ASSETSERVICINGTIMES

www.assetservicingtimes.com

ISSUE004
05.01.2011
WEDNESDAY

RBC Dexia wins BetaShares ETF mandate

SYDNEY 03.01.2011

RBC Dexia Investor Services has been appointed by BetaShares Capital Limited to provide custody and fund administration for its initial range of Exchange Traded Funds (ETFs) to be listed on the Australian Securities Exchange.

The funds will be serviced out of Sydney, Australia.

"From the development stage to the launch of our initial products, RBC Dexia's consultative approach and flexibility in their operating model were a complement to our team here at BetaShares and the main driver to their selection to service our exchange traded funds," said Alex Vynokur, managing director of BetaShares

"We look forward to growing our relationship with RBC Dexia as we continue to develop and introduce new products to the Australian ETF marketplace."

Similar to other global markets, the appetite for Australian ETFs has grown substantially in the past year.

"Our capability to support Australian ETFs with a strong partner like Betashares expands the range of funds that we service in this key onshore market," said David Travers, managing director at RBC Dexia.

"Our flexibility in finding a customised service solution continues to make us the provider of choice by market innovators like BetaShares."

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IFDS expands capabilities to promoters

State Street Corporation and International Financial Data Services (IFDS) have announced a new solution to support Offshore T+0 Money Market Funds to be accepted on the National Securities Clearing Corporation platform (NSCC).

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XSP relocates for expansion

XSP has announced that the company has moved its New York office to the Trump Building at 40 Wall Street. The relocation is part of a ten-year lease and designed to accommodate XSP's growing requirements.

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IFDS distribution capabilities to promoters

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"We are pleased to announce the deployment of a solution to allow Offshore T+0 Money Market Funds to be accepted on the NSCC. As part of our ongoing commitment to remain the market-leader by expanding our support and distribution capabilities for promoters, this represents another valuable tool that is available to our clients," said Paul Kelly, managing director, IFDS Ireland.

The IFDS group of companies, along with State Street, provides market-leading transfer agency, wealth management and investor record-keeping solutions for a wide range of institutions, distributors, advisers and investors in Australia, Canada, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Singapore, Switzerland, the UK and the US.

XSP relocates for expansion

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Brendan Farrell, chief executive officer at XSP, said, "This is an exciting time for XSP as we head into 2011 – our 15th year anniversary – taking occupancy of new modern offices in this 72-story landmark address that can accommodate future expansion and growth. The Trump Building provides a prestigious location – at the heart of the Financial District and steps from the New York Stock Exchange.

"Our decision to sign this long-term lease reflects our commitment to the financial markets and ongoing support for our global clients. As the need for corporate actions automation continues to rise, XSP is in the ideal position to help global financial institutions streamline this high-risk and increasingly-complex process.

"Following our most successful year with numerous achievements and several high-profile client wins, we anticipate another phenomenal year in 2011 filled with exciting opportunities, major growth and innovative new offerings for our clients."

XSP's new address is 40 Wall Street, 5th Floor, New York, NY 10005. The phone numbers, fax number and email addresses remain the same. In addition to the New York office, XSP also has offices in Birmingham, AL and London.

CBOE sued by hedge fund

New York-based hedge fund Platinum Partners has instigated legal proceedings against the Chicago Board Options Exchange (CBOE).

Platinum Partners alleges that the CBOE mistakenly cut the strike price on India Fund options and then improperly gave that information to some market participants. The fund says it lost around $10 million.

"It's just an unfortunate situation," said Platinum chief Mark Nordlicht. "There was clearly some insider trading that went on before the decision was publicly announced."

New Asia UCITS fund from Sloane Robinson

Sloane Robinson is to launch a new Asia-focused hedge fund using Deutsche Bank's UCITS platform.

The London based firm will launch the new fund in the first quarter of 2011. It's expected to mirror the company's existing Asia hedge fund.

"We have chosen to work with Detusche Bank because of their broad experience in the UCITS environment and commitment to deliver excellence," Sloane Robinson CEO Hugh Sloane said.

Scott quits Deutsche

Rob Scott, co-head of global sales and relationship management at Deutsche Bank, has left the firm.

Scott has been placed on gardening leave following his resignation. He was appointed to the role in July 2010, working alongside Michael Aschsuer, where the bank planned to expand its focus on client needs within the custody space. Scott joined Deutsche in 2007 as managing director and global head of securities clearing and financing. No replacement has yet been announced.

J.P. Morgan to build in Ireland

J.P. Morgan Worldwide Securities Services has announced it will offer a direct custody service in Ireland.

The bank currently offers direct custody in a number of markets, including the UK, Russia, the US, New Zealand and Australia. It offers institutional investors custody and clearing services in over 10 countries

Raiffeisenlandesbank Oberösterreich live with SimCorp Dimension

Following the successful migration of more than 200 managed funds, Raiffeisenlandesbank Oberösterreich AG is now in production with SimCorp's fund accounting solution. SimCorp Dimension is used by Raifeisenlandesbank Oberösterreich AG, the strongest regional bank in Austria, as the strategic investment management platform for custody, fund administration, and IFRS compliance. The bank's former platform, Sungard V3, has been discontinued.

"It was an exemplary implementation project. With the flexibility of SimCorp Dimension and its broad range of features we are now ready for the future requirements in fund administration. The further implementation in the areas of portfolio management and middle office will increase quality and efficiency throughout the entire investment management process even further, "said Hans Schilcher, deputy chairman of the Board and COO responsible for investment management at Raiffeisenlandesbank Oberösterreich AG in Austria.

"Raiffeisenlandesbank Oberösterreich AG is yet another custodian bank in Austria to run all administered funds on SimCorp Dimension," says Anton Karl Ertl, head of SimCorp's activities in Austria. "The success is a testament to the value we bring our clients, and we very much look forward to our continued cooperation, not only with Raiffeisenlandesbank Oberösterreich AG but also with other clients in Austria."

Dechert partner joins CESR committee

Peter Astleford, co-chair of the Dechert LLP's global financial services group and head of the practice in Europe, has been appointed as the only private practice lawyer to the Investment Management Consultative Working Group.

The committee, appointed by CESR (Committee of European Securities Regulators) meets four times a year in Paris or Rome as the industry committee responsible for advising CESR/ESMA on all their work in the field of Investment Management for Europe.

Kansas to focus on pensions

The State Government of Kansas has confirmed that the special committee to study pension issues formed last year will be made permanent.

Speaker and Hutchinson Republican Mike O'Neal said the state needs to address long-term funding woes affecting the pension system for state employees, teachers and local government workers. He says that's best handled by a standing committee, which has set meeting times each week the Legislature is in session.

There is currently a projected gap of approximately $7.7 billion between revenues and commitments.

Nuveen completes FAF takeover

Nuveen Investments has completed the strategic combination with FAF Advisors and Nuveen Asset Management, the largest investment affiliate of Nuveen Investments.

As part of this transaction, US Bancorp–the parent of FAF Advisors—received a 9.5 per cent stake in Nuveen Investments as well as additional cash consideration in exchange for the long term investment business of FAF Advisors, including investment-management responsibilities for the mutual funds of the First American Funds family.

The approximately $27 billion of mutual fund and institutional assets managed by FAF Advisors, along with the investment professionals managing these assets and most other key personnel, have become part of Nuveen Asset Management. With these additions to Nuveen Asset Management, this affiliate now manages more than $100 billion of assets across a broad range of strategies from municipal and taxable fixed income to traditional and specialised equity investments. Along with its other high-quality asset management boutiques, Nuveen Investments now has a total of approximately $195 billion in assets under management.

"We are pleased with the successful completion of this transaction, as it combines highly respected and distinct investment teams and marks another important step in our firm's strategic development," said John Amboian, chairman and CEO of Nuveen Investments.

"We remain deeply committed to serving with excellence our institutional and individual clients as well as their consultants and financial advisers; and as a result of this powerful combination, we can draw from even greater tools and expertise to meet and exceed their needs."

"This is an important time for the team that has served FAF Advisors' clients well for many years, as we bring together and leverage the deep and diversified investment expertise, scaled distribution, marketing and service capabilities of two very strong organisations," said Tom Schreier,

Nuveen Investments' vice chairman, wealth management and former chief executive officer of FAF Advisors.

"With a greatly enhanced investment, distribution and service platform, we look forward to an expanded set of offerings by Nuveen Asset Management, which should foster even stronger partnerships with our institutional clients as well as with US Bank, and its wealth management clients, and with our growing community of Independent broker dealer and retirement plan clients."

Bill Huffman, former co-head and chief operating officer of Nuveen Asset Management, who has become the president of the combined Nuveen Asset Management businesses, with responsibility for all business activities of Nuveen Asset Management, said "the combination of our two teams—with very similar cultures—is progressing extremely well and we will be separately announcing portfolio management assignments for those Nuveen funds sub-advised by Nuveen Asset Management in order to ensure continuity and minimise disruptions for our clients and our people."

WTP Advisors, has acquired Sala Associates LLC, a provider of operations consulting for hedge funds and investment banks. Sala Associates will now become WTP Capital Markets.

Building on Sala Associates' existing suite of services, WTP Capital Markets will offer tailored solutions for hedge funds in start-up and transitional phases focusing on operational infrastructure, including fund administration and prime brokerage assessment and selection, staffing, and serving as pro-tem CFO/COO. WTP Capital Markets will also help financial institutions improve their bottom line and reduce costs by streamlining their technology and operational systems.

"There is a growing need for business experts who can manage the operations side of investment funds. By providing back and middle office infrastructure, WTP Capital Markets lets hedge fund managers focus on trading," says Michael Minihan, partner and co-founder of WTP Advisors. "We will also concentrate on offering business advisory services specific to investment banks, including process re-engineering, which can result in significant cost savings."

Louis J. Sala, principal and founder of Sala Associates will come aboard as CEO of WTP Capital Markets. Sala's 25 years of experience in the finance industry has made Sala Associates a much sought-after firm for handling the 'blocking and tackling' functions of hedge funds, as well as investment banks.

"In the post-Madoff era the hedge fund industry has witnessed a greater emphasis on ensuring fund managers focus on the business of running a business. Portfolio managers must be actively engaged in building and maintaining cost effective infrastructures with sound internal controls," said Sala.

"We work in concert with our clients to help them make optimal business decisions regarding their infrastructure. Our array of services include all that is required to run the business, such as operations, accounting, technology, investor relations, human resources and facilities management," continued Sala.

"This is why Sala Associates and WTP are a good fit and why we"re excited to bring Lou on board," said Minihan "Lou understands that, as a consultant, it's not just about coming up with a plan, it's necessary to dig in and get your hands dirty in order to make an idea work. This philosophy is what distinguishes WTP Advisors, and is the reason why Lou is so respected in this industry."

Brazil

It's one of the most exciting countries in the world for financial players. But Brazil is a competitive and crowded business for the back office

EXCLUSIVE

With the football World Cup and the Olympics coming over the next five years, Brazil has emerged as a major player on the world stage. And although its economy has stuttered somewhat in recent years, the country remains firmly in the focus of global players.

High commodity prices over the past couple of years have kept Brazil going, as exports rise. Meanwhile the country's government has been lauded for using inflows of capital to set up the country's base - debts have been repaid, and investment has been made into the infrastructure. Reforms are undoubtedly still required, but most analysts believe Brazil is on the right track.

This growth has been mirrored by the equity markets. While Brazil was by no means immune from the cold the world caught, when compared to either its Latin American, BRIC or Western counterparts, the damage that was done was minor. The markets took a bit of a hit - 2010 was down about four per cent - and investment into the country has fallen. But the fact that most investors retain their confidence in the market shows how far the country has come.

"We've never been the basket case economy that some of our neighbours have had the reputation for," says one insider. "But in previous global recessions, investors have taken their money out of Brazil because they wanted to put it in a safe haven. Now, I feel, investors are taking their assets from other countries and putting them into Brazil because they have the confidence that growth will continue."

Previous financial crises saw Brazil stare into the abyss. The country faced real problems during the recessions in the 1970s and 1980s, but so far it's holding firm. Economic policies directed at stimulating consumer spending, institutional investment in infrastructures such as funds, the aggressive policy of retail credit and reduced taxes for a short period of time, have probably been the vehicles that assisted Brazil in weathering the financial storm and encouraged confidence in the Brazilian market.

In the first part of 2009, some foreign investors did pull out of Brazil, leading to a fall in the value of the Real. But most investors stood their ground, and GDP was forecast at six per cent for 2010. The Real has since risen in value, gaining 40 per cent on the US dollar. At times the Bovespa saw a drop of up to 25 per cent, but this has been mostly made up, and investors are once again flocking to the market.

These investors are made up of both local and international players. Brazil has a number of large pension funds active in the market, as well as a growing middle class who want to save. It also has a number of very high net worth individuals, many of whom like to keep a significant part of their wealth within their country. At the moment, there are over 350 pension plans in Brazil, with assets equivalent to about 11 per cent of the country's GDP. And this is set to grow - of Brazil's growing middle class, at least 3 million still have no provision for their retirement, and there are major initiatives in place by the government to encourage its citizens to start saving.

International exposure comes from the large numbers of emerging markets funds who have seen their values remain relatively stable while the less risky domestic funds have fallen by the wayside. While many emerging market funds retain a focus on Asia, Brazil is seen as a strong contender for long term growth. There are also a rising number of funds concentrating solely on the Brazilian market, while the hedge fund industry is beginning to wake from its slumber and look once more at a country where huge construction projects for the sporting events are keeping the economy on track.

> "Brazil is a big market and it's going to get bigger. But in terms of asset servicing, it's already very mature. All the major players now have a footprint and we are all chasing the same business."

The players

The custody landscape is made up of a mix of domestic and international players. Spanish and Portuguese banks have historically had a major foothold in the market, and Santander and BBVA are still serious players. Domestically, Itau Unibanco has a significant market share. Deutsche Bank, HSBC and the big US banks all offer services, while BNP Paribas launched a custody service in the country in 2010. The French bank, which has had an office in Brazil for 60 years, has high hopes for the market. With an initial team of 12, the bank expects fast growth.

Philippe Kerdoncuff, head of new market development at BNP Paribas Securities Services, said the company has been providing complimentary custody services to non-Brazilian clients for many years. However, the company believed it was time to launch an official service.

"It has always been a part of our local asset management business and a support of our fixed income and equities business. We felt that it was time to leverage upon these services and develop the offering officially. There is clear client demand for this," said Kerdoncuff.

Competition is very tight and margins are low. "Brazil is a big market and it's going to get bigger," says one custodian. "But in terms of asset servicing, it's already very mature. All the major players now have a footprint and we are all chasing the same business. There's not a lot of room for manouvre."

Regulation

No-one denies that operating in the Brazilian market can be a complex process. Until recently, Brazilian-domiciled funds were barred from investing capital overseas. But in 2008, the Comissao de Valores Mobiliarios (CVM), the Securities and Exchange Commission of Brazil, changed the rules. Now, international players with a presence in other markets are able to look beyond Brazil's borders.

The CVM expanded the new rules in 2009 to allow pension funds to look overseas as well. This, say some of the global players, means that the domestic providers are in danger of being cut out of the market. "There are a lot of very good custodians in Brazil, and it's fair to say that many of them offer the same quality of service across South America," argues a representative from a major international bank. "But there's a question about whether they can offer the same service to funds who are looking to invest in Asia or Europe."

Outlook

There are few in the financial services industry who don't believe that the Brazilian market is one to watch. The only question appears to be how quickly and how much it is going to grow by.

Unlike some of its neighbours - and itself, in the past - Brazil's growth appears to be following the slow but steady path, meaning that fund managers are increasingly confident that the risks associated with Latin America over previous decades are now in the past.

But change is likely to take place over the coming years. The big global players are making Brazil their priority, which may mean some of the domestic players are squeezed out. Brazil is now a major global player, and it appears that the major global custodian banks will have the upper hand. **AST**

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fund administration in Bermuda

ASSETSERVICINGTIMES

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15th Global Securities Financing Summit

Date: 19-20 January 2011
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Website: www.clearstream.com

The Global Securities Financing Summit is the largest gathering of participants from the international repo and collateral management community in the world.

17th Annual Beneficial Owners' International Securities Lending and Repo Summit

Date: 13-16 February 2011
Location: Scottsdale, Arizona
Website: http://secure.imn.org

The largest, only must-attend event for the beneficial owner community 450+ attend annually, including over 125 beneficial owners

International Transfer Agency Summit 2011

Date: 15-18 February 2011
Location: Luxembourg
Website: www.icbi-events.com/itas

On the 10th anniversary of the event, the conference will focus on the key challenges in fund distribution, fund operations and transfer agency services.

Network Management 2011

Date: 15-16 June 2011
Location: Dubrovnik, Croatia
Website: www.icbi-events.com/nema/

Over 300 delegates will be attending the 11th network management conference at a venue to be announced.

European Clearing and Settlement

Date: 29-30 June 2011
Location: London
Website: www.icbi-events.com/ecs/

An expected wave of European regulation; more competition; pressure on costs and fees; a new focus on risk – all this and more will covered at ICBI's flagship 17th annual clearing and settlement event.

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Date: 19-23 September 2011
Location: Toronto
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