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Australian mandates stack up

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As Europe slows down in the summer months, Australia kicked ahead as administration contracts were bagged, custodians were ousted and tax offerings were strengthened.

Zurich-headquartered global private bank EFG Bank appointed BNP Paribas Securities Services as both its global and local custodian in four markets, covering the bank's 23 sub-custody branches, including Australia and New Zealand.

In statement, BNP Paribas said: "Following an extensive tender and due diligence process to rationalise the business and optimise costs, EFG Bank's management chose to consolidate its assets under custody with BNP Paribas based on the custodian's global reach, technology offering and capabilities in specific local markets."

EFG Bank is the third client of BNP Paribas's local custody and settlement services in Australia, following the launch of those capabilities in May 2012. BNP Paribas now has approximately $3 billion in assets under custody on behalf of EFG Bank.

Mark Bagnall, EFG International's COO, said: "We are delighted to strengthen our cooperation with BNP Paribas Securities Services by appointing them as our new custodian for Australia and New Zealand. We value their custodial network, their services and their partner-oriented approach.

"For a bank like EFG, it is important that we are able to rely on high quality services from our providers, including automated and electronic solutions, and the professionalism of their employees."

Pierre Jond, managing director of BNP Paribas Securities Services Australia and New Zealand, said: "We are very pleased to have won this business, particularly so soon after launch. Our new capabilities position us well to offer a wide-ranging set of services to broader client groups like banks and broker-dealers."

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ASTINBRIEF

Citi implements $22.7 billion Victory mandate

Citi has successfully implemented a mandate to convert Victory Capital Management assets to a full range of middle office outsourcing services.

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Fund manager Ausbil Dexia links with Calastone

Equity specialist fund manager Ausbil Dexia has signed an agreement to commence transacting managed funds over the Calastone Transaction Network.

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Australian mandates stack up
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"Much work has also been done to tap into our global technology platform and best practice, to align the local service in Australia with that provided by BNP Paribas in the rest of the world. And we feel that makes us a compelling proposition for institutional investors across Australia and New Zealand."

However, BNP Paribas was ousted by National Australia Bank's asset servicing division as the custodian of Health Industry Plan's (HIP's) $630 million in assets.

HIP is an industry super fund for health and related industries, with 24,000 members. Chief executive Ross Bernays said that HIP was impressed with NAB's understanding of the Australian superannuation system, and its unit pricing and crediting rate system.

"NAB Asset Servicing was selected through their clear understanding and commitment to the Australian superannuation and financial system supported by appropriate technology capabilities and significant international strategic partnerships, which clearly supported HIP's investment strategy."

"In undertaking the review, HIP's trustee board was impressed by NAB's compelling customer service and client relationship model," he added.

Speaking about former custodian BNP Paribas, Bernays stated: "These decisions are not taken lightly and that the trustee board very much appreciated the association with current custodian BNP Paribas and their support over the last five years."

Leigh Watson, executive general manager of asset servicing at NAB, said: "NAB is delighted to win HIP as a client in open tender and this new partnership is one of like-minded customer orientated organisations working together to produce quality outcomes for HIP members."

"The success in winning the business is testimony to the strength of NAB's relationship with the client and over 60 years experience in providing custody services that include renowned unit pricing and tax and accounting capabilities among others."

NAB Asset Servicing seemed to be on a roll in August, as it also partnered with GBST Holdings to strengthen its tax and accounting offering to custody clients.

One of the key products that NAB will now be able to offer to clients as a result of the alliance is the Pre-Trade Tax Analyser tool, which was created in GBST's quant division.

The Tax Analyser software is a first-to-market tax solution that assists clients to manage the after-tax outcomes of their Australian equity investments on a pre-trade basis.

Peter Hele, managing director of product and strategic alliances at NAB Asset Servicing, said: "The newly formed strategic alliance with GBST will further strengthen NAB's well recognised tax and accounting capabilities."

"Superannuation funds have been looking to their custodians for solutions that will support them and their investment managers to better manage, monitor and measure the tax implications of their investments. GBST's Tax Analyser tool will do just that from a pre-trade basis, and coupled with NAB's existing After-Tax Performance measurement offering, we are now able to provide clients with superior tax awareness capabilities."

Kathy Taylor-Hofmann, head of GBST's quant division added that the division has dedicated itself to the development of a unique tax tool for the Australian marketplace.

"Many superannuation fund investment decision makers have acknowledged that this is the solution that they have been waiting for. Our alliance with NAB means we can put in place processes to facilitate the secure transmission of client data to GBST in order for Tax Analyser to operate in a seamless manner, as close as possible to real-time, for the benefit of our clients and their investment managers."

Finally, Australian Ethical Investment has chosen Russell Investments to provide administration for its fund.

Russell Investments, whose assets under management are currently A$155 billion globally and A$20 billion in Australia, will provide services such as processing contributions, making benefit payments and generally managing the administration of the fund for members.

The fund reviews the administration arrangements every five years, and said that it had decided to appoint Russell Investments due to the firm already providing superannuation administration services to more than 200,000 members, as well as to superannuation funds similar to its own.

"Importantly, Russell runs its own superannuation fund, so it knows the importance of quality service and the need to look after members," said the company.

Citi implements $22.7 billion Victory mandate
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The services include trade processing, portfolio accounting and reconciliation, performance measurement, investor billing, voluntary corporate actions and investor statements for its institutional portfolios.

The agreement is on top of Citi's existing relationship with Victory Capital Management. It has provided fund accounting, administration and transfer agency services to the Victory Funds since 1986, as well as serving as its global custodian since 2009.

Implementation of the additional modules has been completed and Victory Capital Management is live with the new solution set.

"Our selection of Citi is a testament to the strength of our partnership and their deep knowledge of our business," said David Brown, co-CEO of Victory Capital Management. "After a thorough evaluation of service providers, we felt that Citi offered the best combination of investment operations expertise and industry-leading technology that will leave us more resources to focus on delivering superior investment performance and service to our clients."

Chandresh Iyer, the global head of investment services and global custody for securities and fund services at Citi, said: "Building out our relationship with Victory to the middle office is a natural progression of our modular architecture across the investment process. We are pleased to deliver a solution that allows Victory to focus on their core competencies while gaining operating efficiencies and scale to support future growth."

Fund manager Ausbil Dexia links with Calastone
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Calastone joint founder, Kevin Lee, said the move represented a big opportunity for other fund managers, as Ausbil outsources its registry to one of Australia's biggest asset servicing companies.

"Ausbil has shown real leadership in insisting its registry provider connect to Calastone, paving the way for others to follow its lead," he said.

"Since we launched in January, the leaders of the Australian managed fund industry have been very proactive in embracing the benefits of automation—benefits that have been enjoyed by other industries, such as securities markets, for decades.

"Connecting a member of one of the country's biggest registry providers is a great step forward for automation in the fund management industry."

Lee said that in terms of electronic transactions, Australia had been lagging behind its global counterparts in the fund management industry, but had recently begun to embrace the global automation trend.

"Calastone—and fund automation generally—has been established internationally for many years, offering its users risk management and operational control benefits, as well as significant reductions in processing costs. I'm pleased to see the Australian market rising to meet international benchmarks."

Mark Reilly, Ausbil's COO, added that the firm had been aggressive in pursuing connection to Calastone and the benefits it brings to investors. "We're very interested in new technologies that can improve the ways we do business," he said.

"Any improvements we can make will ultimately provide our investors with a better experience. Implementing Calastone technology provides straight-through processing capability and order certainty for platform providers as well as de-risking unit registry operations. Calastone plans to launch further services for managed funds in Australia later this year."

Hedge fund flows creep up for August

Hedge fund flows as measured by the SS&C GlobeOp Capital Movement Index advanced 1.36 percent in August.

"Net inflows resumed in August taking the cumulative Index to a new high despite the continued uncertainty in European and US markets," said Bill Stone, chairman and CEO of SS&C Technologies.

"Interestingly, outflows for the month were the lowest we have seen for August since we started tracking the Index." The SS&C GlobeOp Capital Movement Index represents the monthly net of hedge fund subscriptions and redemptions administered by SS&C GlobeOp on the GlobeOp platform.

This monthly net is divided by the total assets under administration for fund administration clients on the GlobeOp platform. Cumulatively, the SS&C GlobeOp Capital Movement Index for August 2012 stands at 148.06 points, an increase of 1.36 points over July 2012.

Swissrisk Financial Systems becomes Dion Global Solutions

Frankfurt-based European software specialist Swissrisk Financial Systems GmbH has rebranded as Dion Global Solutions GmbH following Dion's acquisition of the company in January 2012.

Swissrisk supports dealing rooms and traders and provides bespoke client solutions in the payments, securities and funds industry. It has presences and client bases in Germany, Luxembourg, Spain and Switzerland.

Dion bought a controlling stake in the company as it bids to become a leading provider of solutions to financial markets worldwide.

In a statement, Dion said: "The firms have already seen clear benefits from working together through shared intelligence, product development and working practices, and the rebrand stands to further enhance and streamline this."

"The Swissrisk product set adds messaging and workflow to Dion's comprehensive portfolio of solutions that supports financial market participants across the front, middle and back office."

Ralph Horne, global CEO and managing director at Dion, said: "We acquired a majority stake in Swissrisk this year with the objective of enhancing our solution suite and expanding our geographical reach. With this rebrand, our presence in Europe has increased to over 150 domain experts and a customer base of nearly 120. The firm is already delivering significant value to our business, and clients on both sides will continue to reap the rewards of this deal."

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Andreas Wagner, CEO at the newly rebranded Dion Global Solutions GmbH, added: "We want to make it as easy as possible for our clients to do business with us, so rebranding after the acquisition was an important part of our strategy. Dion is a dynamic, growing company and we will be looking to gain even more leverage from Dion's global network while continuing to capitalise on each other's extensive product and domain expertise."

Canadian Western Trust Company chooses SunGard's Global Plus

Canadian Western Trust Company has implemented SunGard's Global Plus multi-currency asset management and custody solution to support its institutional trust and custody business.

The company has more than $6 billion of assets under administration and provides solutions to clients of all sizes with retirement trustee and custodial needs.

Canadian Western has also implemented Global Plus's internet-based front- and middle-office workstation for administering client accounts. The Global Plus workstation can help Canadian Western to "more efficiently access client information, manage and monitor transactions, and retrieve documents", according to SunGard.

Matt Colpitts, Canadian Western's vice president and general manager, said: "In order to continue the strong momentum we've built over the last few years, we are expanding service to plans of all sizes by tailoring more products to meet our clients' unique needs."

"We chose SunGard's Global Plus as our processing solution because it helps us to further personalise our services while supporting continued business growth. The system is already helping increase our operational efficiency and scale to manage our growing portfolio, while helping us to continue to deliver the high level of service that our clients are accustomed to."

Eileen Van Scoy, executive vice president of SunGard's wealth and retirement administration business, said: "Client service is the key differentiator in today's competitive trust industry, and increasing operational efficiency is a key factor in providing excellent service. SunGard's Global Plus back office accounting and custody solution can help Canadian Western improve efficiency and be better positioned to further enhance its client services."

Cofunds gets Hartmann Capital mandate

Investment manager Hartmann Capital has appointed investment platform Cofunds as its fund custodian.

Hartmann Capital, which provides broking and advisory services for specialist markets and alternative investments, chose Cofunds to support its business because it was "impressed" with "the platform's long-standing expertise in the institutional market", it said.

Bradley Lewis, business development manager for institutional services at Cofunds, said: "The fact that Hartmann Capital has selected our accredited institutional service is testament to the robustness of our infrastructure."

"We will be able to increase administrative efficiency for Hartmann Capital whilst reducing risk error rates and demands on their back office."

ISDA publishes 2012 FATCA protocol

The International Swaps and Derivatives Association (ISDA) has launched a protocol that allows market participants to efficiently amend the ISDA Master Agreement tax provisions to address the effects of the Foreign Account Tax Compliance Act (FATCA), which may impose a withholding tax on payments under derivatives transactions.

FATCA was enacted to help the US Inland Revenue Service to prevent US residents who hold investments in offshore account from committing tax evasion. FATCA imposes a 30 percent withholding tax on a list of payments to non-participating foreign financial institutions and others that are not compliant with the act.

The ISDA 2012 FATCA Protocol puts the FATCA withholding tax burden on the recipient of the payment. It eliminates the tax from the definition of "Indemnifiable Tax" in the ISDA Master Agreement.

ISDA said: "The rationale is that the recipient is the sole party that has the ability to avoid the withholding tax by complying with the FATCA rules; therefore, the recipient should be the party burdened with the FATCA withholding tax if it chooses to not comply."

The protocol became active on 15 August and it is open to ISDA members and non-members.

S&P reassesses cost of Dodd-Frank

Standard & Poor's (S&P) has updated its estimates of the cost of the US Dodd-Frank Act.

S&P renewed its estimations of what the new regulations under the act may cost the eight largest and most complex banks in the US—Bank of America, Citigroup, Goldman Sachs, J.P. Morgan Chase, Morgan Stanley, PNC Financial Services, U.S. Bancorp, and Wells Fargo.

"Considering what we know now about rules and regulations that have yet to be implemented, and based on our current forecasts for banks' capital and earnings, we don't believe the financial impact of regulatory reform will, in itself, affect our ratings on the eight banks," said S&P's credit analyst Matthew Albrecht.

"However, proposed rules and regulations could change our assessments of banks' business or risk positions, which could ultimately lead to rating actions in isolated cases."

"We estimate that the act could reduce pre-tax earnings for the eight large, complex banks by a total of $22 billion to $34 billion annually—higher than our prior estimate of $19.5 billion to $26 billion," said Albrecht. The full impact of the regulations could mean a drop in pre-tax return on equity of 250 bps to 375 bps for the biggest banks.

"Most of the higher estimate reflects our view that regulators could take a more strict interpretation of the Volcker Rule than we previously expected. We expect most final rules to be in place and affecting results toward the end of 2013 or the beginning of 2014, as regulators implement the provisions."

European repo market sidelined

The European Repo Council of the International Capital Market Association (ICMA) has released the results of its 23rd semi-annual survey of the European repo market.

The survey, which measures the amount of repo business outstanding as of 13 June, sets the baseline figure for market size at €5,647 billion compared to the total figure of €6,204 billion that was reported in December 2011.

Based on a constant sample of banks, the market contracted over the last six months by 9.9 percent. This decline was in large part due to the effect of the European Central Bank's three-year Long Term Refinancing Operations (LTRO), which took place after the December 2011 survey.

"Banks have reduced their reliance on funding from the repo market as a result of their access to generous LTRO financing," said a statement from the IMCA. "The size of the market remains well above the level recorded in the December 2008 survey (€4,633 billion)."

The survey also found that the share of the market traded electronically reached a high of 33.1 percent of the sample, with a corresponding decline in the share of voice-brokered repo business.

The survey signified that risk aversion remains an important factor in the selection of collateral, but ICMA stated that this is no longer automatically reflected in increased use of government bonds.

"On the one hand, the share of German government bonds as collateral has dropped to 14.2 percent (from 15.4 percent) due to scarcity as a result of hoarding by investors seeking safe haven assets. On the other hand, credit concerns have driven a reduction in the use of Spanish government bonds as collateral. The search for safe havens may also be behind a continued increase in the use of UK collateral to 15 percent."

The share of triparty repo in the survey fell to 10.9 percent, but data from triparty agents showed growth in this sector, "supporting anecdotal evidence that this business is growing amongst non-bank financial institutions that are not part of the ERC survey," said the statement.

The latest survey confirmed the trend of a significant lengthening of the maturity profile of European repo in anticipation of stricter regulatory liquidity requirements, with transactions with more than a year to maturity expanding to 13.3 percent of the survey.

Godfried De Vidts, chairman of ICMA's European Repo Council, said: "This latest repo survey gives a reliable picture of the current size and structure of the European repo market and clearly shows the impact of potential regulatory changes as anticipated by the market."

Balanced pooled funds sink in Q2

BNY Mellon Asset Servicing statistics show that balanced pooled funds had a difficult Q2 2012 with median returns sliding back into the red at -2.9 percent.

Balanced pooled funds achieved more positive results in the previous consecutive two quarters. However, due to the large negative return that was recorded in Q3 2011, over a one year period to 30 June 2012, these funds returned -4.1 percent.

Data from BNY Mellon's Pooled Pension Fund Database, which covers the largest and most representative sample available to UK pension funds' trustees, shows that results for balanced pooled funds were more favourable over a three-year period with these funds returning 11.1 percent per annum.

However, the report stated: "Continued headwinds and uncertainty in the equity markets has resulted in disappointing returns across each of the key equity sectors, both in the UK and overseas."

Alan Wilcock, performance and risk analytics manager at BNY Mellon Asset Servicing, said: "The poor performance of Europe's equities is no surprise, given re-emerging concerns about the financial health of Europe's sovereigns in the second quarter. This, coupled with economic fragility in the US and China, stoked widespread volatility and in turn impacted investor confidence and equity performance."

Alior bank selects SunGard

Biuro Maklerskie Alior Banku (Alior Bank), the brokerage house of Polish Alior Bank, which is a part of Italy's Carlo Tassara Group, has selected SunGard's Valdi trading solution for connectivity to the Warsaw Stock Exchange (WSE).

Alior Bank's traders will use Valdi's trading tools for managing their WSE order flow, including Valdi Selector for risk management and Valdi Program Trader for basket trading and index arbitrage capabilities. Alior Bank will also connect its online retail trading platform to the Valdi order management solution for routing orders to the WSE.

Krzysztof Polak, CEO of Alior, said: "SunGard has expertise in the Polish capital markets and extensive project management skills. Valdi's trading tools and integrated FIX order management features will facilitate our traders' everyday work and help increase productivity."

DTCC subsidiary Avox creates legal portal

Avox, a wholly owned subsidiary of The Depository Trust & Clearing Corporation (DTCC), has launched an enhanced legal entity data portal.

"The site enables free, unrestricted access to core data fields and standard industry identifiers for a global set of legal entities that are of interest to financial institutions throughout the world," said a statement from the company.

"The enhanced AvoxData web portal empowers Avox clients with capabilities not previously available with our traditional due diligence services," said Ken Price, CEO and co-founder of Avox.

"Functions ranging from a free lookup service for basic entity data through to a more comprehensive due diligence service make this a compelling site for any firm faced with the growing number of entity-based regulatory reporting requirements."

AvoxData offers dynamic entity search and aggregation. Publicly available data attributes include legal name, primary place of business, country of incorporation, trading status, entity type, Avox ID and, where available, the CFTC Interim Compliant Identifier based on the ISO 17442 standard.

Included in AvoxData's entity coverage are OTC derivative market participants, a feature that supports OTC transaction reporting requirements.

Indian regulator guides on securities lending

India's insurance regulator, the Insurance Regulatory and Development Authority (IRDA), has addressed repo, reverse repo, securities lending and borrowing, and credit default swaps in new guidelines.

The guidelines were issued on 3 August, and are intended to broaden the investment options of the country's insurance companies, both life and non-life.

The regulator encouraged insurance companies to lend out securities on the National Stock Exchange of India and the Bombay Stock Exchange, assuring that they would be allowed to lend up to 10 percent of their total equity holdings. IRDA also stated that the insurers' boards should amend their risk policies on securities lending and borrowing.

Information Mosaic is SWIFT ready

Information Mosaic has been awarded SWIFTReady 2012 Certification for Securities Settlement and Corporate Actions. Information Mosaic has been awarded the label for corporate actions for the eighth consecutive year.

The label has been awarded to Information Mosaic's post-trade operations platform, IMSecurities, which is the post-trade automation platform for asset servicing, securities settlement, trade, portfolio and cash management. This is the fourth year in a row that IMSecurities has achieved the certification.

Filip Versluys, head of partner marketing for SWIFT, stated that requirements for achieving the certification are becoming more demanding each year as the industry strengthens market practice for ISO 15022 and begins adopting ISO 20022.

Information Mosaic's COO Rene Keller said: "Meeting the SWIFT messaging standard, as well as the SMPG guidelines, gives our clients the confidence and certainty that they are conducting their business in direct adherence with the global industry benchmark and best market practice standards."

J.P. Morgan gives the nod to Form PF

J.P. Morgan Worldwide Securities Services has added reporting capabilities for Form PF to its suite of services.

Stephanie Miller, global head of alternative investment services for J.P. Morgan Worldwide Securities Services, said: "We are very pleased to be launching this new product as we are now able to provide clients with a range of options for Form PF solutions support, including investor fund level information."

BNY Mellon releases new mobile app

BNY Mellon has a released a fourth version of Workbench Mobile, a mobile app that enables the firm's institutional clients to authorise instructions and securely access key reports and account information via their iPad or iPhone.

Workbench Mobile is available to 50,000 registered Workbench users for download.

The new mobile release allows users to securely view reports, authorise instructions, drill into valuation and performance and risk dashboards, look up issuer exposures, and browse BNY Mellon's latest regulatory and thought leadership news.

"While our initial releases permitted users to quickly and easily view existing account information, this new release gives them the further freedom and flexibility to initiate new report requests as needed, right from their mobile," said Steve Boor, head of global information delivery products in the asset servicing business at BNY Mellon.

Dynamic Taiwan: mandate impossible

As Taiwan diversifies, global players such as BNY Mellon are scooping up big-change custody mandates on the island, as AST finds out

GEORGINA LAVERS REPORTS

BNY Mellon recently revealed that it would provide custody services and investment administration solutions in its new mandate of Taiwan's Bureau of Labor Insurance.

The firm, which was granted a branch licence in the Asian state in 1973, is now delivering global custody, fund accounting, performance and risk analytics, and compliance services for the National Pension Insurance Fund, which has assets of approximately $1 billion.

"Taiwan continues to be a dynamic market as its funds industry becomes increasingly globalised," says Chong Jin Leow, BNY Mellon Asset Servicing's head of Asia. "As Taiwanese asset managers diversify their portfolios through increased investment overseas, demand for global custody and related services from institutions like BNY Mellon, is on the rise."

James Liu, country executive for BNY Mellon in Taiwan, adds: "Historically, Taiwanese pension funds have focused on the domestic equity markets in respect to their asset allocation strategies. This is slowly evolving with funds diversifying their strategies and seeking opportunities internationally, particularly in respect of equities, but also increasingly alternatives and emerging markets."

He explains that this increase in cross-border activity allows BNY Mellon, as a global custodian and investment manager, to help Taiwanese pension funds to achieve their goals.

AST talks to Michael Chan, head of Asia Pacific and China business development at BNY Mellon Asset Servicing, about the growing market in Taiwan.

Could you describe the custody market in Taiwan and the major players there?

On a relative basis to its size and population, Taiwan has one of the largest pool of institutional investors in Asia. The dominant asset owners are the country's pension funds, life insurers and fund management companies. Taiwan's aging population, coupled with heightened awareness on the importance of social security, brought forth the development of the country's pension system. Currently, the country has four government pension funds: Chunghwa Post, Labor Insurance Fund, Labor Pension Fund and Public Servant Pension Fund. The pension funds are gradually turning to overseas investments as a means of diversification, as well as outsource mandates to international fund management companies.

According to the Securities Investment Trust & Consulting Association, Taiwan's top four players in the fund management industry—Polaris Securities, Capital Investment Trust, J.P. Morgan Asset Management and Fuh Hwa Securities Investment Trust—collectively hold more than 27 percent of Taiwan's securities investment trust enterprises market. Demand for cross-border assets has consistently been positive in Taiwan's fund management industry. Research firm Cerulli Associates reported that approximately 62 percent of total assets under management were in cross-border funds as of June 2011, surpassing the 53.2 percent mark in 2007. This makes Taiwan the sole Asian (excluding Japan) market where cross-border products are preferred over locally domiciled funds, and the continued favourable outlook is forecast to shine on cross-border products.

Taiwan's continued efforts towards overseas investments bode well for global asset servicers looking to assist asset owners in navigating the global markets. Currently, the prominent global asset servicers in Taiwan are BNY Mellon, JPM Chase, Citibank and State Street.

Is there strong competition between domestic and global banks?

In general, domestic and global banks tend to service different segments of the market. Despite the growing interest in overseas investments, there remains a large pool of domestic assets that are currently well serviced by local banks. The main competitive advantage of domestic banks lies in their strong distribution networks. In Taiwan, global asset managers do not need to build local distribution networks to sell their funds. Instead, they turn to domestic banks for fund distribution. Hence, on top of the locally domiciled funds, Taiwanese banks command a large market share of offshore fund distribution.

As the Taiwanese asset owners look to overseas investment for diversification, they face the challenge of understanding the intricacies of overseas markets, from market opening documentation to the complexities of settlement, taxation, and so on. Global banks, with their global reach and extensive networks, are better positioned to keep asset owners abreast of the latest market developments, as well as guide them through the ever challenging markets.

How do global players gain trust in a foreign market?

Asset owners look for asset servicers that have a proven track record in providing top-rated service, as well as the ability to add value by having intrinsic understanding of the markets that asset owners are looking to invest in. Asset servicers gain trust by sharing best market practices while respecting local cultures and practices. Establishing local presence is also important for global players to gain a foothold in a foreign market.

What do you think of the Qualified Foreign Institutional Investor regulation and how it is progressing?

In 1991, Taiwan established the Taiwan Qualified Foreign Institutional Investor (QFII) scheme where only approved foreign institutional investors were permitted to invest in the domestic stock market. After many phases of market reform and liberalisation, the Taiwan QFII scheme was abolished in 2003, allowing investors to freely remit funds in and out of Taiwan.

This year marks the 10th anniversary of the China QFII scheme launch and the progress has been phenomenal. Throughout these 10 years, Chinese regulators have made significant developments in the China QFII scheme to promote the liberalisation of the Chinese market. More recently, Chinese regulators have unveiled plans to ease the rules governing inflows to the country's capital markets via the China QFII scheme, specifically: the large increase in QFII quota; lowering thresholds for QFII applicants; and relaxing QFII operational requirements and other investment restrictions.

Given China's focus on liberalising its capital markets, rules governing the China QFII scheme will most certainly continue to be relaxed and made less restrictive, albeit in a controlled manner. Regulators are concerned that hasty deregulation will cause the market to lose sight of key components such as risk management and investor protection. Chinese regulators will be cautious to ensure that any deregulation will not startle the market or cause investor concerns.

How are Taiwanese asset managers diversifying their portfolios and where are they looking?

While Taiwanese asset managers have historically leaned towards investing in sovereign debt for its stability and security, the current market conditions have caused government bonds to return relatively low yield and so they have affected asset managers' performance. In a bid to cover operating expenses and generate alpha, asset managers are adopting increasingly aggressive strategies by investing in emerging markets and adding more complex investment products, such as alternative investments and derivatives. Furthermore, with the China QFII market opening up, the China A-share market will certainly appeal to Taiwanese asset managers. **AST**

Islands a-plenty

The Cayman Islands now has competition for fund administration business in the Caribbean, as AST finds out

GEORGINA LAVERS REPORTS

The Cayman Islands continues to take the lion's share of the funds business. With more registered companies than people, a low tax business environment, a close proximity to the US, an educated and motivated workforce, and more than 9000 registered hedge funds, there is a plethora of reasons to choose the British Overseas Territory that is nestled between Cuba and Jamaica.

However, since 2000, hedge funds have swollen in volume to become vital to the investing universe. In turn, directorship services have grown alongside hedge funds, with many funds that are run by US money managers having their legal residence on the islands for tax purposes.

Due to a idiosyncrasy in the tax code of the Cayman Islands, these funds must appoint a board, which is a quirk that has eagerly been seized upon, judging from the many dozens of operations now offering directors; typically accountants, lawyers and administrators of hedge funds.

But recent negative press has resulted in big investors starting to become uneasy over the role of offshore directors, who are ostensibly supposed to offer guidance and oversight to the funds.

US SEC filings have reportedly shown that some individuals are holding more than 100 directorships. This had led to those invested in the islands calling for greater disclosure of how many boards directors serve on.

The hubbub around the Cayman Islands has led other regions in the Caribbean to grab fund administration business, particularly the Netherlands Antilles. Though the country itself has dissolved politically, the islands—particularly Curaçao—provide a favourable tax, legal and regulatory climate for hedge funds.

A tax-exempt vehicle is available for hedge funds, and unlike the Cayman Islands, funds that are established in Curaçao do not qualify as UCITS. This means that there is no need to withhold on redemption, or to pass client information to tax authorities of other countries.

Unlike other Caribbean domiciles, the jurisdiction has a Dutch heritage and so it has a different legal structure from those with a connection to the UK. In 2003, the Netherlands Antilles passed the National Ordinance for the Supervision of Investment Institutions and Administrators (NOSIIA). The ordinance requires thorough supervision of funds that are domiciled in the Netherlands Antilles, unless a fund qualifies for one of its exemptions.

The ordinance and the supervision of funds provided for under it are based on Dutch regulations. Supervision is similar in scope and authority to the supervision of securities and investment vehicles in the Netherlands by the Autoriteit Financiele Markten (AFM). The intention of the AFM is to rely on NOSIIA supervision effectively allowing supervised funds to be marketed in the Netherlands.

In 2003, the Netherlands Antilles also took steps to raise its profile in the hedge fund industry, forming an association called the Curaçao Financial Services Association (CIFA). CIFA is seeking to promote the Netherlands Antilles as another alternative to the Cayman Islands and other Caribbean domiciles for hedge funds and other similar products.

However, many maintain that traditional and popular Caribbean domiciles will not be suppressed just yet. David Loader, the author of Fundamentals of Fund Administration, and CLT International, which offers qualifications in Caribbean fund administration, both assert that the influence and size, expertise and long history of fund jurisdictions such as the Cayman Islands and the British Virgin Islands compares favourably with some of the jurisdictions in Europe, with the geographical proximity to the Americas also remaining an important factor.

Though talent pools can be smaller, CLT reports that it has seen delegates from a wide range of backgrounds registering for its advanced certificate and diploma in fund administration.

"Candidates include those who are relatively new to the funds industry (for whom the advanced certificate is ideal) and those who are more experienced and are looking to develop and broaden their knowledge of different types of funds and their administration (which is covered in detail on the diploma). Previous delegates have included fund administrators, fund accountants, directors, client service managers and business analysts," states Loader.

Though the surroundings may be more tropical, the issues affecting the funds business are just as pertinent to the Caribbean as they are to the US. Additional services that fund managers require centre around "assistance with compliance and risk management, client services such as reporting, verification of assets and more valuation input". Administrators also are developing their own independent pricing models, which are depending on the fund policy, the regulation and the investor demands for independent valuations.

CLT International says: "The key changes that are affecting fund businesses in the Caribbean are regulatory and regarding transparency. The regulatory environment has seen some significant developments around the world, particularly in the US and Europe, and investors are carrying out greater due diligence on funds, as well as expecting greater levels of information and data about the fund and its performance. Risk, both market and operational, is a much more important area than it was previously so independent administration has grown in importance." **AST**

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TradeTech Post Trade

Location: London
Date: 11-13 September 2012
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TradeTech Post Trade is the only conference in Europe that brings together 250 COOs, and heads of clearing, collateral management and network management at a single event to develop practical solutions to the critical post trade challenges facing financial institutions as a result of new regulations and market structure changes.

NeMa Asia 2012

Location: Kuala Lumpur
Date: 25-26 September 2012
www.informaglobalevents.com

NeMa Asia (Network Management Asia) has now become the most prestigious sub-custodial event in the Asia-Pacific region. Last year 200+ global sub-custodians, network managers, CSDs, brokers and regulators attended and this fantastic growth is set to continue.

Sibos 2012

Location: Amsterdam
Date: 29 October-1 November 2012
www.sibos.com

At Sibos 2011, it was clear that regulation, global shifts in economic power and fast-evolving technology were driving change rapidly in the financial industry. Sibos is prepapared to confront these issues again for its 2012 conference.

ITAS Asia 2012

Location: Hong Kong
Date: 6-7 November 2012
www.informaglobalevents.com

The ITAS Asia Conference is the key fund operations and transfer agency event for Asia. The 5th annual conference is a must for all leading fund operations practitioners.

Industry appointments

Bravura Solutions has added **Alex Hofmann** to its propositions team. He will be based in Bravura's London office and will be responsible for growing the Sonata wealth management business in the EMEA region.

Hofmann, who has more than 12 years of experience in the IT and financial services industries, will report to Nick Parsons, Bravura's business development director. He joins the company from Calastone, where he worked as a sales director for its cross-border transaction network.

Unum Group has chosen **Timothy Keaney**, vice chairman of BNY Mellon and CEO of BNY Mellon Asset Servicing, as a director of the company.

Keaney is a member of BNY Mellon's executive committee, which oversees day-to-day operations for that organisation. Prior to the merger of The Bank of New York Company, and Mellon Financial Corporation, Keaney was head of The Bank of New York's asset servicing business and head of the company's presence in Europe, with management responsibilities for all business activities in the region.

Dr **Suresh Gupta** has joined management consultancy Kurt Salmon as a partner in its North America global financial services practice based in New York.

Gupta has previously held positions with Capco, PricewaterhouseCoopers, Bankers Trust and Citicorp Investment Bank, where he was a VP.

Northern Trust has appointed **Tony Glickman** to a global client solutions role to encompass hedge fund services, custody, and the banking and operations platform on behalf of asset managers and institutional investors worldwide.

Most recently, Glickman was head of risk services for GlobeOp Financial Services. In his new role, Glickman will engage with clients to develop solutions that combine Northern Trust's capabilities in global custody, risk analytics and sophisticated reporting.

J.P. Morgan Treasury Services has appointed **Kiat Seng Lim** as head of financial institutions sales for the Asia Pacific region.

Lim will lead the firm's financial institution client and sales strategy in both the bank and non-bank financial institution sectors for cash management and trade finance across 14 markets in the Asia Pacific region.

He will be based in Singapore and will report to Margaret Yao, regional sales executive at J.P. Morgan Treasury Services. Before joining J.P. Morgan, Lim spent 12 years in global transaction banking with Deutsche Bank.

Software provider SS&C Technologies has confirmed that Hans Hufschmid, founder and CEO of GlobeOp, has stepped down from his role to pursue other opportunities.

Rahul Kanwar, senior vice president and managing director, will assume overall responsibility for the SS&C GlobeOp business. He will report to president and COO Normand Boulanger.

Maples and Calder has recruited four new associates for its funds team in its Cayman Islands office and a partner for its British Virgin Islands office.

Lawyers **Tim Clipstone**, **Greg Barwick**, **Philip Dickinson**, **Patrick Head** and **Lucy Nicklas** are each "specialists in their respective fields", said the firm in a statement.

Clipstone, Barwick, Dickinson, Head and Nicklas have each represented large international financial institutions and independent investment managers, and each of them has experience in advising on fund structuring, formation, ongoing compliance, governance, restructuring and winding-up.

Partner Clipstone will be based in the British Virgin Islands, while the four new associates will be based in the Cayman Islands.

Germain Birgen and **Richard Clarke** have joined RBC Investor Services's client solutions group, which consults with new and existing clients, managing service offering, process optimisation and agreed metrics on a global basis, and has teams based in 12 countries.

AST ASSETSERVICINGTIMES

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Birgen has been made the head of client solutions for Europe (excluding Luxembourg) and Clarke has been made the head of client design. They will report to Tim Wood, who is the head of client solutions globally.

Before joining RBC Investor Services, Birgen was managing director at HSBC Securities Services Luxembourg.

At RBC Investor Services, he will be based in Luxembourg and will be responsible for delivering integrated solutions to support clients, executing all client transitions activity, service management and end-to-end delivery of client change projects

Clarke previously worked as senior vice president of strategic solutions at Brown Brothers Harriman. In his new role, Clarke will be based in London and will lead the client solutions client design team, focusing on global multi-regional clients. **AST**