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Defences mounted for FSA's new 48 hour policy

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A defence of the FSA's policy that custodians must be able to provide information on client assets in 48 hours in the case of the firm going bust – has been taken up by Ian Stott, client services director of the Consulting Consortium.

Stott said in a statement: "Following the collapse of both Lehman Brothers and MF, the FSA made it clear in its consultation paper that the introduction of the CASS Resolution Pack (CASS RP) would be one step towards ensuring the speedier return of client assets in the event of 'Firm' failure.

"So now it's landed in the form of an FSA Policy Statement PS12/6, it really shouldn't come as any great surprise to in-scope firms holding permissions to handle client assets as custodians. But, as often seems to be the case, there will be outcry and comment from vociferous corners of the 'custodian' community claiming unfair treatment by the regulator, especially in light of the 48 hour deadline that would be imposed in the event of a firm's failure or, at the specific request of the regulator.

"So what about effective systems and controls that should already be in place to protect and safeguard the financial interests of retail and wholesale customers … this isn't an FSA 'witch hunt' but another sensible step towards improving client assets' protection and increasing market confidence.

It still amazes me how the FSA signposts its intent through consultation papers and, rather than this being an industry wake-up-call, many potentially affected firms are caught unaware of their responsibilities until policy is mandated. So when the FSA says, 'we do expect regulation in this area to become more focused on the effective segregation and rapid return of client assets', guess what? Be prepared, and take positive action."

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State Street new custodian of WSIB

State Street Corporation will provide a range of investment services to Washington State Investment Board (WSIB), including custody, daily investment and compliance reporting, securities lending, securities valuation and settlement.

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J.P. Morgan launches new fund administration tool

J.P. Morgan Worldwide Securities Services (WSS) has launched Alternative Investment Reporting, a system that enables alternative asset managers to view and analyse their fund administration data.

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State Street new custodian of WSIB

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"We are pleased that WSIB has chosen State Street to help meet the needs of its expanding global portfolio," said Stephen Nazzaro, senior vice president of State Street global services. "Our bundled solution will help increase operational efficiencies and allow WSIB to focus on meeting their growth objectives."

WSIB is headquartered in Olympia, Washington and manages investment portfolios for 17 separate state retirement plans and 22 other public and trust funds that support or benefit industrial insurance, colleges and universities, developmental disabilities, and wildlife protection.

WSIB has approximately $80.4 billion in assets under management as of 31 December 2011.

J.P. Morgan launches new fund administration tool

Continued from page 1

"Alternative Investment Reporting is an integral part of our alternatives roadmap as it provides our hedge fund, private equity and real estate clients with a single front-end interface irrespective of fund type," said Stephanie Miller, global head of alternative investment services for J.P. Morgan WSS.

"This solution highlights our continued commitment to providing two-way communication and transparency to our fund administration clients."

Qsuper custodian no longer NAB Asset Servicing

State Street has replaced NAB Asset Servicing as QSuper's custodian.

After a six month review, the company was appointed custodian of QSuper's $32 billion of global assets, with QSuper's chief financial officer Michael Cottier commenting: "State Street stood out from the crowd, offering quality, breadth and depth of services, advanced technology, and global capability." QSuper is the superannuation fund for current and former Queensland Government workers and their spouses.

A State Street executive told Deal Journal Australia that Australian banks are having to borrow Australian-dollar government bonds from foreign investors in order to meet new capital requirements; possibly a symptom of increasingly restricted liquidity in the local debt market.

Clearstream joins up with HKEx Ecosystem

Clearstream will join the Hong Kong Exchanges and Clearing Limited (HKEx) Ecosystem initiative as a founding member.

Ecosystem is a data management service designed to provide participants from across the spectrum of financial and securities markets with access to HKEx market data, trading and clearing systems via one connectivity hub.

Customers of the Luxembourg-based company that are also participants at the HKEx will benefit from improved connectivity to the Clearstream systems once the Ecosystem goes live in the fourth quarter of 2012.

Participating in the HKEx's hosting services is part of Clearstream's Asia strategy to become the preferred international post-trade services provider in the region.

Merrill Lynch to act as Bernheim's prime broker

Bernheim, Dreyfus & Co has appointed Bank of America Merrill Lynch (BAML) as its second prime broker.

The Parisian hedge fund manager, which manages $200 million in assets and makes money by M&A betting, will now split its activities between BAML and existing broker Newedge.

"One thing that was very important was that it's one of the biggest-capitalised banks," said Bernheim, Dreyfus partner Amit Shabi. "The capital introduction team at BAML is very, very serious ... They seem to have a very, very close relationship with hedge fund investors."

BAML also made a number of strategic hires at its prime brokerage division last year, including Stu Hendel as global head, Peter Klein as global head of FX prime brokerage and Charlotte Burkeman as co-head of EMEA brokerage, among others.

State Street to provide counterparty monitoring service

State Street announced the launch of its Entity Exposure Monitor Service, which calculates exposure to particular legal entities that asset managers and asset owners either do business with, or have within their portfolios.

The service includes dashboards that investors can use to access information about issuer and counterparty risk across all asset classes. It also features limit-setting and alerting capabilities that alert investors regarding over exposure to a particular legal entity.

"In today's increasingly complex investment environment, we are able to provide our clients with a solution that enables them to have transparency into how much financial exposure they have with each legal entity," said Patrick Centanni, executive vice president and head of global product management at State Street.

AQR choose BNY Mellon subsidiary Eagle

BNY Mellon subsidiary Eagle Investment have been selected by AQR Capital Management to provide software that measures investment performance.

"Eagle offered a rich data model and an innovative, flexible solution that handles our complex requirements," said Stephen Mellas, principal of AQR. "Our firm requires technology solutions that continue to evolve and meet the changing needs of our infrastructure."

AQR Capital Management is a global investment management firm that analyses macroeconomic and fundamental data. As of December 31, 2011, AQR managed $44.2 billion worldwide for institutional investors.

Brokers sign on to Pershing solution

BNY Mellon subsidiary Pershing will provide its new solution GlobalClear to existing clients Bloxham, Execution Noble Ltd. and Northland Capital.

The custody and trading solution aims to allow investment banks and institutional broker-dealers to outsource their back-office systems and operations to Pershing, while also leveraging its global settlement network and clearing memberships with the major European exchanges and multi-lateral trading facilities (MTFs).

Tadhg Gunnell, partner at Bloxham, said: "The GlobalClear service in addition to our existing Pershing services afforded us significant trading efficiencies in Pan-European markets. The Pershing partnership approach to their services enables us to react to market developments and develop new lines of business where we see opportunities."

Japan's shareholder voting platform a-go

Investor Communications Japan (ICJ) announced that it had signed on its 400th participant to its electronic proxy voting platform.

In operation since December 2005, ICJ provides investors in Japan, and institutional shareholders globally, the ability to receive notifications of Japanese shareholder meetings and return voting decisions directly to issuers and their agents.

Under the traditional paper process, shareholders had only days or even hours to process thousands of proxies across hundreds of accounts, and make decisions on often hundreds of shareholder meetings held over a few days in late June every year.

ICJ provides straight-through-processing (STP) that aims to improve flow and transparency of information to shareholders and back to issuers, increasing the timeliness of materials delivery to shareholders for review from days to weeks.

ICJ is a joint venture of Broadridge Financial Solutions, the Tokyo Stock Exchange, and the Japan Securities Dealers Association (JSDA).

SGSS and Orient Capital to partner

Orient Capital will offer its suite of investor relations services to Societe Generale Securities Services' registry clients.

SGSS selected Orient Capital to provide a suite of investor relations services based around its share register analysis (SRA) service, which is delivered through its proprietary online platform 'miraqle'.

By providing its French issuer clients with access to this method, SGSS hopes to offer them more detailed information and analysis of the identity of who owns their shares, including foreign shareholders.

SGSS already offers services to issuers such as employee stock plan administration, shareholder meetings services, share registry services and corporate events services.

SunGard launches new collateral management solution

SunGard has added a cross-enterprise collateral management and optimisation solution to its collateral management suite.

Apex Collateral aims to help banks, broker dealers and asset managers improve risk management, make the best use of their collateral assets, and support the shift towards central clearing of OTC derivatives.

Rich Hochreutiner, global head of collateral trading and management at Swiss Reinsurance company, said: "SunGard's Apex Collateral solution helps us increase our effectiveness by providing a consolidated, big picture view of our collateral asset pool across OTC derivatives, reinsurance collateral, repo and securities lending. This transparency helps us mitigate counterparty risk while getting maximum value from our collateral assets."

The top ten finance centres of 2012

London took first place in the latest Global Financial Centres Index, with Jersey retaining its position as the highest rated offshore international finance centre.

Overall, Jersey remains 21st in the competitive rankings, which are published every six months, ahead of Guernsey in 31st, Cayman Islands (40th) the Isle of Man (44th), and BVI (45th).

One of the major findings from the latest edition of the index is that the offshore jurisdictions are now recovering after suffering reputational damage during the past four years in relation to the global economic crisis.

Overall, the top 10 finance centres were:

1. London
2. New York
3. Hong Kong
4. Singapore
5. Tokyo
6. Zurich
7. Chicago
8. Shanghai
9. Seoul
10. Toronto

HSBC Securities Services launches in Germany

HSBC Securities Services will now offer sub-custody and clearing services to cross-border institutional investors in Germany.

The bank has integrated its domestic custody business in Germany - HSBC Trinkaus - into its global sub-custody and clearing network.

"The highly experienced team in Germany is looking forward to sharing our local market knowledge and insights with cross-border institutional investors and to help them enhance performance," said Dr. Christiane Lindenschmidt, head of HSBC Securities Services in Germany.

HSBC sub-custody and clearing network now expands to cover 40 markets across Asia Pacific, the Middle East and North Africa, Europe and Latin America.

Colin Brooks, global head of sub-custody and clearing, added: "HSBC Trinkaus holds a strong position in the local securities clearing market and it is a natural next step to extend provision of these services to our cross-border global custodian and broker-dealer clients."

FASB to revise repo

FASB revised its standards for repo agreements in 2011 as a response to the use of 'Repo 105' transactions by Lehman Brothers, and now the board have decided to add a new agenda item after the collapse of MF Global.

The former financial derivatives broker, which used 'repo to maturity' transactions, declared bankruptcy on 31 October 2011 and now faces questioning on the disappearance of an estimated $1.2 billion from customer accounts.

"Investors have raised concerns that the existing standard on repurchase agreements should be reconsidered to reflect changes in market practices," said FASB chair Leslie Seidman in a statement. "The board will reconsider both the accounting and disclosure requirements to ensure that investors are getting useful information about repurchase arrangements."

Information gathered by the board indicated that users of financial statements view repurchase agreements as financing transactions, and also said they would appreciate improved disclosures.

Fund managers increasingly bullish on global growth

28 per cent of fund managers expect the world's economy to grow in 2012, an increase of 17 per cent from February's results.

The latest Bank of American Merrill Lynch survey found that fund managers were increasingly confident about the year ahead, yet optimism about growth has in turn diminished faith in further quantitative easing in the US and Eurozone.

Almost half of the survey's 278 participants said they did not expect any more quantitative easing from the Federal Reserve, compared with 36 per cent in February.

"Such has been the success of central bank policy, you now have many investors thinking quantitative easing is no longer required," said Gary Baker, head of European equity strategy at Bank of America Merrill Lynch Global Research.

Though anticipation of progress improved in the US, Europe and Japan, growth expectations for China were considerably weaker. The net percentage of investors predicting a feebler Chinese economy rose to nine per cent from two per cent.

NAB asset servicing to provide custody for ARPC

Australian Reinsurance Pool Corporation has given National Australia Bank Asset Servicing a $740 million directive to provide custody services.

Australian Reinsurance Pool Corporation (ARPC) will transition its assets under custody to NAB Asset Servicing on 5 February, having previously received custody services from Suncorp through its investment with Tyndall Investment Management.

Brian Keogh, general manager of operations and markets for NAB asset servicing, said it was NAB's local presence and ability to transition assets quickly that were the winning combination.

"All these proved critical given the time constraints. Overlaying this was our flexibility to accommodate ARPC's specific requirements and guidelines to meet ARPC's statutory investment and reporting obligations directed by the Commonwealth Authorities and Companies Act 1997 which is administered by the Department of Finance and Deregulation."

Northern Trust new custodian of UnitedHealth

Northern Trust announced it will provide global custody services for the Minneapolis-based UnitedHealth Group.

Northern Trust will provide safekeeping, accounting and Investment Risk & Analytical

Services for $25 billion in insurance assets held by UnitedHealth Group, which provides health care and benefits.

"Our selection of Northern Trust was based on its integrated asset servicing solution and its commitment to deliver on the specialised services that we require - specifically, enhanced data to support our investment management, regulatory reporting and risk management process," said Robert Oberrender, senior vice president and treasurer of UnitedHealth Group.

"We are delighted to add a company of UnitedHealth's stature as a client in our insurance segment, which continues to grow globally," said Steven Fradkin, president of Corporate & Institutional Services at Northern Trust. "Northern Trust's development of custody has proven to be vital as insurance clients seek operational solutions to manage increasingly complex investment portfolios."

Hartford Financial Services breaks up

Hartford Financial Services group has shut down its annuity business, pursuing a sale or other options for its individual life insurance, retirement plan and broker-dealer businesses.

Following pressure to boost its stock price from the company's largest shareholder, hedge fund manager John Paulson, the company said it would get rid of most of its life insurance-related operations and focus on being a property insurance company.

One of three insurers to receive a government bailout during the financial crisis, stocks in The Hartford have now climbed 6.4 per cent to $23.10.

Stifel Nicolaus analyst Meyer Shields estimated the company could end up with proceeds of about $1.5 billion from the asset sales, mostly from the life and broker-dealer businesses, while Barclays analyst Jay Gelb said the assets were likely to draw interest from the likes of AIG.

The Hartford chief executive Liam McGee said in an interview the plan was not a direct reaction to Paulson's fears, adding: "We take suggestions from all of our shareholders, not just Paulson, quite seriously. Clearly we evaluated a split but we were in the course of evaluating many options."

Ohio replaces custodians BNY Mellon and State Street

BNY Mellon and State Street are being swapped out for J.P. Morgan and Citigroup as custodians of international investments for four Ohio pension funds, state treasurer Josh Mandel said.

The change is brought about after BNY Mellon was sued for $16 million on March 12 by Ohio attorney general Mike DeWine on behalf of the Ohio Police & Fire pension fund, and the School Employees Retirement System of Ohio. DeWine alleges fraud, deceptive practices and breach of contract when BNY conducted foreign currency trades.

A spokesman for BNY Mellon said: "We're disappointed by the treasurer's actions. As we have stated previously, the suit by the Ohio attorney general recycles baseless allegations and we are confident we are right on the facts and the law."

This is the first time a state has completely severed ties with BNY Mellon amid the currency-trading investigations. Previously, pension funds in Massachusetts and Los Angeles have restricted foreign exchange trading with the bank.

State Street is currently being sued by the U.S. Department of Justice and other states over fraud and deceptive-practice allegations. The California attorney general previously sued the company, alleging that it overcharged a state pension fund. State Street has disclosed that federal authorities are investigating the currency-trading activities of the bank, but asserts it hasn't engaged in wrongdoing.

State Street refused to comment on the change other than stating Ohio remained: 'a valuable client.'

Rivalry intensifies for FX clearing

Competition for forex clearing is hotting up as the IntercontinentalExchange (ICE) prepares to enter the market alongside players CME Group and LCH.Clearnet.

The FSA gave the go-ahead to LCH.Clearnet for its ForexClear venture on March 12, with the service beginning operation on March 19. It will clear foreign exchange non-deliverable forwards (NDFs); cash settled products that are actively traded in a range of high growth economy currencies.

Managing director of ForexClear Gavin Wells said: "In response to market demand and pending regulatory changes, we are delighted to be bringing LCH.Clearnet's leading risk mitigating solutions to NDFs and we will be looking to broaden the service in line with client demand."

Meanwhile, IntercontinentalExchange (ICE) plans to launch a clearing service for over-the-counter foreign exchange instruments this year, with the platform initially covering NDFs, and is scheduled for launch in the second quarter, having been in development for about 18 months.

"We have spent about a year-and-half putting this service together, and we wanted to wait to announce until we knew we would have a differentiated offering that would be able to compete vigorously for OTC foreign exchange clearing. Ice is already a leader in clearing OTC derivatives in two major asset classes - credit and energy - and our hope is that foreign exchange will be the third," said Thomas Farley, president of Ice Futures US in New York.

The clearer has already signed up 10 clearing members, including Bank of America Merrill Lynch, Citi, Credit Suisse, Deutsche Bank, JP Morgan, Morgan Stanley and UBS.

Finesti and fundinfo combine forces for KIIDs

Finesti and fundinfo are to combine their experience in investment fund data and documents to offer services intended to aid cross-border notifications and the distribution of Key Investor Information Documents (KIIDs).

The two companies will offer integrated solutions and packages to all fund groups and fund promoters who need to fulfill the requirements of the UCITS IV directive.

Jan Giller, partner and head of marketing & sales at fundinfo, said: "With the new service, fundinfo has extended its comprehensive fund document dissemination services, and therefore is strengthening its position as leading hub for original fund documents in Europe and Asia."

Finesti has had an operational service for cross-border notifications since July 2011, currently used solely by Luxembourg funds. However, Finesti has stated that it is in the process of broadening the use of this platform outside Luxembourg to other EU member states.

Finesti's CEO, Dominique Valschaerts said: "We are very pleased by this new collaboration. Our collective expertise will strengthen fund notification and extend our distribution services through a common approach and robust processes."

J.P. Morgan to overhaul asset servicing platforms

J.P. Morgan is updating global trading and asset servicing platforms, as well as investing heavily in fast-growing areas such as mobile payments.

Nearly a third of J.P. Morgan's 25,000 staff work in IT, and the company has promised investors it will use its £1.3 billion technology budget to slash trading errors, and redevelop key platforms.

Jes Staley, head of its investment bank, said the bank was over half way through a 'strategic re-engineering' of its technology. Three servicing platforms have already been consolidated into one, and servicing processes have been restructured. The company will also make use of its scale by establishing cross-asset platforms for financial trading.

Meanwhile, the bank's treasury and securities operations are also being updated; specifically payments processing, workflow automation and accounting processes. Future changes include the implementation of global trade and asset servicing platforms.

Big interview

Following his move from ALFI to KPMG, AST speaks to Charles Muller about his new role

GEORGINA LAVERS REPORTS

AST: It's a fairly new role for you at KPMG – what are your duties currently?

Charles Muller: It is – I had a 1st of December start – but I roughly do the same work I did at ALFI. My aim is to be aware of all regulation, specifically out of Brussels, but all over Europe and globally. Unfortunately, financial regulation is not global.

I give internet presentations to KPMG, and they also take me to their clients. Their clients are asset managers, or sometimes depository banks. I only work for clients, because the service is free of charge for them.

We'll cover five or six topics in two hours. Their level of understanding changes according to geography; background. If they're from a well-established EU member state, for example, I can go through things a little faster, but in less developed countries I have to take my time. If I start talking and I see wide-eyed, blank stares I know I have to simplify things!

AST: What's the line between advising, and selling your own product?

Muller: If we have a solution for one of the regulations I will tell them, but I don't sell it; that's not my job. The best way to sell yourself, anyway, is to show competence. ALFI used to push Luxembourg, but I know they have realised it works better if you don't.

AST: Where do you think growth in Luxembourg is coming from?

Muller: Traditionally, it has been UCITS funds, but now more and more growth is coming from outside the EU.

In Hong Kong, less than 10 per cent of funds are local. 50 per cent are actually from Luxembourg, 15 per cent are from Ireland, and five per cent are from the UK and France. We are trying to attract Hong Kong, Taiwan and Singapore to Luxembourg, while ALFI is trying to break Australia.

AST: What is Luxembourg doing to attract Asian funds?

Muller: When I was in South Korea, I sold Luxembourg to South Korean asset managers so they could trade with Hong Kong. It seems ridiculous; the countries are so close to one another, but they need Luxembourg as an in-between. The ease of UCITS meant it was easier to go to Luxembourg first.

UCITS were released 25 years ago, and Luxembourg was the first to implement it. Now they are the most popular savings product. In the beginning, it was different. In terms of risk adverse UCITS, it used to be government papers, but not any more! There are funds, however, that guarantee your money back.

AST: Which countries are up-and-comers as fund domiciles?

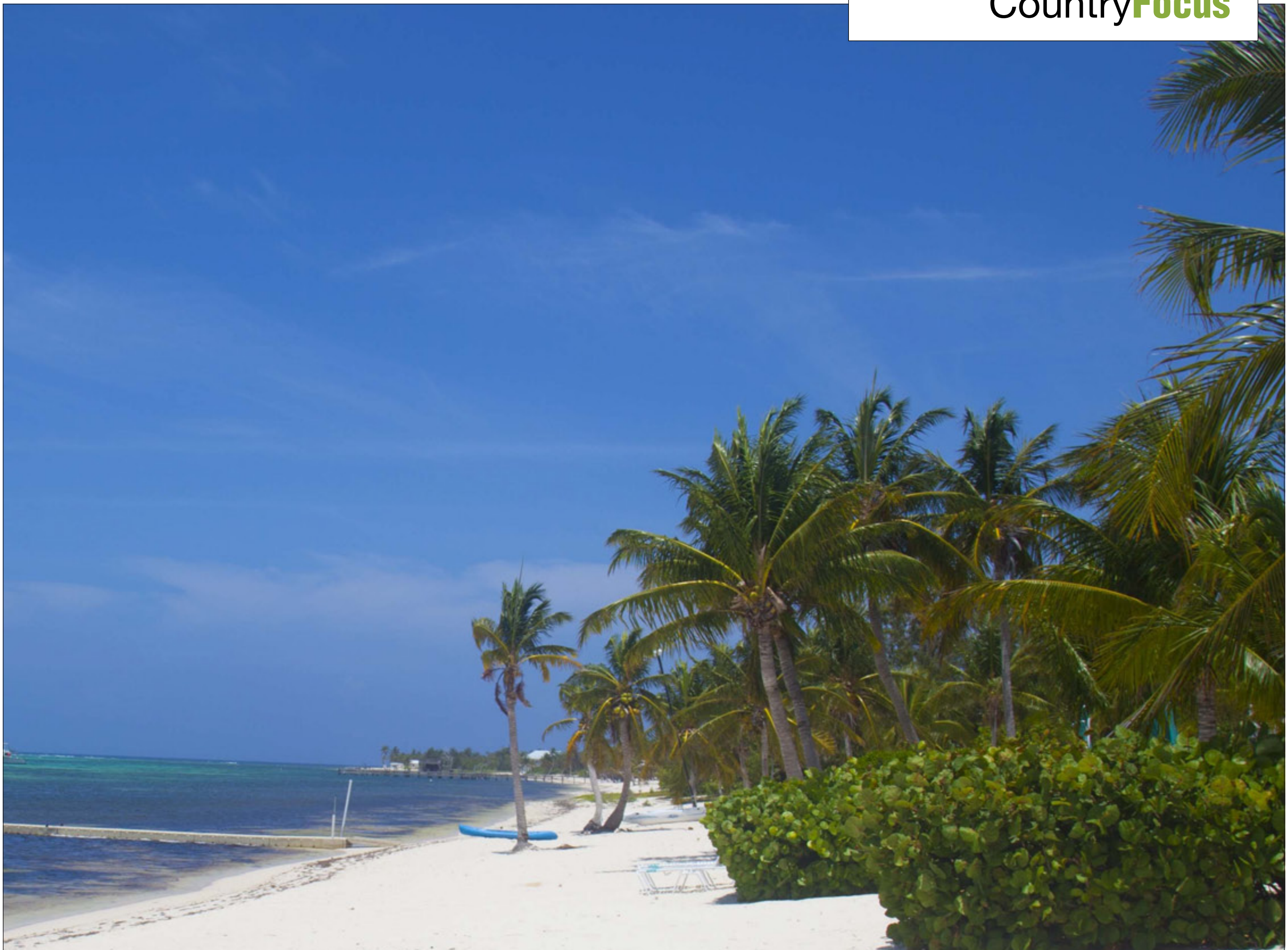
Muller: Malta very much want to establish themselves in the funds market. On my first day with KPMG, I spoke at a conference there, with an audience of 100 - quite a good turnout for Malta. They really tried to make a big event of it, and I can see Malta becoming a potential player in that area.

AST: Who is Luxembourg's biggest competitor as a funds domicile?

Muller: Ireland. When ALFI were trying to push things through, we would say: "well, Ireland are allowed to do it", and they would do the same: "Luxembourg are allowed to do this-and-that, so why aren't we?" So I suppose in that sense it is helpful to have them as a big competitor.

However, I've stopped promoting Luxembourg, whereas at ALFI that was my role. It is easier in a way, because I don't sell just one country. But on the other side of the coin, it is harder because when people ask where to put a certain fund, there are quite a few criteria to consider. And I must say that latest figures show that Ireland is doing very well. There is still a big difference with Luxembourg, but Ireland's market share is constantly increasing, despite the crisis they have gone through. **AST**

Charles Muller
Partner
KPMG, Luxembourg



Cayman Islands

While the Caymans remain one of the largest offshore domiciles in the world, increasing competition in the market is nibbling away at their advantage

BEN WILKIE REPORTS

The growth of the Cayman Islands - along with some of its Caribbean neighbours - can directly be attributed to the fall of the UK's influence as a major world power. With many of Britain's colonies becoming independent in the aftermath of the Second World War, the home government looked for ways to both reduce the cost burden of running its outlying dependencies, and retaining some influence globally. The creation - or, more accurately, recreation, of the offshore market, with many existing or historic British ties, has proved a runaway success, and the model used in the Caymans has been copied in dozens of other jurisdictions.

With more registered companies than people, the Cayman Islands has for decades been a sought-after destination for firms looking for a low tax business environment in close proximity to the US and with an educated and motivated workforce.

The British Overseas Territory has the highest standard of living in the Caribbean, and one of the highest in the world. It has a stable currency, pegged to the US dollar, and no income tax, capital gains tax or insurance tax (although if you want to buy a car on the islands, you'll essentially be paying the salary of at least one teacher for a year in tax).

One legend explaining the lack of direct taxation on the island involves a shipwreck in 1794, where nine British merchant ships and their naval escort ran aground on reefs off Grand Cayman. Plucky islanders raced out in their canoes to help, and managed to save all but eight of the seamen on board. Known as the Wreck of the Ten Sails, the story goes that such was the gratitude of the British that it removed taxation from the inhabitants. It's a nice story, but unfortunately the British Government has never been quite so generous about tax, and records indicate that tax-free status didn't come into being until some time later.

The focus on financial services began in the 1950s when the islands were considered relatively isolated and not particularly developed. The Government, in the form of the Cayman Island Investment Bureau made huge investments in transport and communications to take the place of traditional industries, such as fishing, agriculture and shipbuilding. Combined with efforts to attract tourists, the islands boomed.

With over 400 banks holding assets of over $500 billion, the aim of becoming a major financial centre certainly worked - an effort capped with the opening of the Cayman Islands Stock Exchange in 1997. Today, there are over 6,000 Cayman Islands-registered hedge funds, over half of the global total. In the most recent Global Financial Centres Index, the Cayman Islands was ranked 40th. This is based on five indices:

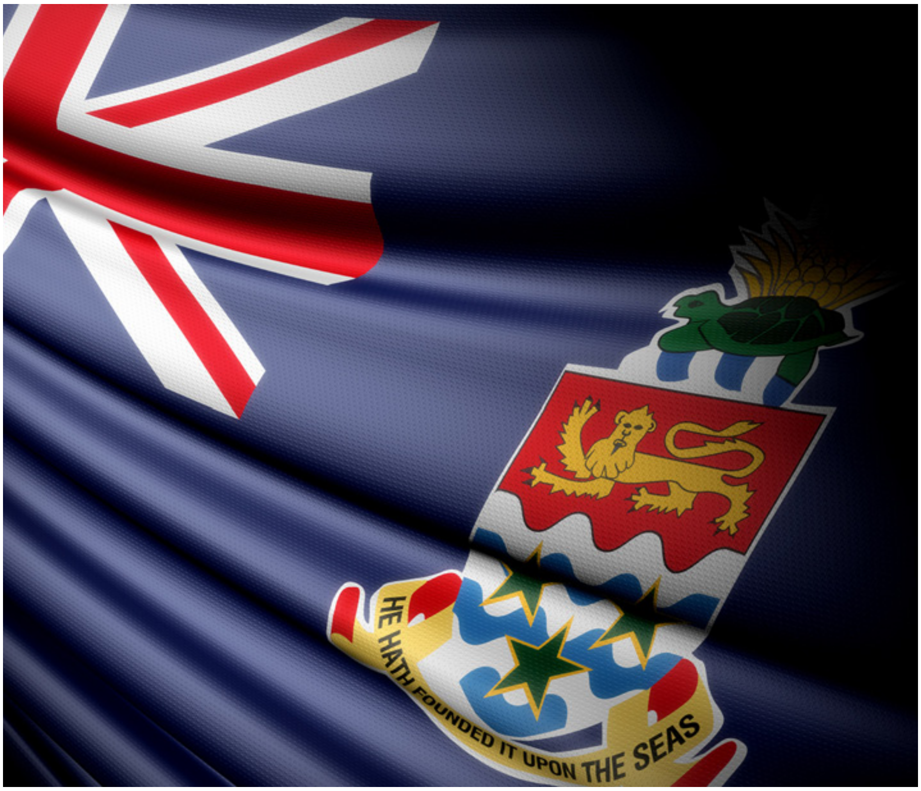
The people index summarises the availability of a skilled workforce, the flexibility of the labour market, the quality of the business education and the skillset of the workforce.

The business environment aggregates and values the regulation, tax rates, levels of corruption, economic freedom and how difficult in general it is to do business. To measure regulation an online questionnaire has been used.

The market access index looks at the various equities and bonds available. The volume and value of trading but also the cluster effect of the number of different financial service companies at the location influence the index.

The infrastructure index furthermost accounts to the price of real estate at the location. Other factors such as public transport have a minor impact.

General competitiveness relies on more traditional economic factors as quality of life and economic sentiment.



Regulation

As part of its remit to be one of the most innovative centres for funds and fund administration, the Cayman Islands regulator has a reputation that's second to none.

It's a major player on the international stage when it comes to creating and implementing rules that affect financial services, particularly when related to the funds sector, and although it retains the ability to restrict knowledge of ownership, is widely regarded as one of the best run 'offshore' domiciles.

As the Alternative Investment Fund Managers Directive (AIFMD) moves closer to coming into force in Europe, the Cayman Islands Monetary Authority (CIMA) recently joined 51 European and international organisations in responding to the European Securities and Markets Authority's (ESMA) request for input on strategies for implementing the directive.

ESMA, which succeeds the former Committee of European Securities Regulators' (CESR), has been mandated by the European Commission to draft measures, guidelines and technical standards to facilitate the implementation of certain parts of the Directive.

ESMA received responses to the Call for Evidence that the CESR issued in December seeking stakeholders' input on the AIFMD to help in its drafting of technical advice on the content of the implementing measures. ESMA intends to publish this draft technical advice for formal consultation during this year.

CIMA's response paper, which it submitted a year ago, focused on key aspects of the Call for Evidence, namely general questions relating to the scope of the AIFMD, choice of legislative instrument and impact assessment, as well as the specific issues relating to depositories, cooperation arrangements and the authorisation of non-EU managers.

CIMA's managing director, Cindy Scotland, said it was important for Cayman to have a voice in the development of AIFMD implementation strategies, "not only because of the importance of the funds industry to this jurisdiction but because of the valuable insights that we have gained, and can offer, from having such a large pool of funds domiciled here for most of the last 20 years."

Other organisations responding to the Call for Evidence included banking associations, regulatory bodies, investment services, and insurance, pension and asset management associations, as well as individual firms. They represented jurisdictions including Jersey, Sweden, Germany, and Ireland. The European Parliament formally accepted the AIFMD on 11 November 2010, mandating implementation by early 2013.

The Cayman government is planning to amend legislation to create a new Mutual Fund Administrators (MFA) licence category to attract small to medium or niche service companies. W. McKeeva Bush, the leader of Goverment Business on the islands, said the change was part of the goal to develop greater substance in the area of mutual fund administration.

"Currently, many of our licensees conduct only one component of mutual fund business, for example, registration and transfer agency services," he says. "However, there is no provision in the Mutual Funds Law to allow an applicant to apply for a Mutual Fund Administrators license in order to conduct partial business.

The new MFA License will cater to those entities looking to provide registrar and transfer agency services in the Islands. It will require a nominal net worth, professional indemnity insurance, and an obligation to have a principal office on island."

But the authorities are preparing to get more flak over the coming years. Back when the financial industry - and hedge funds in particular - was at the eye of the financial storm, the islands - along with many other domiciles - came under increasing criticism about the activities of the firms registered there.

While most now realise the criticism was mostly unwarranted, there are concerns that politicians looking to deflect the blame for failings within their own countries will once again come after the industry.

In fact, this has been seen only in the past couple of weeks, as the Greek government hit out at 'speculators' for increasing its borrowing costs, regardless of the fact that it has effectively failed to control spending.

"All you need is for a few politicians to need a scapegoat and then a whole load of new regulation comes down the line that damages our business," says one fund administrator.

"Compared to the major financial centres like London and New York, the Cayman Island - and many of the other domiciles in the Caribbean - have a much better standard of regulation. And that can almost be proved - it wasn't the banks based here that got into difficulties because they didn't know the extent of their liabilities; it was the likes of Lehmans and that was regulated in the US." **AST**

Bottom line:

[Your securities services expert in Central and Eastern Europe]

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

www.ingcommercialbanking.com

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Location: London
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Industry appointments

J.P. Morgan has announced **Lou Lebedin** as its global head of prime brokerage.

Lebedin had been acting as J.P. Morgan's interim co-head of the unit since 2008, when J.P. Morgan bought Bear Stearns. The 54-year-old previously ran Bear Stearns's prime brokerage unit, and has helped J.P. Morgan expand its prime brokerage business overseas.

XSP announced the appointment of **Esmeralda Estrella** as marketing committee co-chair of ISITC (The International Securities Association for Institutional Trade Communication).

Greg Wagner, global head of equity prime services has resigned from RBS to pursue a new opportunity.

Greg was with the bank for 16 years through the acquisition of ABN AMRO and held several roles at the bank throughout his career prior to taking the global role of head of prime in London in 2009, including regional head of equities for RBS Americas, and head of US securities finance (fixed income and equity product) for ABN's US broker dealer.

BTIG Ltd has hired **Matthew Cyzer**, formerly of Goldman Sachs, to head its equities sales and trading group. Cyzer will serve as president and head of European equities for BTIG's London offices.

At Goldman Sachs, which he joined in 2002, Cyzer was head of European equity sales and trading. Before Goldman, he was Deutsche Bank's head of European equity sales and trading.

Jersey Finance has appointed **Heather Bestwick** to the new role of deputy chief executive officer.

She will maintain the role of technical director, leading the Jersey Finance technical programme, but will have additional responsibility for several operational functions including human resources, finance and IT.

Geoff Cook, Jersey Finance CEO, commented: "Heather's appointment to the new role of deputy CEO reflects the growing remit of Jersey Finance and in particular, our strategy to support the industry in expanding into high-growth emerging economies, such as China, India and the Gulf Region."

Graystone Consulting, a business of Morgan Stanley Smith Barney, announced the appointment of **Robert Dow** to one of the firm's consulting group teams.

Dow will be based in Morgan Stanley's private wealth management office in Chicago to further expand the existing footprint of Graystone Consulting. Prior to this, Dow spent 25 years at Northern Trust, where he founded the firm's first dedicated non-profit advisory business.

"We are delighted to welcome Bob to Graystone Consulting," said Marc Brookman, managing director. "The Shaffer Team is an industry leader serving Foundations, Endowments and non-profits, and Bob's extensive experience and multi-disciplined approach to investment and fiduciary services, planned giving and asset servicing will further benefit our clients."

"I am thrilled to be joining Graystone Consulting and The Shaffer team," said Dow. "When considering this significant change, I thoroughly analysed what families and the board members and staff of universities, colleges and other non-profits will need both today and in the future."

Huntington Asset Services has appointed **Joseph Rezabek** as president of the company.

Rezabek comes to Huntington from Citi Fund Services, where he was managing director and head of North American Fund Services.

"An outstanding executive and leader, Joe will commit his expertise and vision to building upon Huntington Asset Services' strengths," said Daniel Benhase, Huntington senior executive vice president and director of the Wealth Advisors, Government Finance and Home Lending group.

BNP Paribas Securities Services has opened new offices in Colombia and Chile, and acquired the relevant hires, as part of its expansion into Latin America.

The strategic move into Latin America was announced by chief executive of BNP Paribas Securities Services Patrick Colle last year. Colle said in February 2011 that he hoped to develop services for global clients, adding this year: "Launching our services in Colombia and Chile is a key milestone in realising that ambition." Colle also commented that BNP Paribas' experience with multi-country exchanges such as Euronext gave it a head start in the Latin American region.

Claudia Calderón formerly of Cititrust Colombia, has been appointed head of BNP Paribas' Colombia office. **Emiliano Martínez**, joining from the BNP Paribas group's asset management division, will oversee the bank's business development efforts in Chile, reporting to Alvaro Camuñas, regional manager for Spain, Portugal and Latin America.**AST**

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Mark Konyn, CEO Asia Pacific, RCM

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