lending and collateral management, collectively experienced a rise of 12 per cent over February 2011 (€536.4 billion).

In the Investment Funds services, 0.52 million transactions were processed, a seven per cent increase over February 2011 (0.49 million).

BNY Mellon to build new centre in Poland

BNY Mellon has announced its intention to create a new global delivery centre (GDC) based in Wroclaw, Poland as part of an ongoing strategy to optimise its infrastructure and support its global business plans.

Staff at the new GDC will be working predominately in the areas of fund accounting and investment operations.

Rafal Dutkiewicz, the Lord Mayor of Wroclaw, said: "The fact that two great brands, BNY Mellon and Wroclaw, have come together in this way makes me very pleased. I am also convinced that an investment on the part of such an innovative company, in such a dynamic city offering great academic potential, is destined to be successful. BNY Mellon is also well known as a socially responsible company, which is another asset for the City of Wroclaw."

Michael Cole-Fontayn, chairman of Europe, Middle East & Africa, said: "Poland is a central location within Europe, offering high quality staff and infrastructure, coupled with attractive economics and financial incentives. By leveraging our existing presence and pool of expertise in Wroclaw to create our new GDC, we can more swiftly enhance our offering to our clients as we help meet their needs across multiple geographies and time zones."

The new GDC sees BNY Mellon building upon the existing capabilities of its successful Wroclaw-based operation and its staff. This will allow the new GDC to become operational as swiftly and effectively as possible.

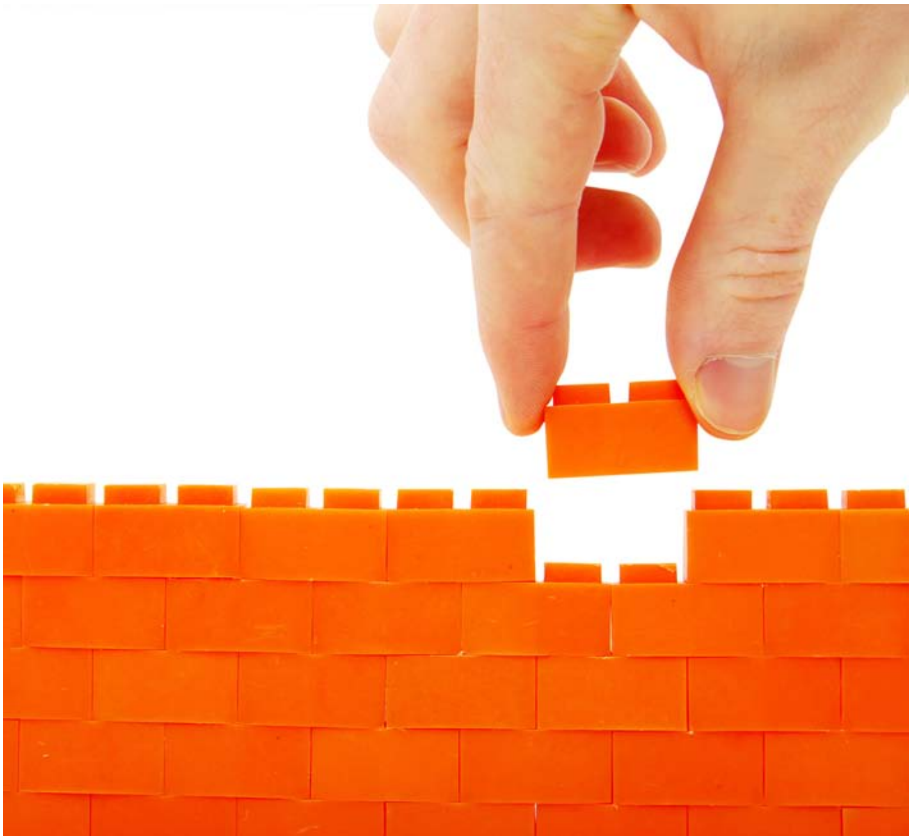
The existing Wroclaw facility was formerly operated by PNC Global Investment Servicing, which BNY Mellon acquired in July 2010, and currently employs just over 90 staff. The location has scope to accommodate up to 300 people.

Fidessa enhancing trading capabilities for Scottrade

Fidessa has provided enhanced dynamic order routing and order management capabilities to Scottrade. The deal marks one of Fidessa's first high-profile US trading system sales in the retail space.

Matt Billings, director of Trading Services at Scottrade, comments: "Fidessa's open, flexible and scalable architecture provides us the capacity to process high volumes of trades and effectively interact within dynamic markets. With the active regulatory landscape and an active market environment, our relationship with Fidessa enables us to continue our commitment to provide an excellent customer experience."

Alice Botis, senior vice president at Fidessa, adds: "We are very excited to expand our reach in the retail space with such a distinguished client. The relationship with Scottrade has given Fidessa an opportunity to demonstrate its strength in another area of the marketplace and continue to build momentum in the retail arena. The processing requirements seen on this side of the business are significant and Fidessa's sophisticated systems and scalable technology are a great fit. We are pleased that our close coordination with Scottrade has resulted in the implementation of Fidessa's routing capabilities and we look forward to continue building strong relationships with companies in this space."



Milestone Group completes Skandia implementation

Skandia has fully migrated its income distribution and reconciliation processes onto Milestone Group's pControl platform. This follows Skandia's implementation of pControl for fee and rebate management in 2011.

The ability to automate these key functions onto a single scalable platform simplifies Skandia's systems architecture and business processes driving substantial operational efficiencies across the business.

Enhancements around income distribution processing are provided by pControl's data management, process control and powerful exception handling and validation capabilities. Reconciliations also benefit from these capabilities providing a consistent user experience. This delivers an extremely effective and consistent control environment around Skandia's operations.

"We commenced the transition to pControl at the start of 2010 with the long-term plan of implementing the technology across our fund processing operations." said Peter Fleming, head of investment administration, Skandia. "What's so beneficial about the Milestone solution is that it enables us to handle multiple business processes from one platform. The improvements in control, efficiency and flexibility we have already made means we were very keen to roll out pControl to other areas of business."

Paul Roberts, managing director of Milestone Europe added: "We are delighted that Skandia is live and benefiting from the use of pControl. The successful deployment at Skandia is another example of an industry leader leveraging a single business application to automate multiple functions across their life and platform business."

SGSS wins Hermes Linder mandate

Societe Generale Securities Services in Italy has been appointed by Hermes Linder Fund Sicav Plc to act as its local transfer agent in Italy, providing it with paying agent and investor relations management services.

SGSS in Italy was retained by Hermes Linder Fund Sicav Plc for its recognised international expertise as a Transfer Agent and its ability to provide personalised services tailored to the specific needs of its clients, alongside a wide network of placing agents.

Hermes Linder Fund Sicav Plc is the first Sicav incorporated under Maltese law for which SGSS S.p.A. acts as local transfer agent. It is managed by Praude Asset Management Limited, an asset manager which provides high quality investment services and is licensed by the Malta Financial Services Authority.

BNY Mellon wins CZ Group mandate

BNY Mellon has been appointed by CZ Group to provide custody and value added services to support the launch of a new Fonds voor Gemene Rekening (FGR) pooled investment structure.

Based in Tilburg in the Netherlands, CZ Group is one of the leading health insurance companies in the Netherlands. In late 2011, it adopted a new investment approach that involved the introduction of a FGR fund structure with related investment pools.

BNY Mellon was selected to set up an unitisation process to support the administration of participants' assets in the pools, a process that has now been successfully completed.

BNY Mellon will also provide enhanced general ledger functionality, replacing CZ Group's existing sub-administration system with comprehensive data delivery capabilities via Workbench, BNY Mellon's online information delivery portal.

Yvo Boon, head of asset management at CZ Group, said: "BNY Mellon has been instrumental in helping us transition to the new FGR structure. Their proven fund accounting and unitised fund administration services, in combination with excellent client service, were critical to our decision to extend our relationship."

Leonique van Houwelingen, country executive for the Netherlands, said: "CZ Group recognises our unique position in the Dutch market when it comes to supporting complex FGR fund structures. The enhanced general ledger functionality in particular will result in further efficiencies and cost reductions for CZ. We are very pleased to extend our successful relationship with this valued Dutch insurance client."

South Africa

Africa's most westernised economy has opened up its markets and is reaping the benefits

BEN WILKIE REPORTS

From being a fairly insular economy, the South African government and regulators have decided to open up somewhat in the past couple of years. Of course, part of the reason for the country's relative immunity to the international economic downturn was its existing regulation, which meant that domestic investors tended to invest domestically, while international players were not in the market enough to spread the contagion.

But there is an understanding that if the country is to compete on the international stage - and to improve the lives of its citizens, particularly those at the bottom of the ladder - South Africa must become more internationalist.

In October 2008, foreign exchange controls were relaxed, meaning foreign capital allowance for residents, which was last adjusted in 2006, would be increased from ZAR2 million to ZAR4 million, while the single discretionary allowance would be increased from ZAR500,000 to ZARR750,000.

The Government also raised the limit on the amount institutional investors can take offshore by five percentage points. The limit will be between 25 per cent and 35 per cent for investors, depending on both the type of investor and the type of investment.

"Previously, the foreign exchange controls placed obvious constraints on the industry and the available assets to service in the local market," says one custody leader.

"These constraints have now been eradicated and investors can now look further at greater investments into sub-Saharan regions, as just one example," who adds that foreign investment into the region will now become more appetising, and the expansion of domestic investors' footprints in Africa will now be more attainable. From a securities services provider perspective, the future looks very promising.

The South African government has also announced a review of the prudential framework for foreign investment by private and public pension funds. This will include the Government Employees Pension Fund. A prospective review date is yet to be announced.

It's not just the Government that is looking to bring in the changes. The Johannesberg Stock Exchange has invested heavily in technology and infrastructure and is now looking to bring the settlement timeframe more in line with modern standards. Currently at T+5 settlement, many in the industry have voiced concern that as volumes grow, the potential for reducing liquidity and efficiency and increasing risk also grows. As a result, the exchange is looking to move to T+3 as soon as possible.

Interest

Saxo Capital Markets South Africa has just launched in the region, offering local investors a far wider range of investment opportunities.

The firm provides a suite of online trading platforms to enable efficient and reliable trading solutions to both private investors and institutional clients. Through Saxo Capital Markets SA clients can access a diverse range of financial instruments; from FX, CFDs and ETFs, to stocks, futures and options. Clients can trade over 13,000 stocks in more than 30 international markets and exchanges. Clients will also be able to access value-added services such as live prices and real-time conversations with professional traders.

Saxo Capital Markets SA will be managed by joint country managers, Brett McLaren and Richard North.

"Saxo Capital Markets SA will meet the growing trading demands in South Africa for multi-asset online trading as the needs of investors in South Africa continue to diversify in tandem with the changing market dynamics in the region," says McLaren. "Never before has it been easier for South African investors to access global liquidity in a wide variety of asset classes and markets than it is now.

When it comes to the back office, the big global names are out in force in South Africa with Societe Generale, State Street, J.P. Morgan and others leading the way

"Market uncertainties over the past three years have also created upsides in non-equity asset classes including forex and commodities. We are seeing a trend for South Africa's investors, who have traditionally traded equities and warrants, moving towards multi-asset investing.

"Saxo Capital Markets' launch in South Africa is aligned with its strategic roadmap in the region, and we intend to add resources as the business grows," McLaren concluded.

New funds have entered the market, while many of the existing participants have expanded their offerings. This is combined with the country's position at the forefront of a continent that is increasingly open for business. The risks of investing in many newer markets, however, means that many firms prefer to base themselves in the relatively safe environment in the south while looking for opportunities elsewhere.

In 2009, HSBC launched its SA synthetic DMA platform and expanded its Market Access product to a number of neighbouring countries, including Nigeria, targeting an increasing number of investors with an interest in this part of the world.

"We have high hopes for many of these markets," says a spokesman for one South African bank. "We have given ourselves the opportunity to kick-start the market here - as they become more sophisticated and more funds look to invest in this area of the world, we are going to be able to service the investment that comes in. We don't expect there to be enormous growth straight away, but there will be business and we are in a prime position to take advantage of that."

It's not straightforward, though, as head of business development at Finsettle Ted Hampson explains: "Common challenges are faced by the different exchanges across Africa, which include liquidity in the markets, standard or similar governance and reporting principles, effective and standard settlement cycles at T+?, effective use and/ or adaptation of technology, movement to electronic trading systems, the need to increase bandwidth, education of companies towards listing as a capital raising alternative, and consumer education related to investing in a stock exchange. Also important are effective available research, education and training of market participants, customer management systems and techniques, and navigating the needs of different exchanges, countries and regions as further trust is fostered for all to take advantage of the future opportunities. These common challenges present business opportunities for those with vision."

Players

When it comes to the back office, the big global names are out in force in South Africa, with Societe Generale, State Street, J.P. Morgan and others leading the way. Domestically, Standard Bank has a reputation for quality of service at a low cost, while other African banks - in particular those from Nigeria - have a small but growing footprint.

All of this is designed to offer clients access to markets across the whole continent - or at the least those countries in central and southern Africa. Last year, Standard Chartered Bank set down a marker in Africa after buying Barclays Bank's one remaining foothold in the business.

This month, Standard Chartered Bank announced the launch of Securities Services in South Africa, expanding the bank's existing regional securities services to the largest economy on the continent.

South Africa is the fifth new market in which Standard Chartered has launched securities services since the bank's acquisition of Barclay's Africa custody business in 2010. This expansion aligns with Standard Chartered's ambition to be the preferred provider for investors and intermediaries across Africa.

With South Africa, the bank will now offer securities services in 11 African markets (Botswana, Ghana, Kenya, Mauritius, Nigeria, Tanzania, Uganda, Zambia, Zimbabwe, Cote d'Ivoire, South Africa) with indirect capabilities in a further 6 markets through an integrated network of agent banks (Egypt, Malawi, Morocco, Namibia, Tunisia and Rwanda).

In line with regulatory requirements, the Bank's license to operate as a Central Securities Depository (CSD) Participant was approved by the Controlling Body of Strate Ltd, South Africa's authorised CSD and the Financial Services Board. Monica Singer, chief executive officer of Strate comments, "We are pleased to add another international bank to our list of approved securities service providers in South Africa, providing investors with a further reputable service provider in the securities arena."

"With South Africa's regional and multi-national companies increasing at a rapid rate, Standard Chartered's launch of Securities Services will bring added value and choice to new and existing investor clients. This product launch compliments our regional capabilities and centres of expertise already based in Johannesburg," adds Ebenezer Essoka, chief executive officer and area general manager of Southern Africa.

Derick De Zilva, head of transaction banking for Southern Africa adds, "Standard Chartered's global Securities Services exceeds USD800 billion in assets under management, and spans across three continents. With Africa's trade and investment corridors playing a pivotal role in spurring growth and development across the continent, securities services is another safe and reputable vehicle for the Bank to channel integral investment into key growth markets, and ensure we remain aligned to our brand promise of being here for good."

Meanwhile, Citigroup's Global Transaction Services business has begun to provide Direct Custody and Clearing (DCC) services to its clients in South Africa. This new offering expands Citi's proprietary DCC network to 60 markets globally and 34 markets across EMEA.

Lee Waite, global head of direct custody and clearing at Citi Global Transaction Services, said: "This new milestone demonstrates the strength of our unrivalled network and our commitment to provide our clients with global solutions while delivering consistently high-quality standard of service, technology and support."

Donna Oosthuyse, Citi country officer for South Africa, said: "We are delighted to offer direct custody and clearing services in South Africa, the leading economy and largest securities exchange in Africa. Citi has a long-standing presence in the country and we look forward to leveraging our local expertise and proactive engagement with customers, regulators as well as market infrastructures to generate new growth opportunities for our clients."

Citi's application to operate as a Central Securities Depository (CSD) Participant was approved by the Controlling Body of Strate. Monica Singer explains, "Citi has a long established relationship with Strate as one of the founding shareholders back in 1998. We are pleased to welcome them as a new CSD Participant in South Africa, providing custody and settlement services across all three of our markets, namely for equities, bonds and money market securities."

It's this sort of operation that international funds are increasingly sourcing. And as South Africa matures, many experts believe it will pull its neighbours up behind it. "We're confident in South Africa and have a lot of investment there," says a representative of one fund management company.

"Nearby, we would be happy to work in Botswana and, to a lesser extent Kenya and Tanzania. We're hoping that more as more countries come on stream, we will have more opportunities to operate outside Johannesberg. **AST**


Time
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15:35 BUD 5372 BUDAPEST
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15:50 KBP 102 KIEV
16:00 SOF 462 SOFIA
16:15 BUD 5372 BUDAPEST
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2012

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Apocalypse not now

Delegates found an optimistic mood amidst mass regulation at ALFI's spring conference

GEORGINA LAVERS REPORTS

A key strategy of ALFI is to throw a curveball speaker into that lull hour before lunch; a period in which it is notoriously hard to hold anyone's attention. On the first day of the conference, the audience were treated to the thesis of one Bruno Tertrais; specifically that we are richer, healthier, and safer than ever before… and the media-predicted apocalypse? Not just yet.

While this may be hard to swallow, what with the current eurozone situation, the overall mood at the Luxembourg-based based conference was one of hope. Booth holders described the event as 'surprisingly busy', and taking in the jam-packed conference centre in Kirschberg, 2012 for asset servicing looks cautiously steady. However, if providers and fund managers alike are to experience growth, they must first deal with the massive influx of regulation into the industry.

Nathalie Dogniez, Michèle Eisenhuth and Francine Keiser from KPMG, Arendt & Medernach, and Linklaters respectively, took delegates on a breakneck tour through upcoming regulatory challenges. Whilst 54 per cent of the audience stated that they thought regulation would impact their business positively, the atmosphere outside was mostly of annoyance. Speaking exclusively to *Asset Servicing Times*, Georges Bock of KPMG said of FATCA: "Retail funds are not the ones for which FATCA is necessary. The IRS has not listened to this. Why should we pay? We did not cause this crisis. If Americans are avoiding tax, that's nothing to do with us."

On the panel, speakers were resigned to FATCA, but optimistic that Europe's early adoption of the rule would be beneficial. Said Roger Exwood of BlackRock: "There's a perception in Asia that if you tell the US to go away loudly enough, they will. As they realise FATCA is for everybody, Europe will have the upper hand because they know how to do it."

Alexander Schindler neatly illustrated the growth of regulations by comparing the US declaration of independence: one page – with Solvency II: over 900 pages, and it seems as though massively lengthy regulations will mean tougher workloads this year. A regulation that seemed to inspire significant procrastination in managers was KIIDs, and with a Finistra survey finding 30 per cent were grappling with translation in more than 10 languages, it is little wonder why. Stephen Crocombe of BlackRock sympathised with the pain of manufacture and distribution, but argued that KIIDs are a force for good. "They are fantastic for clients, and much more likely to be read by end-investors. That in itself should be applauded." However, with 300,000 documents to produce just in Luxembourg, and 70 per cent admitting they have yet to start the process, managers will have to get their skates on.

The financial market crisis has given rise to a debate on the FTT tax on UCITs at EU level, and arguments were heated as to the distinction between complex and non-complex. David Moroney of RBS said: "What is a complex product in somebody's mind can be eminently suitable for a retail customer. I'm not sure if we need a 'complex' category: suitability should be our yardstick." However, Maria Koch of Barclays Capital stated that to change the term would confuse the brand. "The general consensus is that there is no alternative to 'complex' UCITs. Regarding point of sale, increased protection standards may impact distribution, but it is too soon to tell."

Fund governance in turbulent times was a hot topic, with moderator Henry Kelly of KellyConsult showing a quote from the EU green paper: "It was the failure of boards of financial institutions to control risks to which their institutions were exposed" to start off the talk. When asked if they agree that developments in fund governance have been adequate in response to the challenges faced by the financial crisis, 52 per cent of the audience mostly agreed, with 30 per cent mostly disagreeing.

Finally, Claude Kremer from Arendt & Medernach expressed both hope and despair for asset management, also stating that the perspective of the industry as a victim was 'paranoid.'

"In 2011, there were more than 30 regulatory measures that directly affected asset management. Banks are either drastically restructuring their asset management sectors, or closing them down. Yet, European assets have grown, and the industry undeniably creates value for investors. The measures that affect us are not directly aimed at us: that is a paranoid view. We are not part of the problem, but we will be part of the solution." **AST**

Industry appointments

Karim Hajjaji has been appointed chief operating officer of GIMS, the division of Societe Generale Group that comprises private banking, asset management and securities services. He joins the executive management of GIMS and retains his functions as chief financial officer of GIMS. Reporting to Jacques Ripoll, he is a member of the GIMS Executive Committee.

Hajjaji began his career in 1986 as a quantitative research analyst for market activities at GRO/Credit Lyonnais, before becoming a consultant in strategy and organisation at Braxton Consulting in 1988. He then headed the Financial Control Department of Dresdner France, following a period as deputy head of audit for market activities, asset management and insurance.

He joined Societe Generale Group in 1999 as head of financial control at the corporate & investment bank. From 2005 to 2009, he was CFO of SG Americas, where he supervised Societe Generale's financial activities in the United-States, Canada, Brazil and Latin America.

In July 2009, he was appointed CFO of the GIMS division and became a member of the GIMS Executive Committee, reporting to Jacques Ripoll, head of GIMS.

J.P. Morgan Worldwide Securities Services has made a number of changes to its UK pension fund leadership team.

Jemma Broadgate has been named head of the WSS UK Pension Funds and Charities Market, working with corporate and public sector pension funds to provide them with industry-leading solutions to help meet the needs of their members. Broadgate, who joined J.P. Morgan in 2007, has extensive experience working with UK pension funds, with 14 years' experience in the securities services industry.

In addition, **Benjie Fraser** has been appointed global pensions executive in the WSS business, which provides a suite of securities services solutions for pension funds to help meet their needs now and in the future. These services include custody, accounting, client technology and other value added securities services.

Francis Jackson, EMEA markets executive for J.P. Morgan's WSS business, said: "These appointments demonstrate the strength and commitment of the leadership we have working with pension funds, both in the UK and globally. Jemma has worked with UK pension funds for a number of years, and the continuity of leadership will enable us to continue working with pension funds to help them meet their members' needs."

Nick Rudenstine, global head of the Investor Services group within WSS, said: "We are delighted Benjie has assumed a global role working with pension funds. His experience working with pensions in Europe, which includes two of the biggest pension fund markets globally, will lend itself to working with pensions in the US, Australia and other key markets where pension funds are looking for a strong and stable service provider to help mitigate their risk."

4sight Financial Software has hired **Antonio Neri** as executive director. Neri will head up the sales, pre-sales, marketing and account management team globally.

Before joining 4sight, Antonio was head of EMEA sales at Lombard Risk Management. He brings with him many years of experience in collateral management and OTC derivatives valuation systems for the financial markets.

CIBC Mellon has appointed **Daniel Yardin** to the role of director, equity securities lending. Yardin will be responsible for lending CIBC Mellon's international portfolio and further expanding the company's international equity lending program. Prior to joining CIBC Mellon, Yardin held various securities lending and operations positions in Canada, Australia and the UK. He has more than 14 years of experience in financial services.

BMO Markets' Financial Products Group is combining the Prime Brokerage and Equity Finance businesses into a single unit, Global Prime Finance, headed by **Tony Venditti**.

Venditti will replace Andrew Papierz who is retiring from the business effective March 30th after 12 years with BMO and more than 30 years in the industry.

Venditti joined BMO Capital Markets in 2009 in conjunction with the Bank's acquisition of Paloma Securities. With this appointment, he expands beyond his current equity finance mandate to become head of Global Prime Finance.

Venditti will report jointly to Jeff Poulsen, head of trading, and Chris Taves, head of structured finance. **AST**

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