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AIFMD encourages law firm's move to the Caymans

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Law firm Dillon Eustace have opened up for business in the Cayman Islands, citing increased client demand and the AIFMD as reason for the new office. They are the first European Union legal firm to establish a fully- serviced practice on the islands.

Dillon Eustace took the view that while the impact of the introduction of the AIFMD may restrict access to European markets, there remains a huge volume of business focused outside Europe on which the Directive will have little or no impact, ensuring that the Caymans will continue to be a major domicile of choice.

Mark Thorne, managing partner at Dillon Eustace said: "The continued strengthening of Cayman's regulatory regime and its focus on good corporate governance is bringing the jurisdiction more in line with established on-shore practices. This will give Dillon Eustace an opportunity to use our 20 years of experience operating in a European Union regulated jurisdiction."

The branch will add to the firm's existing offices in Asia, Europe and North America. The Cayman office will provide services complementary to the firm's Irish law offering, and has two new hires to add to the team.

Funds lawyer Matt Mulry has joined the firm as a partner with over 15 years of legal experience, more than 11 of which have focused on the offshore investment funds sector. Senior litigation specialist John Fox, who has practised at the Irish and Cayman Bars for a combined total of 20 years, has also joined the new Cayman office, to develop the firm's commercial litigation practice.

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Stonegate to offer fund admin

Stonegate Capital Partners, which provides fund managers with a comprehensive solution for starting a hedge fund, are to release a global fund administration offering, catering to domestic and offshore hedge funds, real estate funds, private equity funds and asset based lending funds.

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New EMX Message System record

Euroclear's EMX Message System recently reached a new record of transmitting 30,000 fund order messages in a single day. Growth in the use of Euroclear UK & Ireland's EMX Message System continues to expand since a record 39 million messages were routed in 2011.

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AIFMD encourages law firm's move to the Caymans

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The Cayman law practice will offer a range of legal services including commercial litigation, securities litigation, funds establishment, insurance and banking. In response to the increased focus on corporate governance in Cayman and amongst institutions using Cayman as a domicile, Dillon Eustace will also be extending its compliance and regulatory practice to Cayman. Separately, the firm plans to establish a complementary corporate services firm which, subject to Cayman Islands Monetary Authority approval, will be open in Q3 2012.

Thorne added that the firm predicted an exciting future for the territory. "As a firm with specialist expertise in the funds industry, having a Cayman office is a natural next step for us. Our clients appreciate the tax transparent environment as well as the progressive regulatory regime."

Lorcan Tiernan, partner with Dillon Eustace and lead partner for the firm's initiative in Cayman said: "We've had very positive experiences with the Cayman authorities throughout the process of establishing here, and plan to grow our team locally across our practice areas."

Matt Mulry, Dillon Eustace's new funds partner in Cayman said: "The firm's establishment here will be seen in these important centres of influence as a strong vote of confidence in Cayman. The importance of the islands is likely to increase in the coming years as new regulation begins to take effect in Europe and elsewhere and fund promoters consolidate their products in both offshore and onshore jurisdictions."

Dillon Eustace's Cayman office is open for business as of 23 April.

Stonegate to offer fund admin

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John McCorvey, chief executive officer at Stonegate stated: "Our goal as a firm is to provide outstanding client service through an institutional-level service offering for emerging fund managers that are $250 million AUM and below. Our technology infrastructure is world class and completely streamlined. Our team has tremendous industry experience and we deploy our global fund administration services in an very cost effective manner."

The firm also provides a suite of hedge fund startup and operational services for hedge funds, private equity funds, real estate funds and ABL funds, creating domestic and offshore funds including master feeder funds and other complex fund structures.

New EMX Message System record

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Tony Wood, head of fund product sales at Euroclear said "Despite tough market conditions, Euroclear's efforts to streamline the operational dimensions of the fund industry are being rewarded with increased business flows. This trend, in fact, reflects the need of fund market professionals to make better use of services that will automate processes, reduce operational risks and provide cost benefits by achieving economies of scale. Our aim is to help our clients operate more efficiently and cost effectively."

Part of the reason for the record message flows is the growing success of Euroclear UK & Ireland's fund processing services to which the EMX Message System routes fund orders. In addition, the EMX Message System is routing cross-border fund orders to and from FundSettle to transfer agents, fund promoters and distributors in the UK and abroad.

"The Euroclear group's portfolio of fund services positions us strongly in delivering the efficiencies, cost and risk reductions that clients are demanding. We are regularly extending our service features, which now include restricted funds and the re-registration of funds, for example, to make post-trade processes in the fund industry as easy as possible," Wood continued.

Euroclear offers a comprehensive range of fund-related services through its FundSettle platform and the EMX Message System, including order routing, asset servicing and settlement.

Mizuho Trust & Banking fuse European custody and SBL operations

Mizuho Trust & Banking and Mizuho Securities will consolidate their European custody operations and securities lending operations currently provided by Mizuho Trust & Banking (Luxembourg) S.A. (MHTBL) and Mizuho International (MHI).

In a statement from the company, Mizuho said the merge would centralise functions and enhance the quality of client services. The Mizuho Financial Group will consolidate European custody operations through MHTBL and will consolidate European securities lending services through MHI.

"Mizuho is confident that it can achieve its objective of further strengthening its global custody service to its clients through the collaboration of three global custody centres in Tokyo, Europe, and America," the statement went on to say.

MHTBL, a wholly owned subsidiary of Mizuho Trust & Banking Co., Ltd., provides global custody, fund administration, and securities agency services with a strong focus on European assets.

MHI, the London-based securities and investment banking arm of Mizuho Securities provides financial solutions to institutional investors, including securities lending services, with a strong focus on European assets.

Australian government bows to tax pressure

The Australian government has decided to extend capital gains tax (CGT) rollover relief for superannuation funds in mergers until 2017, after continued protest by the superannuation industry.

"It's great that the government has accepted the [industry] representations," says Mick Giddings, head of tax policy at NAB Asset Servicing.

"It is entirely consistent with the Cooper Review and the recommendations in there. It's really, then, giving further effect to the recommendations of the Cooper Review, and it was the government who set up that inquiry in the first place."

Temporary CGT loss relief was introduced at the end of 2008, and allows funds otherwise lost when the merging fund is wound up, to transfer losses when they merge. The temporary CGT rollover relief extension expired in 2011.

"Fund members would take a direct hit on their accounts if fund mergers were to proceed without the provision of capital gains tax (CGT) relief for funds carrying capital losses," says Pauline Vamos, chief executive of the Association of Superannuation Funds of Australia (ASFA).

"Super funds are currently carrying Deferred Tax Assets (DTA) equivalent to between 1 and 3% of member account balances. A superannuation fund trustee's interpretation of their fiduciary duties means that a trustee is unlikely to complete a merger where it would result in a significant loss to members. Either way, without CGT rollover relief, the fund member would bear the brunt of the outcome, as efficiency gains from a merger would not be realised."

CIBC Mellon to provide asset servicing for Concordia

CIBC Mellon has been selected to deliver asset servicing solutions for the Concordia University Pension Plan and the Concordia University Foundation. CIBC Mellon will provide Concordia University with custody, accounting, benefit payment services, securities lending, performance and risk analytics, and real-time access to investment information via Workbench, CIBC Mellon's online information-delivery portal.

"We were very impressed by CIBC Mellon's products and technology, with their ability to deliver efficiencies, and with their capability to support us in mitigating risk across our financial reporting and governance needs," said Marc Gauthier, university treasurer, Concordia University. "We chose CIBC Mellon because we believe they are the asset servicing provider best positioned to meet both our current and future needs."

"We are very pleased to add Concordia University's pension plan and Foundation to our roster of satisfied clients," said Tom Monahan, president and chief executive officer, CIBC Mellon. "We look forward to exceeding Concordia's expectations for client service, technology and execution so they can focus on delivering great results for Concordia's employees, pensioners and Foundation."

The Concordia University Pension Plan and the Concordia University Foundation have combined assets in excess of $825 million.

BNY Mellon appointed by NOW

BNY Mellon has been appointed to provide custody and investment administration solutions for NOW: Pensions' new cost-efficient UK defined contribution workplace pension.

NOW: Pensions is the UK-based multi-employer trust established in November 2011. The investments are managed by NOW: Pensions Investments, a subsidiary of ATP (Arbejdsmarkedets Tillægspension), Denmark's largest pension fund and the administration is carried out by Paymaster, an established UK third party administrator.

Morten Nilsson, chief executive of NOW: Pensions said: "Efficient custody and investment administration solutions are key elements which enable us to offer a cost-effective solution to our members. BNY Mellon has supported ATP's offering in Denmark since 2007 and we look forward to working with the company on our UK solution."

Hani Kablawi, head of asset servicing, EMEA, BNY Mellon, said: "ATP is one of our most valued Danish clients. NOW: Pensions is looking to replicate the strong track record ATP has already established in Denmark, where it administers contributions for 4.7 million members across 160,000 employers. We are pleased to be able to provide innovative solutions coupled with high-quality servicing to support NOW: Pensions in this new endeavour."

Irish Funds Industry Association opens in Hong Kong

The Irish Funds Industry Association (IFIA) is opening a representative office in Hong Kong to assist the increasing number of local managers seeking to establish funds in a regulated environment.

"Over the past 20 years, Ireland has established itself as one of the global leaders for domiciling UCITS and regulated alternative investment funds", a statement from IFIA said.

The office in Hong Kong was formally announced at Fund Forum Asia by Pat Lardner who has recently become chief executive of the IFIA. The operation will be led by Conor O'Mara in a joint initiative between the IFIA and the Irish Chamber of Commerce in Hong Kong.

"The ICC looks forward to helping position Ireland as the offshore centre of choice, as China and HK internationalizes its front and back end financial operations over the coming years. A HK-Ireland partnership in finance should prove a win-win scenario for the most open economies in Asia and Europe respectively," said Conor O'Mara, chairman of the Irish Chamber of Commerce in HK.

The IFIA has also recently launched new representative offices in both Singapore and Tokyo. These offices were opened in partnership with Government agency IDA Ireland. Ken Owens, chairperson of the IFIA, said that most of the globe's international banks had a presence in Ireland and that most Irish fund administrators were subsidiaries of international banks offering global support for the distribution of Irish domiciled funds in Asia.

"They can provide a comprehensive range of quality services to asset managers looking for support and representation to meet the needs of Asian investors and distributors."

Recent announcements by Asian managers of Irish funds include the authorisation by the Central Bank of Ireland of a Sharia Compliant UCITS Fund promoted by the Malaysian regulated CIMB, Principal Islamic Asset Management and a planned UCITS fund promoted by Value Partners Hong Kong.

ISIS Fund Services establishes Cayman subsidiary

ISIS Fund Services is pleased to announce that it has been granted a Corporate Services License by the Cayman Islands Monetary Authority. ISIS will now be able to provide Cayman domiciled funds with registered office services through ISIS Fund Services (Cayman) Ltd. ISIS will continue to provide Cayman domiciled funds with fund and portfolio accounting, investor servicing, corporate secretarial and independent directorship services through its offices in Bermuda and the US.

"Establishing ISIS Fund Services (Cayman) Ltd. is a natural extension of the Company's existing services having offshore headquarters and a large number of fund clients domiciled in Cayman," says Ede Conyers, CEO of ISIS. "ISIS recognizes the value of having an established presence in the Cayman Islands with Cayman being a key offshore jurisdiction and funds domicile and will allow the ISIS Funds Group to provide Cayman funds with a more comprehensive service offering."

ISIS has also recently set up a New York presence to facilitate marketing and business development efforts. This office will be solely an ISIS representative office and core operations will continue to be handled out of the company's Bermuda and US offices.

MaplesFS expands Middle East presence

MaplesFS has expanded its presence and regional commitment in the Middle East with three recent hires. Fred Tabbal joins as regional head of fund services, Andrew Millar joins as senior vice president of fiduciary services, and Charlotte Windsor as vice president of fund services. All three will be based in the Dubai office. In their new roles, Tabbal and Millar oversee strategic direction for their respective line of business in the region, business development, and will be responsible for managing the entire Middle East team and operations. Windsor has operational responsibility for the fund accounting and investor services teams in Dubai and will also play a role in business development. MaplesFS' growth is based on economic activity in the Middle East, particularly around increased launches in private equity, hedge funds, and sukuk financing, a leading form of Islamic financing.

"Fred, Andrew and Charlotte are significant hires with deep expertise and experience that further strengthen our offering in the region," Scott Somerville, CEO, said. "As the investment environment in the MENA region evolves, we evolve with it, and these new hires will help us to continue to offer cutting edge solutions that meet the unique requirements of asset managers in the region."

Tabbal was previously chief operating officer at Clarkson Investment Services (DIFC) Limited, where he was responsible for capital markets operation reporting, legal and compliance, and administration services in the establishment of private equity funds. Prior to that, he was executive director of Operations at Dubai Capital Group, the MENA Investment Arm of Dubai Holding. He has also held executive positions at Caledonian Global Fund Services, Bisys Alternative Fund Services, and JPMorgan. Tabbal serves as an advisory board member for Advent Software EMEA, the leading global investment management software provider.

Millar was vice president, overseeing a portfolio of structured finance clients at MaplesFS in the Cayman Islands, Jersey and the British Virgin Islands from 2006 until 2010 when he relo-

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cated to Australia to work for Sunbelt Australia, the world's largest business brokerage network. Prior to joining MaplesFS in 2006, Millar was an account manager with Fortis Prime Fund Solutions, overseeing the administration of a portfolio of hedge fund and private equity fund clients.

Windsor previously worked for Ernst & Young in the UK, where she was a senior executive manager in the Environmental Finance group focusing on advisory and transaction work. Prior to that, she worked at Sinclair Henderson Fund Administration, where she managed a team of employees providing accounting and administration services to a portfolio of investment companies and trusts.

SGSS wins Grindrod mandate

Societe Generale Securities Services (SGSS) has been mandated in South Africa by Grindrod Bank to provide custody and trustee services for its Preference Share Exchange Traded Fund, PrefEx, which was launched on 28 March 2012 and is the first Preference Share Exchange Traded Fund to be listed on the Johannesburg Stock Exchange.

This mandate results from the local and international expertise that SGSS has built up in custody and trustee services in South Africa, where it has been providing local securities services to domestic clients for over 20 years, said a statement. SGSS offers a full range of services to a client–base of asset managers, global custodians, investment banks and broker dealers in South Africa and its overall offering in the country now includes both local and global custody, clearing & settlement services across all asset classes, as well as securities lending and treasury solutions.

It also provides services for foreign institutions investing in South Africa and accompanies South African clients in their international development, where they have the support of SGSS's global network and expertise across 80 countries. Grindrod Bank Limited is a registered financial services provider, regulated by the South African Reserve Bank.

Brown Advisory goes live with Calastone in Dublin

Brown Advisory has signed up to Calastone's order routing service for its range of US Equity Funds domiciled in Dublin.

Calastone is the only venue where the global fund industry can meet to send and receive fund order messages, irrespective of their size, geographic location, preferred messaging protocol or technology. Whatever the preferred communication method of each participant, Calastone's transaction network standardises all messages to the Calastone ISO 20022 format, enabling the industry to become fully automated throughout the trading lifecycle.

Joining the network is simple and does not require additional costly technology. Single point of entry to the market via Calastone is seamless and industry developments, such as the movement away from ISO 15022 messaging to the ISO 20022 standard, are easily accommodated by the network, regardless of incumbent infrastructures.

Brown Advisory, an independent investment management firm headquartered in Baltimore, with approximately $29 billion in client assets, launched its UCITS fund structure in 2006 and opened an office in London in 2008. Brown Advisory now manages over $1.4 billion across its five Dublin-domiciled US Equity Funds. Many of its UK-based clients, including multi-managers, wealth managers and family offices, will benefit from this collaboration with Calastone.

Logie Fitzwilliams, partner and head of international business development at Brown Advisory, said: "We are pleased to be able to offer Calastone's transaction network to our clients which is an important transaction development which will improve efficiency and reduce costs for them."

Dan Llewellyn, managing director of European business development at Calastone, said: "We are delighted to welcome Brown Advisory to our growing list of investment firms enrolled for electronic dealing. They are now well placed to offer their client base an easy and flexible solution for the automation of transactions."

BNY Mellon teams up with Investor Analytics

BNY Mellon have formed a strategic alliance with Investor Analytics that it is adding liability modeling to its risk management solution for institutional clients. Recognizing the need to evaluate both asset holdings and liabilities in a common risk framework, BNY Mellon will deliver enhanced modeling capabilities developed by Investor Analytics, enabling investors to better assess their total portfolio risk picture.

Pension fund sponsors will be able to leverage the new functionality to better manage risk and make more informed investment decisions. The enhancements enable clients to evaluate funded status and assess the risk analytics for total and individual assets and liabilities compared to selected benchmarks. In addition, clients will be able to model the behavior of assets and liabilities under possible market stresses and yield curve changes.

"With the addition of liabilities modeling to our risk offering we'll provide our pension plan sponsor clients with a more complete picture of the impact of market events on their fund obligations," said John Gruber, global product strategy head of BNY Mellon Asset Servicing's Performance & Risk Analytics group. "Working closely with Investor Analytics, we are advancing the industry standard by creating more robust tools to help our clients manage all the components of risk."

"We continue to expand our multi-dimensional risk analysis and reporting tools for portfolio managers seeking better ways to understand and manage the risk in their funds," said Damian Handzy, CEO of Investor Analytics. "Our Risk Management service now provides asset owners with the ability to view and analyze how plan assets, liabilities and funding levels behave in response to a complete range of market shocks, scenarios and stresses."

Opus Fund Services launch new dashboard

Opus Fund Services is to launch its new online client dashboard, iSymphony, which provides hedge fund administration clients with real-time access to a secure environment.

The iSymphony portal is the Opus proprietary web-based platform for cross-departmental, interactive and real-time information delivery, covering NAV calculation, client approval and sign off, banking, and investor relations services.

"Opus is focused on providing our clients and their investors with the tools needed to be most effective in today's market. Our interactive dashboard gives clients access to real-time information allowing full transparency to monitor the progress of our service delivery," said Robin Bedford, Opus CEO.

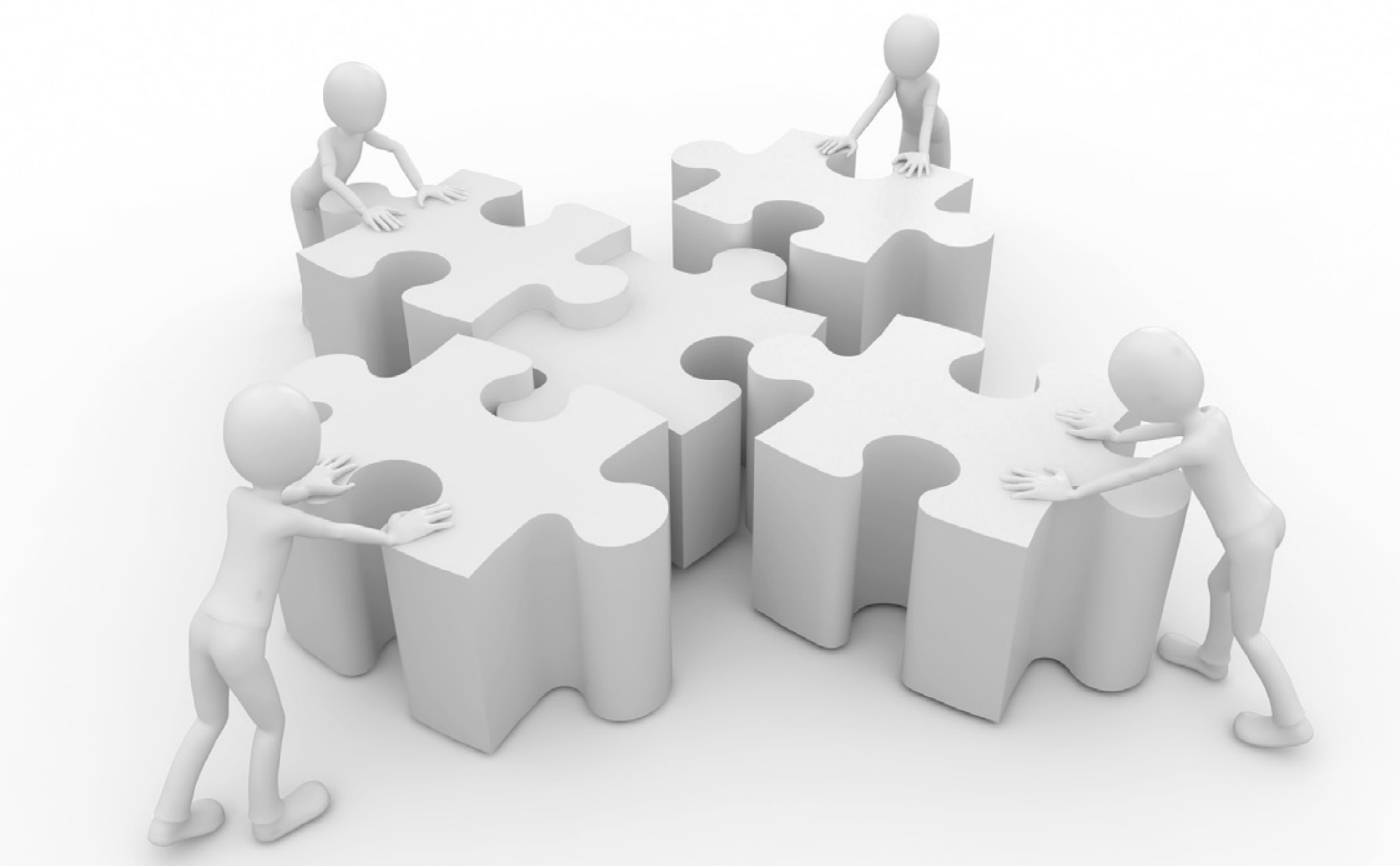
SIX Financial Information uses Asset Control solution

Asset Control, which provides financial data management solutions, has sold its solution AC Plus to SIX Financial Information, formerly known as SIX Telekurs.

SIX Financial Information will be using Asset Control's solution as its core reference data processing platform.

Thomas Gross, CEO SIX Financial Information, said: "It's clear that the increased requirements for data we have witnessed in the past few years will only continue. Implementing a specialist solution effectively future proofs us against the further growth in data volumes and breadth we are bound to witness."

Phil Lynch, president and CEO of Asset Control said: "Financial services firms, no matter what their role, need to have the most comprehensive infrastructure in place to support the management of financial information. It's a pleasure to work with such a forward thinking company."



Conversations with...

Asset Servicing Times discuss a partnership with SWIFT, and ISO 20022 with DTCC's Dan Thieke

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What would you say are the major risks around corporate action information?

You can see a whole industry built up around data vendors and software providers, and even a service that we have, a scrubbing service of corporate actions data, because there's a lack of standardisation.

We are in a market that still lacks harmonization when it comes to market practice and has had trouble adopting a single messaging standard across all industry players. That's a good opportunity for us to drive the market to a global standard in ISO 20022. I know there has been a lot of debate about bringing in 20022 when we've already have 15022, but we believe that the benefit of 20022 is that it is a far more flexible messaging standard that is going to help drive adoption, and there are going to be some real benefits to migrating to that. Especially in the US, where we lack adoption of a standard, DTCC is migrating all of our clients over to that standard in the next few years. We think it's really going to help the marketplace achieve greater straight-thru processing.

How's your partnership with SWIFT going?

There are two components to that. On the outbound side, we work very closely with SWIFT regarding the creation of the standard, and ultimately, the distribution of the information out to the marketplace. Right now, we're in a pilot with some key firms and testing the ISO 20022 message; not only through the traditional DTCC network, but now, for the first time, the SWIFT network, so we are providing clients the option of receiving both of those messages through both the channels. On the inbound side, there is the partnership between us, SWIFT and XBRL. We're essentially trying to put a proof-of-concept in practise using American Depositary Receipts (ADRs) in the US, demonstrating how effective it is to use XBRL as a tagging mechanism. We're working very closely with the four major ADR banks in the US in a pilot program, and eventually we'll be expanding it out to more security types.

Are you seeing increased levels of complexity?

Absolutely, both as part of DTCC's service as a US depository, processing events on behalf of our members, but also in our global service, the Global Corporate Actions Validation Service (GCAVS), where we scrub corporate actions across global marketplaces. The level of complexity on these events has increased significantly. What we hear from our clients, and a lot of others in the industry, is that it's really not the 95 per cent of vanilla events that's the issue; it's that other five per cent. Although that five per cent is a relatively small volume, people need to focus on it, because if you miss one of these, or elect incorrectly, or fail to notify a client correctly, the risk is enormous. A lot of things that have been built up over the years, such as those data vendors that I mentioned, are really designed to address that five per cent of events. It may not be the volume has increased, but the complexity has. As investment bankers and lawyers dream up new ways of making deals, complexity is going to continue. We'll be at the mercy of those financial engineers.

How much of an effect do you think corporate actions has on trading strategy?

A lot. We've seen an increasing number of hedge funds that have an event-driven trading strategy. Our service focuses on being timely and accurate, but sometimes you will get people from the front office who just want it timely. "Real time, don't worry if it's not 100 per cent accurate and complete, I just need to react to it." That's challenging, because you have to determine your offering versus your client base, and the needs of that client base. If you're looking at corporate actions from the front office, the perspective is very different from the back office. But our job is to determine what the offering should be for that particular segment of the market, and to meet those needs.

GCAVS went into listed equity derivatives in October 2010. Could you explain the reasoning behind this?

We upgraded to run on a more modern technology from an internal perspective, but the change also added a lot of value. What we had was a proprietary message format, but we wanted to move to an industry standard, so we decided on building a whole suite of ISO 20022 messages for communications with our clients. It's global in nature, built on a lot of market practises and guidelines, and we thought that it would be in our best interest to move all of the legacy DTCC applications onto that global platform and build it out, so it's one comprehensive global platform that supports all of our corporate actions.

The decision to handle listed equity derivatives was based on feedback from clients who were looking for solutions that could satisfy all of their data needs. Given the economic environment, firms are evaluating all of their data needs and looking to optimize the value and minimize the cost. Where possible, firms are looking to source their data needs from as a few providers as possible. The addition of events on listed equity derivatives is an example of that.

What is client reaction like to ISO 20022?

In the US, the firms we talked to saw it as a major change to the industry, but a positive one. Specifically, the pilot firms that we're working with are quite anxious to push this forward, and ultimately want to get us to the end state where we're able to communicate outbound messages to our clients and get messages from them in a fully ISO 20022 compliant mode. We're also starting to hear from Europe and Asia, whose initial reaction was, "why should we change?" I understand it, because they were more firmly entrenched in the ISO 15022 world, whereas the US was not, but I think they're coming around.

How are you dealing with client concerns around tax changes?

We have a suite of tax services that we provide to our participants, and we try to stay at the forefront and work closely with IRS, the US Treasury and other taxing authorities globally to make sure that we're helping to, if not define some of these changes, understand the challenges that may come about once these laws are introduced. We try and stay very proactive and be part of the process, rather than reactive. On February 8, 2012, the IRS issued proposed Foreign Account Tax Compliance Act (FATCA) regulations that require foreign financial institutions (FFIs) to report directly to the IRS certain information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. To properly comply with these new reporting requirements, an FFI will have to enter into a special agreement with the IRS to become a participating FFI. FFIs that do not enter into an agreement with the IRS will be subject to a punitive 30% US tax on income and gross proceeds payments. One particular problem we had with FATCA was the concept of withholding on gross proceeds payments to non-participating foreign financial institutions. The clearing and settlement model in the US have been built to net trades and payments amongst counterparties, and it would be quite challenging for DTCC to perform FATCA withholding on gross proceeds payments (sale of a US security) on a trade-by-trade basis to a non-participating foreign financial institution. We raised this concern with the IRS and Treasury, which resulted in a preferential treatment for DTCC on gross proceeds. For DTCC, the gross proceeds from a sale or disposition are limited to the "net amount paid" or "credited" to a member's account that is associated with a sale of property.

How do you think corporate actions have changed over the last decade?

The complexity component has certainly shifted. And as various markets expand globally, we're seeing more and more of these events happening, so the overall volume of complex events is growing. I think there's a lot more focus on market and global market practise, and trying to leverage concepts to deal with other market issues. I also think there's more communication between markets on corporate action processing and market standards. As a result of that dialogue, I think there are massive benefits to markets.

The main thing we hear from our customers is they want us to reduce cost and reduce risk. There are a number of major issues across DTCC where we're going to help to do that. Things like LEI (Legal Entity Identifier) and the global trade repository for OTC derivatives are things I believe are going to be a significant beneficial change for the industry. We're also hearing, from a collateral standpoint: "how can DTCC help the industry minimise capital requirements and maximise collateral?" and we're looking at a number of different ways we can do that. Finally, from an asset servicing perspective, we're always looking at ways in which we can create a utility-type function that helps do one thing for many clients that saves them money and improves efficiency. It's a good, low cost approach to helping the industry solve some problems. **AST**

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Dan Thieke
Vice President, Product Management, Asset Services
DTCC

Conference roundup

Jersey was pegged as the domicile in demand at the annual Jersey Finance conference

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Geoff Cook, chief executive of Jersey Finance, started off the day's event held at the British Museum by lamenting what he described as the: 'current obsession with the wealthy' - a pertinent problem indeed, considering the deep pockets of some of Jersey's inhabitants.

He went on to declare that the stock market does not always tell a true story about the economy, but in 2011 the results have been a fairly accurate reflection, adding: "the strength of the gold price is another indication that everything is not as it should be." Cook also separated out the crises into three constituent parts, reminding the audience that before the crisis, there was 63 quarters of consecutive growth.

Starting off the conversations on Jersey was the AIFMD panel, where feelings were fairly similar regarding the Directive. Of its current status, Anne Holm Rannaleet, senior advisor at IK Investment Partners, declared: "We're waiting for the EC to give its final implementing decisions. There's also been an ESMA paper out on definitions. Germany is running fast ahead to get this going before the election."

Margaret Chamberlain, Partner at Travers Smith added: "Logically it should go from ESMA; the EC might tweak it a little bit. There's a lot of uncertainty about how Channel Island funds should be marketed in Europe. Another important concern is the idea that a fund manager should be more than a 'letterbox entity.' This will be vital for where the manager is located relative to his fund."

Brendan McMahon, partner at PwC was a little more vociferous on the matter, arguing: "The model of this 'letterbox entity' is so far removed of what actually happens in Jersey."

Ian Sayers, director general at AIC, added to the dismay felt on publication of the first draft of the Directive, saying: "It was started in haste. When it was first published, I turned to my public affairs director and said: 'It's been nice working with you.'"

However, it was concluded that most amendments had been helpful, and it must be remembered that Jersey gets out of a sizeable amount of the directive, due to it not being in the EU.

The second panel discussed the importance of jurisdiction, with Christopher Hilditch, partner at Schulte Roth & Zabel listing his thoughts on choosing carefully. "The main question should be, can you do what you want to do in this jurisdiction? In hedge funds, especially in administration terms, do they have the capacity to deal with your fund?" He also highlighted the dangers in choosing an off-key jurisdiction, warning: "If you go completely random with your fund jurisdiction, it will raise investor eyebrows."

Arguments were naturally made in favour of Jersey, with Hilditch commenting: "Luxembourg is not attractive to the Anglo-Saxon mentality… there is a high level of suspicion from them." Nigel Strachan, MD of Ipes Jersey and chairman of the JFA added to the dissent, saying: "We had an institutional investor who insisted on moving from the Caribbean to Jersey, in view of corporate governance."

Stephen Hedgecock, principal at Altis Partners added that the lifestyle was a big factor in recruitment to Jersey. "We're a hidden gem because we're going out into the global markets, looking at people with double PhDs and getting them to Jersey, where they can surf at 6am. We're recruiting people who can supply the highest technology." Strachan added that the lifestyle is very attractive due to : "the husband/wife factor. In Zurich, the spouse gets bored."

Senator Philip Ozouf, treasury and resources minister of the States of Jersey made the closing remarks on the jurisdiction, declaring: "My government's message is simple: Jersey is open for business. "

Geoff Cook finished up the conversation with a quote from Sam Walton, founder of Wal-Mart, to inspire hope in the audience. "I was asked what I thought about the recession. I thought about it and decided I did not want to take part."

However, with allegations of systematic bribery in Mexico (and subsequent tumbling shares) plaguing Wal-Mart in recent weeks, it would seem that refusing the recession comes at a price. **AST**

Conference roundup

"China would eat Latin America for breakfast. And Europe for lunch"

GEORGINA LAVERS REPORTS

Social changes in Asia were hotly debated at the Fund Forum Asia, as attendees from the world over gathered in Hong Kong to hear the latest insights into the continent that has fund managers rubbing their hands together with anticipation.

Independent economist Andy Xie had attendees in fits as he gleefully recounted the Chinese government's tendency to: "raise their people like the French raise their foie gras geese." He went on to emphasize that, whilst ethically objectionable, the exceptional role of the Chinese government plays a large part in the area's economic competitiveness. "The Chinese government is a very unique creature, in that it spends money on itself. Before, an Empress would knock on your door and take your silver. Now, government tell people to invest in property? But who owns the property? The government do!

"For a long time, I wrote that the West was losing competitiveness, because production was moving eastwards. However, now I think the central banks exaggerated fluctuations by printing so much money. I know how these guys think; I went to school with most of them. In 2008, I predicted the world was heading towards inflation. Everyone else was talking about 'fixing the balance sheet', but what is the balance sheet? It's just an illusion."

Xie also talked of the dichotomy between central banks intended purpose as a stopping advice, and what they actually do, commenting: "Central banks are meant to be like tough parents, who don't let you do what you want. But they are actually made up of Nobel prize winners, who try and manipulate things to make everyone better off."

He also stated that China's development is not new, citing 6% growth in the midst of a 1930s depression as evidence that the hard working nature of the Chinese will always inspire development. "When I was in Wall Street, productivity in US was less, even though America had 20 times better living standards."

However, another conference attendee said of the young Chinese workers he encounters: 'I call them the Justin Biebers. They don't want to work 16hr days," and whether the young Asian population is becoming more Westernised in their working habits remained a standoff during the event.

UCITS distribution in Asia was a hot topic, with Mostapha Tahiri, head of assets and fund services in Asia for BNP Paribas Securities Services, celebrating their value. "There are no UCITS equivalent products available in Asia today," he stated, identifying the three major markets for UCITS in Asia.

These were the cross border centres; Hong Kong, Singapore, which Tahiri identified as having a simple registration notification process - and Taiwan. Next were the emerging markets of South Korea; where direct distribution of UCITS is less popular in an extremely complex market - Malaysia, and Thailand, which is accepting for UCITS apart from derivatives.

Finally, Tahiri talked of the mature, inward focusing markets such as Australia and Japan; the latter, he noted, as particularly resistant to the product, but improving its appetite. He maintained the challenges of UCITS distribution for asset managers were innovation, differentiation, a quick time to market, and brand management. "In Taiwan, you need to have a one year track record before you can even register a brand," he stated.

With Tahiri going on to emphasize the importance of early NAVs, excellence in service distributors, and remote access to Europe, it appears as though European fund administrators and asset service providers have a lot to chew over when it comes to Asia. **AST**

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Industry appointments

Omgeo announced the appointment of **Rick Enfield** as executive director of ProtoColl product management.

In his new role, Rick will drive Omgeo's collateral management product delivery and product line strategies and requirements for collateral management, in light of regulatory reform in the OTC derivatives industry.

Enfield is based in the Boston office and reports directly to Tim Keady, MD of sales and solutions delivery at Omgeo.

JP Morgan Chase has hired former Morgan Stanley employee executive **Michael Fitzgerald** as managing director and senior member of its North American Prime Brokerage team.

In an effort to entice hedge-fund clients to the bank's prime-brokerage division, JP Morgan hired Fitzgerald from Morgan Stanley, where he served as head of US prime-brokerage sales. "Adding Mike to our team is another way we are continuing to deepen our existing client relationships globally while cultivating new ones" said Lou Lebedin, global head of prime brokerage, and Jeff Bosland, who runs Americas sales and marketing, in an internal memo to staff.

Fitzgerald starts in early May and will report to Paul Brannan, who heads the team.

MaplesFS has expanded its presence and regional commitment in the Middle East with three recent hires. **Fred Tabbal** joins as regional head of fund services, **Andrew Millar** joins as senior vice president of fiduciary services, and **Charlotte Windsor** as vice president of fund services, all three will be based in the Dubai office.

In their new roles, Tabbal and Millar oversee strategic direction for their respective line of business in the region, business development, and will be responsible for managing the entire Middle East team and operations. Windsor has operational responsibility for the fund accounting and investor services teams in Dubai and will also play a role in business development. MaplesFS' growth is based on economic activity in the Middle East, particularly around increased launches in private equity, hedge funds, and sukuk financing, a leading form of Islamic financing.

"Fred, Andrew and Charlotte are significant hires with deep expertise and experience that further strengthen our offering in the region," Scott Somerville, CEO, said. "As the investment environment in the MENA region evolves, we evolve with it, and these new hires will help us to continue to offer cutting edge solutions that meet the unique requirements of asset managers in the region."

Fund administrator **Phillip Kapler** will supervise Fresno County's $3.1 billion pension fund.

Kapler will replace **Roberto Pena** as head of the Fresno County Employees' Retirement Association on 1 July on a salary of $135,000.

The fund has been strapped for cash in recent years, requiring huge subsidies from the county. In the next fiscal year, the county expects to contribute $220 million to the fund to keep it whole.

Kapler said he would bring a creative approach to reducing the county's liability while assuring retirees their just dues, adding that he was looking forward to moving into the area from Minnesota.

"Fresno looks like a great community, a nice environment. I'm looking forward to not throwing snow over my head at the end of my driveway for four months of the year."

The California Public Employees' Retirement System (CalPERS) appointed **Kathleen Webb** as the pension fund's chief officer for risk, compliance and ethics.

The newly created position will see Webb responsible for providing an independent assessment of CalPERS financial, compliance, legal, security, operational, reputational, political, and strategic risks. She will report to Russ Fong, acting chief financial officer for CalPERS.

Webb joins CalPERS from the California Correctional Health Care Services (CCHCS), where she served as director of policy and risk management.

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Consulting firm to the asset management community KB Associates has appointed **Andrew Ritchie** as its executive director. Ritchie will be responsible for advising asset managers on the structuring of investment funds, focusing on advising those wishing to establish UCITS or regulated hedge funds.

Formerly working in HSBC's fund administration and custody business, Merrill Lynch's prime brokerage business and at IDS Tennyson, Ritchie will be based in KB Associate's London office.

Mike Kirby, managing principal of KB Associates, said: "Andrew brings a depth of industry knowledge and expertise which I am confident will be of benefit to KBA as we continue to grow our UK business". **AST**