ASSETSERVICINGTIMES

ISSUE049
03.10.2012 WEDNESDAY
assetservicingtimes.com

Alps Fund Services moves into Canada for offshore business

TORONTO 01.10.2012

Alps Fund Services has opened an operational office in Toronto to provide investor services to its offshore business.

On top of the newly launched offshore operation, the firm recently added to its New York team, hiring Mariana Salamanca as a sales and marketing executive.

She will report to Jason Cholewa, who heads up East Coast business development for the Alps alternative investment group, and will focus on further developing the firm's hedge fund business in New York.

Cholewa was appointed as the new vice president of Alps Fund Services in April 2012, and re-focused from the firm's Boston operations to become responsible for the growing hedge fund administration business on the East Coast.

"The growth and expansion of our hedge fund administration business continues to be a strategic priority for us," said Jeremy May, president of Alps Fund Services. "As part of the DST family, we can leverage their global footprint and resources to further enhance services to our clients."

A recent survey from eVestment found that there has been a plethora of consolidation in the hedge fund administration industry, with large banking organisations swallowing smaller rivals to increase scale.

It pointed to recent deals such as the Bank of New York/Mellon Financial merger, State Street's acquisition of Investors Financial Services, Citigroup acquiring Bisys Group and Caceis taking on Olympia Capital International as examples of this trend.

readmore p2

ASTINBRIEF

J.P. Morgan wins 10 Mosaic funds

J.P Morgan Worldwide Securities Services (WSS) will provide custodial and fund administration services to 10 funds managed by SFG Australia subsidiary Mosaic Portfolio Advisers (MPA), alongside the four funds that it already manages.

readmore p2

Standard Chartered launches integrated custody platform

Standard Chartered Bank has launched an integrated direct and regional custody platform for its investor and intermediary clients to capture growth opportunities in Asia, Africa and the Middle East.

readmore p2

Alps Fund Services moves into Canada for offshore business

Continued from page 1

Mike Procter, senior vice president and director of business development at Alps, said that growth of the firm's East Coast sales team, combined with the opening of its first international office, was in direct response to the needs of the firm's expanding client base.

"We will continue to explore other opportunities both on and offshore in order to provide additional value to our clients."

Alps Fund Services is a wholly-owned subsidiary of DST Systems and a provider of administration services to the alternative asset management industry. It is headquartered in Denver with offices in Boston, New York, and Seattle, and now Toronto.

Earlier in September, RiverFront Investment Group and Alps announced the launch of the RiverFront Conservative Income Builder mutual fund as a new income option within the Alps Portfolio Solutions suite of products.

Alps Advisors, a separate division from Alps Fund Services, also entered into an agreement with Goldman Sachs to collaborate on exchange-traded products, bringing together a shared focus on innovative investment solutions. Alps will enter into an agreement to license Goldman Sachs's proprietary indices, which will be used as benchmarks to create exchange traded funds.

Standard Chartered launches integrated custody platform

Continued from page 1

The Single Touch regional custody platform allows clients to connect across the bank's custody network of 39 markets. Domestic clients in Asia can also transition from a single market high touch focus to a multi-market offshore hub coverage model, with the aim of maintaining the benefits of a direct account model, while at the same time supporting investment flows that are increasingly expanding cross-border.

George Nast, head of product management for transaction banking at Standard Chartered, said: "Building on the successful launch of our award winning corporate actions capability in 2010, clients will be delighted that the new platform simplifies the task of meeting increasingly complex requirements, improving their ability to capture investment opportunities across emerging markets."

The new platform has been launched domestically in the Philippines and Vietnam and for regional custody in Singapore. The platform will be incrementally rolled out across Standard Chartered's entire custody network by 2014.

J.P. Morgan wins 10 Mosaic funds

Continued from page 1

SFG Australia came into being after Snowball Group merged with Shadforth Financial Group Holdings in June 2011. SFG Australia is a non-aligned financial advice and end-to-end wealth management firm.

J.P. Morgan WSS will provide an expanded service to the 14 funds, including performance reporting and mandate compliance.

"J.P. Morgan has delivered a superior offering to meet SFG and MPA's rapidly evolving needs during this period of considerable growth," says David Brown, head of relationship management for investment managers at J.P. Morgan WSS.

"Like many clients, SFG is seeking to consolidate services and requires a partner that can quickly take on additional funds. As a provider, we are constantly looking for ways to meet client needs, and SFG's access to our newly launched Online Portfolio Analytics Lab (OPAL)."

J.P. Morgan WSS's first web-based portfolio analytics tool, OPAL, helps institutional investors to assess risk across individual portfolios and optimise asset allocation and investment manager selection.

Consolidation in hedge fund administrators is rife, says survey

The trend of consolidation of assets towards the largest hedge fund firms is being mirrored in the alternative administration industry, according to eVestment|HFN's hedge fund administrator survey.

The survey found that consolidation of the administration industry through acquisitions is being driven by economies of scale, as regulation and more sophisticated services reduce margins. European economic challenges continue to weigh negatively on an otherwise positive year for hedge fund administrators.

"The administration industry is feeling the effects of the European crisis," said Peter Laurelli, vice president of research at eVestment|HFN.

"After seeing outright declines in reported Europe-based hedge fund assets under administration during the latter half of 2011, growth turned positive in the first half of 2012 for firms' European businesses although lagging growth in other regions."

The survey found that firms reported $2.82 trillion in single manager hedge fund AUA for 12,130 hedge funds. Citco, State Street and BNY Mellon topped the league tables with a combined $1.3 trillion, while the top five firms reported $1.8 trillion in single manager hedge fund AUA.

In addition to reporting hedge fund results, administrators also reported $763.5 billion in fund of funds AUA—$48.1 billion in managed account, $123 billion in hedge fund UCITS and $1.4 trillion in other alternative.

The total reported AUA for the alternative investment industry was $5.1 trillion at the end of Q2 2012, an increase of 7 percent for the first half of 2012.

Arnold Stansby appoints Cofunds as fund custodian

Arnold Stansby has chosen Cofunds as its fund custodian.

Independent stockbroker Arnold Stansby offers a full range of services to private clients, including advisory and portfolio work, as well as execution only, and it is looking to reduce its administration costs and grow its fund offering.

Bradley Lewis, business development manager of institutional services at Cofunds, said: “We’re committed to becoming the utility of choice for the whole institutional market. We offer a one-stop shop for reducing admin costs and de-risking which can be tailored to the needs of any firm.”

Nick Stockton, CEO of Arnold Stansby, added: “We were impressed by the service the team at Cofunds is able to offer firms of our type—giving us access to the full package in terms of STP dealing, net contractual settlement and fund choice.”

Medibank renews affection for NAB Asset Servicing

NAB Asset Servicing will continue to provide custodial and investment administration services to private health insurer Medibank.

The Australian custodian began its partnership with Medibank in 1995. Between 2012 and 1995, assets under custody have swelled from $400 million to $2 billion.

Wells Fargo rebrands its LaCrosse Global Fund Services business

Wells Fargo & Company has rebranded its hedge fund administration and middle-office service provider, LaCrosse Global Fund Services, as Wells Fargo Global Fund Services.

In September 2011, Wells Fargo agreed to acquire LaCrosse Global Fund Services, which

was an independently managed hedge fund administration and middle-office service provider, from Cargill.

The newly-named firm will continue to provide offerings to the hedge fund administration market, including traditional fund administration services, operational support, derivatives processing, bank debt processing and cash/collateral management.

“Our new name reflects Wells Fargo’s commitment to supporting our suite of hedge fund and private equity industry offerings,” said Christopher Kundro, co-head of Wells Fargo Global Fund Services. “In addition, our clients are now able to leverage Wells Fargo’s many other offerings for alternative investment managers.”

BNY Mellon to manage Munich funds

BNY Mellon will launch and manage VVO Haberger AG’s new Private Label Funds, via its affiliate BNY Mellon Service KAG.

BNY Mellon will provide the Munich-based company with bespoke KAG (Kapitalanlagegesellschaft), custody and depotbank services.

Andreas Haberger, co-CEO of VVO Haberger AG, said: “BNY Mellon Service KAG impressed us when it came to those fund structures which are relevant to us.”

Co-CEO Florian Haberger added: “No other service provider has been able to demonstrate a similar wealth of experience and put together such a customised package.”

State Street gets custody of Danish fund

State Street will provide custody, transfer agency and fund administration services to Danish investment firm Maj Invest’s newly launched sinAI fund, a long-short equity fund.

The stock-market investing Artificial Intelligence Fund (sinAI Fund) was launched in June in Luxembourg as a SICAV fund and currently has approximately $215 million in AUM.

Carsten Hoegh, head of investor relations at Maj Invest, said: “We think of sinAI as the second generation of quant models and our inflows are coming from large Danish pension funds that recognise this strategy as an important development in quant investing.”

Simone Vroegop, vice president of business development for State Street’s global services business, said that after a survey of European asset managers, Maj Invest’s quest for fresh ideas is driving a significant shift in approach.

“Maj Invest’s use of second generation quant investing is a great example of an asset manager incorporating a new investment style, and we are delighted to support them with a range of investment services."

Citi's Banamex unit branches out

Citi's Banamex unit has expanded its global custody and fund administration services to pension fund management companies (Afores) in Mexico.

Afore Banamex will access Citi OpenInvestor to provide global custody and administration for its international asset management mandates.

Through OpenInvestor, Afore Banamex has access to a global service provider to the funds industry with more than $1.5 trillion in AUM.

Luis Sayeg, CEO at Afore Banamex, said: "We are pleased to be the first Afore to take advantage of new regulations to use specialist agents to help increase the diversification of our portfolio and optimise returns for our investors. We believe we have the best risk and investment teams in Mexico, and now we can access more broadly into the capabilities of firms that have expertise in many more markets."

DST adds to HiPortfolio

DST Global Solutions has launched its HiPortfolio corporate actions automation solution, which is powered by XSP.

The solution is immediately available as a module for investment management organisations globally, and was showcased in August at Mission 2012, the Financial Services Council's annual conference, which was held on the Gold Coast of Australia.

CEB TowerGroup research director Gert Raeves said that the alliance between DST Global Solutions and XSP is a "great illustration of the need to implement an end-to-end automation strategy".

"Combining their system of record with a specialised corporate actions workflow solution will help DST Global Solutions' clients reduce the risk of manual processing and prepare them for future industry changes."

Northern Trust expands in Limerick

Northern Trust will expand its fund administration operations in Limerick and create up to 400 new jobs over the next five years.

Minister for jobs, enterprise and innovation, Richard Bruton, and Clive Bellows, country head for Ireland at Northern Trust, said that Northern Trust has had a presence in Ireland since 1989 and opened its Dublin office in 2000.

To facilitate the expansion of Northern Trust in Ireland, Limerick was chosen in 2006 as the second Irish location for its fund administration business, which to date employs more than 300 people and is based at Hamilton House, on the National Technology Park.

Bruton met senior executives of the company, including president and COO William Morrison, on a recent trade mission to the US, and said that the news was a "major vote of confidence" for the country.

"Limerick is a fund administration centre of excellence for Northern Trust supporting organisations such as leading alternative, multi-manager and traditional investment managers, pension funds, multi-nationals, insurance companies and not-for-profit organisations," said Catherine Duffy, general manager for Northern Trust's Limerick office.

"We recently expanded our Limerick office and are currently recruiting high calibre graduates from the local universities and colleges, such as University of Limerick and the Limerick Institute of Technology, with which we have strong relationships, as well as experienced professionals from across the globe."

The newly created roles will be in traditional and hedge fund accounting, transfer agency, financial reporting, pricing, custody, private equity, alternative asset administration, client reporting, and real estate administration.

UK and US sign FATCA agreement

The governments of the US and the UK have signed a bilateral agreement to implement the US Foreign Account Tax Compliance Act (FATCA).

FATCA was enacted in 2010 to target non-compliance by American taxpayers using foreign accounts. It requires foreign financial institutions (FFIs) to report information about accounts that are held by US taxpayers, or foreign entities in which US taxpayers hold a significant ownership interest, to the US IRS

The agreement signed on September 12 is based on a model intergovernmental agreement published in July this year.

The July model that was developed in consultation with France, Germany, Italy, Spain and the UK establishes a common approach for combatting tax evasion based on the automatic exchange of information.

The bilateral agreement will benefit UK financial institutions by addressing their legal concerns over FATCA compliance.

David Gauke, exchequer secretary to the treasury, who signed the agreement on behalf of the UK, said: "This agreement demonstrates our commitment to working internationally to tackle tax evasion. It is the first of its kind and represents a significant step forward in the scope and nature of information exchange between governments. Furthermore, the changes we have achieved to FATCA implementation will provide significant benefits to UK financial institutions."

The US Treasury's assistant secretary for tax policy, Mark Mazur, said: "[The] announcement marks a significant step forward in our efforts to work collaboratively to combat offshore tax evasion."

"We are pleased that the UK, one of our closest allies, is the first jurisdiction to sign a bilateral agreement with us and we look forward to quickly concluding agreements based on this model with other jurisdictions."

The US treasury plans to conclude similar bilateral agreements to implement FATCA with other governments in the near future.

Torstone's Inferno is the sole back office system at Daiwa

Torstone Technology will provide its Inferno solution for post-trade securities processing and trade accounting at London-based Daiwa Capital Markets Europe.

The four-year deal will involve the ongoing use of Torstone's Inferno for convertible bonds and associated equity/hedge products, and for FX/MM treasury functions.

The firm's cash equity business will also move to the system by the end of 2012 and fixed income securities will follow in 2013. Inferno will then become the sole back office system in use by Daiwa Capital Markets Europe.

Daiwa Capital Markets Europe's head of operations, Jim Baseley, said: "Inferno includes core market standard functionality and has a flexible architecture which makes adjusting products or adding new ones and adapting to market conditions easy to do."

Daiwa Europe is the wholly owned investment banking subsidiary of Daiwa Securities Group. In July, Daiwa Securities Group sold its global asset services division to Sumitomo Mitsui Trust Bank (SMTB), after letting go of its synthetic prime brokerage arm in December 2011.

BNP Paribas Securities Services launches pension fund tool

BNP Paribas Securities Services has released a market risk monitoring tool for pension funds, which aims to enable trustees to see a complete view of the market risk to their entire portfolio.

Dietmar Roessler, head of client segment asset owners at BNP Paribas Securities Services, said: "Ongoing instability in the financial markets combined with increased regulation is causing a fundamental culture shift in pension funds' approach to risk."

"The need to monitor performance independently of a scheme's external advisors is growing in importance and funds are now taking a more active approach to risk-based governance."

The tool is delivered via a web-based interface and provides pension funds with a two-page report that can be published in every major European language. It is part of BNP Paribas Securities Services's MasterSuite for pension funds.

Sealing the deal

AST talks to Elaine Kiggins about the thinking behind Société Générale Securities Services's most recent mandate wins

GEORGINA LAVERS REPORTS

It has been a busy month for Société Générale, with its securities services division winning four transfer agency mandates in as many weeks. Its Italian division signed three agreements: AllianceBernstein Sicav and AllianceBernstein FCP, Aberdeen Global and Aberdeen Global II funds, and Mantex Sicav, a Luxembourg-registered open-ended collective investment fund.

In Luxembourg, Société Générale Securities Services (SGSS) was mandated by BankMuscat (SAOG), the flagship financial services provider in Oman, to provide its asset management division with fund administration, registrar and transfer agency, domiciliary and custody services.

The wins are no accident. In June 2011, SGSS announced that it would now provide clients with a single platform transfer agency solution for investment funds that are domiciled in Luxembourg or Ireland, and has been pushing hard ever since when it comes to transfer agency services.

SGSS has picked up four transfer agency mandates in as many weeks—what can you attribute this to?

Elaine Kiggins: New foreign management companies are attracted more and more by the Italian AUM market (UCITS) thanks to the strong growth in AUM that been invested in foreign vehicles during the last 10 years. The penetration of foreign management companies in the Italian market reached 65 percent of total AUM. SGSS, as leader of the Italian local transfer agency market, won 18 mandates in 2012 for UCITS that are promoted by 14 management companies, and it is planning to get the mandates for another 10 UCITS by the end of the year. The strength of SGSS is the high quality of its services, which are appreciated by the market (particularly by many placing agents that strongly recommend our services when needing to place a UCITS).

How would you describe the Italian transfer agency market?

The foreign funds Italian market is quite different from other European markets due to the CONSOB (Italian Securities and Exchange Commission) regulation that introduced the role of the investor relations manager (while the role of an Italian paying agent is no longer required by law, it is still offered to foreign UCITS in order to fully support their distribution).

The main duties of the Banca Corrispondente (which is the role of the paying agent and the role of the investor relations manager when they are considered together) are:

- Payments intermediation, due to the participation of Italian investors to foreign UCITS (subscriptions, redemptions and dividends payments)
- Administration of subscriptions, redemptions and switches that are disposed by investors
- Sending of confirmation letters
- Fiscal agent
- Performance of corporate actions (shareholders meeting convening notice, proxy voting, dividends payments, funds mergers or liquidation, and so on)
- Communication to shareholders/participants (sub-funds mergers, sub-fund investment policy changing, corporate events and so on).

What challenge does the convergence of traditional and alternative investments pose to transfer agency?

As the trend towards the convergence of traditional and alternative investments continues, for example, through the Alternative Investment Fund Managers Directive, transfer agents are facing opportunities, but also significant challenges in terms of both technology and investor servicing. Whereas traditionally administrators were using separate systems to support traditional and alternative investments, the most flexible and responsive administrators can support both from a single system. As we seek to grow our business, it is important for us to have a single common platform that can service our alternative clients and our existing traditional clients equally well. In terms of client service, teams need to be able to respond to the demands of non-intermediated clients that require greater transparency and extended reporting.

How would you describe client relationship models in transfer agency: as sales support, or as client service?

With multiple interfaces to asset managers, investors and distributors, the client relationship models in transfer agency are diverse and complex. The transfer agent is the fund's interface with investors, services the fund's manager in terms of projected and actual cash flow activity, and feeds the sales force with key sales analysis data. Providing extensive distribution data and reporting on trends allows us to support our clients' sales activity. To this end, we have developed a web-based tool for Italian distribution that offers commercial reporting for sales managers. We plan to roll out this service to other locations. Whatever the client relationship model, delivering a consistently high level of service is key.

To what extent is outsourcing back on the agenda, and what will this mean for the industry?

With pressure on fees and costs for all actors, outsourcing is firmly back on the agenda. The costs of complying with increasing levels of regulation, combined with the demand for local servicing, mean that only by partnering with a service provider of sufficient strength and breadth of coverage can an asset manager deliver best-in-class service and benefit from economies of scale. For the industry, this will mean that not only will scale be important for service providers, but the breadth of local coverage, such as a presence in Asia, will be important too. **AST**

The administration game

AST catches up with Nathan Travell of Milestone Group to discuss career highlights, pControl and the US market

GEORGINA LAVERS REPORTS

How did you get into the financial services industry?

I have been working in the financial services industry for more than 15 years now. I started more on the investment banking side and moved into the investment management sector around seven years ago when I relocated to Sydney and took on the role of running the business systems for a multi-manager organisation there.

I am currently the product manager for Milestone Group, both for the Europe, Middle East and Africa region, and also for our pControl Funds Processing suite of products, which include NAV control, pricing and cash allocation. I moved back to London 18 months ago and have been working on developing our product range to meet specific European requirements.

What are your views on outsourcing arrangements in the fund management industry?

Milestone Group is not involved in consulting with asset managers on the process of making outsourcing decisions and determining their most appropriate business models. Rather, we are focused on providing asset managers with the tools that they need to oversee any outsourced relationship that they may have with external third-party administrators (TPAs), with a specific focus on the quality of NAVs that are being produced by a TPA.

From that oversight perspective and with regard to how outsourced relationships have changed over the last five years, we have seen an increased regulatory focus on 'substance', where substance refers to asset managers having resources and processes in place to provide appropriate oversight of their outsourced administration activities.

The CSSF (Commission de Surveillance du Secteur Financier) in Luxembourg, the Bank of Ireland, the prudential regulation authority in Australia, the monetary authority in Singapore, the SEC in the US; we see many of the global regulators starting to focus a lot more on ensuring that asset managers are upholding their fiduciary responsibilities by making sure they have appropriate capacity, resources and skills to oversee the quality of the servicing being produced by their partners.

This is especially true in Luxembourg where the CSSF places greater emphasis on management company substance and the role and responsibilities of the conducting officers. The upcoming introduction of the Alternative Investment Fund Managers Directive (AIFMD) in Europe will only increase this focus as substance requirements are placed on alternative, non-UCITS funds.

How can asset managers, owners or administrators maintain effective oversight?

Our focus is on working with asset managers to provide solutions that allow them to have an efficient oversight function of their outsourced fund administration services. This means automating the processes of data collection from those service providers, providing a framework in which a number of controls and checks can be run to ensure the quality of the data and results being delivered and also to provide reporting that supports monitoring the quality of the service being provided.

AIFMD will also impose oversight requirements on depositories, so we are starting to talk to the depository banks about their oversight requirements too.

Effective oversight is ideally achieved through an administrator working together with their clients to provide access to the appropriate level of data to support independent controls being executed, and also giving their clients a degree of insight into their own processes so that a client can oversee that their administrators' processes are appropriate.

How has the quality of NAV control changed?

Our experience is that the quality of the NAVs being produced by administrators has almost certainly improved over recent years as administrators have increased their investment in technology to support automated NAV production, and their clients have introduced more sophisticated levels of oversight in response to increased regulatory pressure.

In Luxembourg, the CSSF publishes an annual report where they provide details of the number of NAV errors that have been reported to them by the management companies across the year and the levels of compensation that is paid out. The number of errors has been dropping slowly over the last few years, as has the levels of compensation that have been paid out, even as fund numbers have been growing.

So that trend is positive and we would suggest that it is due to a combination of improved technology and improved processes on the administration side, combined with a more vigorous level of oversight on the asset manager side.

Do your strategies change in terms of geography?

The overarching message is the same globally; asset managers cannot outsource their fiduciary responsibilities and they therefore have to maintain appropriate levels of oversight to ensure that their funds are being administered appropriately.

We do see differences between markets in oversight practices and regulatory requirements do influence this. For example, the US is a lot more mature in outsourcing relationships having started the outsourcing journey earlier and the Dodd-Frank Act effectively forcing asset managers to outsource their administration now.

And we have already touched on the regulatory requirements of the CSSF in Luxembourg being a lot more specific about substance and oversight requirements than, for example, the Financial Services Authority regulations in the UK. This changes the business case for oversight from the asset manager's perspective. **AST**

Nathan Travell
Product manager, EMEA
Milestone Group

TradeTech Post Trade: the regulatory rat race

Conference attendees negotiated the hustle and bustle of London's transport system in search of answers to regulatory questions

JENNA JONES REPORTS

From the US Dodd-Frank Act and the European Market Infrastructure Regulation (EMIR) to Basel III and the Markets in Financial Instruments Directive (MiFID II), regulatory change dominated the TradeTech Post Trade conference in London, and in particular the challenges that new regulations pose to market participants and the post-trade landscape.

The conference paid specific attention to EMIR as it is set to go live at the end of 2012 in line with the G-20 deadline, which is less than six months away.

The conference kicked off with a panel discussion called Cutting Through the Complexity, which concentrated on deciphering the complexity of the new regulations, in a bid to clearly understand the motivations behind each and identify mutual regulatory similarities.

The panel, which included Joanna Perkins of the Financial Markets Law Committee, Andrew Rogan of the British Banking Association, Tom Springbett of the UK Financial Services Authority and Edouard Vieillefond of French securities regulator AMF (Autorité des marchés financiers), focused on fundamental ways to overcome regulatory obstacles.

To understand regulations and get ahead of the game, Rogan said that "granularity is key", because if more detail is provided early on, firms will be able to comply that much quicker.

Rogan added: "We're sailing so close to the wind with this now—this should have been done last year. For the industry, an issue of big priority is clarity."

There was also a COO roundtable to help attendees to better understand the pressing post-trade priorities that firm heads face.

The roundtable included Markus Ruetimann of Schroders and Nicole Grootveld-Sandig of Cardano NL.

Panel members were asked what worries COOs the most as they survey the state of the financial market alongside mounting regulatory and market structure challenges.

Ruetimann claimed that one of the biggest fears that he has is the sheer unpredictability of the situation. He said that "in an operational sense, we have to respond to things that we can't plan for". Sandig said that one of her main concerns as COO of a small firm is "investing a lot of time and resources into understanding regulations".

The panel went on to discuss the potential benefits of regulation, with Ruetimann praising the UK Retail Distribution Review (RDR), which will be fully implemented by the end of 2012. Ruetimann said that the RDR "creates transparency and raises the bar" for respected independent financial advisers.

Sandig said that while she respected the new regulations—claiming that a lot of the legislation is good—she is uncertain how a small firm such as her own can "meet the same requirements as global investment banks".

A few trillion, but who's counting?

The Irish Funds Industry Association conference in Dublin celebrated the strength of the Irish funds industry in a country that is struggling financially

GEORGINA LAVERS REPORTS

Two trillion euro was the number to namedrop at the Irish Funds Industry Association (IFIA) conference in Dublin. From the IFIA's Fearghal Woods, to Ireland's current prime minister, Enda Kenny, the fact that Ireland broke records with €2 trillion in assets under administration was definitely a statistic to celebrate.

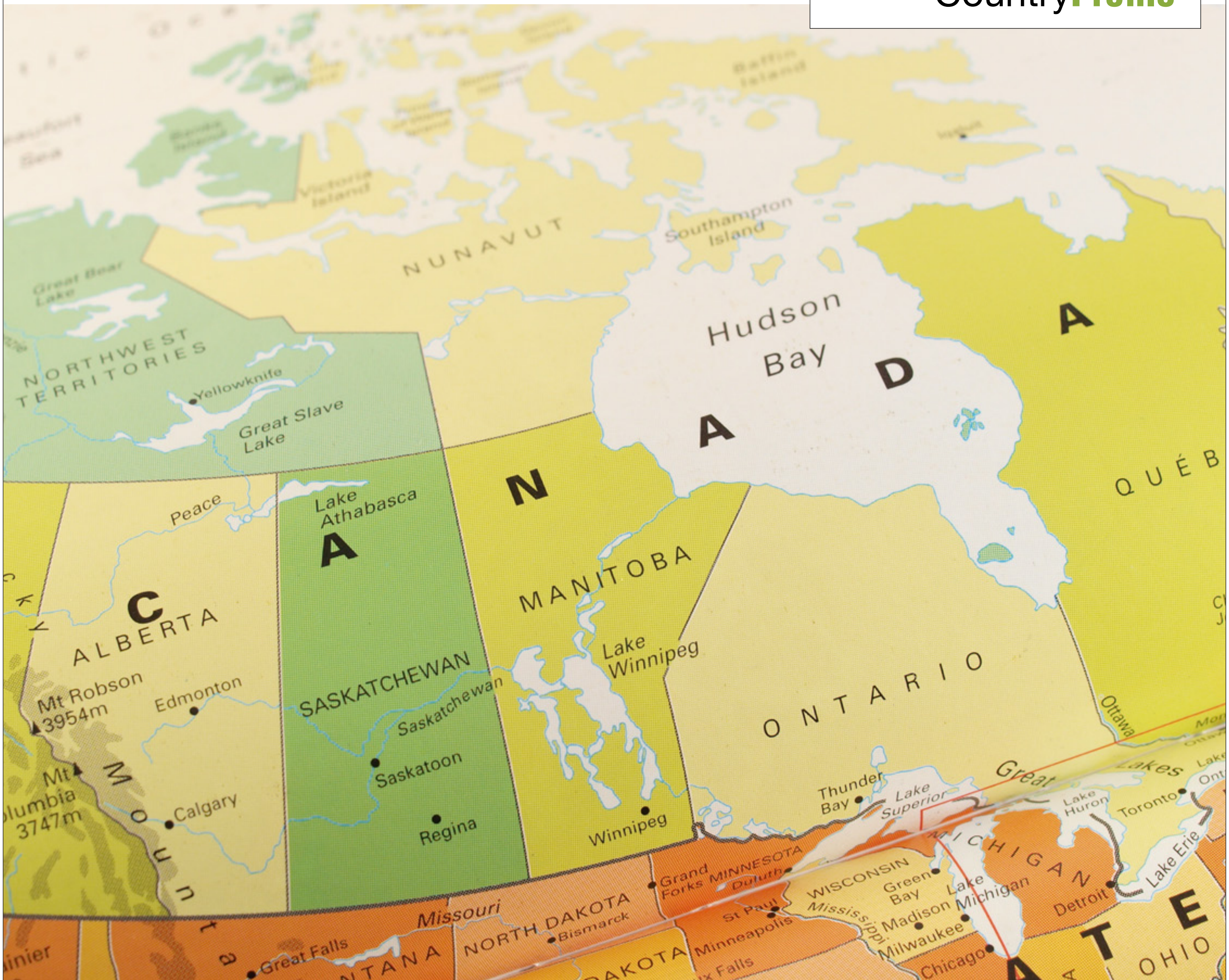
Woods admitted that 2011 was a difficult year by a lot of different standards, but he pointed out that it remained an exceptional time for funds, with UCITS in particular a fast growing area for Ireland.

"Ireland tends to be pigeonholed in the alternative asset management industry," he said in his opening speech. "I know we service 40 percent of alternative assets globally, but what's not understood is our share in UCITS and retail business. Our market share of UCITS funds has grown by 11 to 15 percent."

Next to speak was Dr Philipa Malmgren of Principalis Asset Management, who spoke eloquently about the contest between states and markets.

"There are really only two assets in the world: the power to build a balance sheet, and the power to tax it. What we have now is an immense fight between those who generate wealth, and those who want to tax it."

Malmgren concluded with Ireland, warning that the public believe that they have been through all of the cuts they have to, and predicting protests at future austerity measures.



A show of hands

As Canadian private-sector companies are attacked for sitting on 'dead' money, custodians are guarding assets that seem to be alive and kicking. AST finds out more

GEORGINA LAVERS REPORTS

Historically, Canadians have been encouraged to try to establish privately owned businesses to produce goods and services. Over time, as its population swelled, more and more private businesses were established and were able to earn a profit, with international trade also contributing to their success.

Recently, Canada's finance minister, Jim Flaherty, added to comments from Bank of Canada governor Mark Carney, scolding Canadian companies in the private sector for sitting on "dead money" and urging them to use the billions of dollars cash to either invest more in the Canadian economy and create jobs, or return it to shareholders.

Flaherty stated in a speech that sovereign debt in Europe and the US fiscal cliff would prove pertinent to the Canadian economy in the near-future, and the country should respond to the 'fundamental shift' towards Asia.

"Our government cannot do this alone. Private-sector business investment must also help lay the foundation for a sustained, long-run expansion of Canada's economy and job growth," said Flaherty.

"Ultimately, it is up to you in the private sector to take advantage of all of these strengths and to invest, to create jobs and to grow our economy."

A continuing headache

Sitting on money is neither here nor there for custodians; the phrase arguably encompasses their entire role. And it is a role that they are fulfilling well in recent years, with managing director of RBC Investor Services in Canada John Lockbaum describing the custody climate in Canada at the moment as remaining "strong and highly competitive."

But he points to regulation as a continuing headache for clients and providers, not only in Canada, but globally.

“Clarity is needed. There needs to be a clear articulation of the costs of compliance as well as efficiencies to be gained and we continue to evaluate the impact of these new legislative measures. There also needs to be a deeper dive on who should share these costs as these regulatory requirements are here to stay.”

“Custodians need to be paid appropriately for managing the increased risk as well as for the seamless execution of all transactions. Custodians that enable clients with leading edge technology-based solutions, along with regular updates and insights are the ones who will differentiate themselves from the pack—allowing them to maintain and nurture existing clients and attract new ones.”

At the end of December 2010, the custody market had C$3.5 trillion AUA, and assets are continuing to grow overall as the rebound from the recent financial turmoil continues, albeit at a much slower rate.

In the Canadian mutual fund segment, AUM for August 2012 was $811.7 billion compared to $802.7 billion in the previous month, up 1.1 percent since August of 2011.

“So serviceable assets are slowly increasing, and as a dominant custodian in this segment, any growth is good news,” comments Lockbaum. “But in a low growth environment, asset managers and institutional investors are seeking to add different types of financial instruments to help grow their assets and gain returns.”

In a recent RBC Investor Services poll of Canadian pension plan sponsors, it was found that a significant number of plans are contemplating shifts in their allocation strategies within the next 12 months, with the majority of these plans shifting from developed market equities to alternatives such as real estate, infrastructure or private equity.

“The challenge for pension funds is the expertise required to carefully manage these investments taking into account language, tax, legal and cultural distinctions,” says Lockbaum. “This requires the support of service providers with a strong commitment in servicing these types of private assets combined with investment knowledge and expertise in a diverse range of markets.” **AST**

The year so far

Royal Bank of Canada has recently completed its acquisition of RBC Dexia Investor Services, which it has since rebranded as RBC Investor Services.

The deal was given the green light in Europe in May, with RBC buying Banque Internationale’s 50 percent stake for an eventual £664.9 million (€837.5 million, or C$1.1 billion).

President and CEO of RBC Gordon Nixon said at the time: “We have developed an in-depth understanding of the global custody business’ strong fundamentals and opportunities for growth through our longstanding Canadian custody operations and more recently, through the RBC Dexia joint venture. The transaction … has significant strategic value to us, not only as a standalone business but also in its complementary capabilities to RBC.”

Here are some of the other biggest stories in Canadian asset servicing so far this year:

April: CIBC Mellon began providing asset servicing solutions for the Bloom Income & Growth Canadian Fund, and the upcoming Bloom Select Income Fund. It also won a mandate from Concordia, providing asset servicing for its University Pension Plan and the Concordia University Foundation.

May: Royal Bank of Canada released its 2Q results, which revealed that for continuing operations, net income was at $1.56 billion, down 7 percent from $1.68 billion year-on-year.

However, profit from continuing operations excluding a loss tied to buying out its RBC Dexia Investor Services partner rose to $1.73 billion.

June: Chou Associates Management, which became a Citi client in 2007, agreed to a five-year deal for fund accounting, transfer agency, custody, and trust services.

July: RBC Dexia Investor Services appointed Simon Hirtenstein as head of portfolio solutions within its market products and services team.

July: Fidessa debuted its new Canadian trading platform to fully integrate order and position management, advanced trading tools, middle-office and connectivity services.

September: CIBC Mellon was selected to provide asset-servicing solutions for Radin Capital Partners’ new Radin Global Opportunities Fund.

Industry appointments

HSBC Securities Services (HSS) has promoted **Gina Slotosch** and **John Cargill**. Both employees joined HSBC seven years ago, with Slotosch spearheading development in the German market.

In 2010, she re-located to London and moved into fund services global product management, with responsibility for transfer agency services. Her new role is head of global custody product management, reporting to John Van Verre.

HSBC appointed Cargill as global head of trustee and fiduciary services, reporting to Cian Burke and Drew Douglas, co-heads of HSS.

The qualified lawyer and former chairman of the Depositary and Trustee Association will lead future development of the global trustee and fiduciary proposition across all HSS locations.

The Alternative Investment Management Association (AIMA), the global hedge fund industry association, has appointed **Kathleen Casey** as new non-executive chairman along with forming a new global governing council.

Casey, a former US SEC commissioner, replaces AIMA non-executive chairman Todd Groome following the expiry of his term. The period of Casey's appointment is for two years.

Casey will be joined on the new AIMA council, its board of directors, by **Olwyn Alexander**, partner, PricewaterhouseCoopers; **Mark O'Sullivan**, partner, Ernst & Young; **Phil Schmitt**, president, Summerwood Capital; and **Henry Smith**, global managing partner, Maples and Calder.

Those who are continuing their directorships at AIMA are **Andrew Baker**, CEO, AIMA; **Andrew Bastow**, general counsel, director of government and regulatory affairs, Winton Capital; **James Dinan**, founder, chairman and CEO, York Capital Management; **Chris Pearce**, Asia COO, **Marshall Wace** Asia; **Paul Sater**, Partner, Ernst & Young; and **Phil Tye**, co-founder and managing director, DragonBack Capital.

Standard Chartered has appointed **Patrick Lee** as head of origination and client coverage (OCC), and co-head of wholesale banking in Singapore.

Lee joined the bank on 11 September and reports to Ray Ferguson, Standard Chartered's CEO for Singapore, and Anand Kumar, regional head of OCC, South East Asia. He is based in Singapore.

Patrick joins Standard Chartered after four years as Nomura's managing director, head of South East Asia investment banking.

George Hindmarsh will be Northern Trust's new head of Asia Pacific business development, with responsibility for leading the company's continued growth in asset servicing.

Hindmarsh joins Northern Trust from Citi Transaction Services, where he was responsible for securing asset servicing mandates from European financial institutions investing into Asia.

Previously, he held client relationship roles for HSBC in Hong Kong and Canada. At Northern Trust, Hindmarsh will oversee a regional sales team for corporate and institutional services with members that are based in Singapore and Australia, and he will report to Teresa Parker, CEO for the Asia-Pacific region.

Multi-asset brokerage firm Newedge has appointed **Ghislaine Mattlinger** as group CFO and as a member of the Newedge executive committee.

Based in Newedge's Paris office, Mattlinger will oversee the entire Newedge finance function, reporting to Francoise Guillaume, Newedge's COO and deputy CEO.

Mattlinger previously served as CFO at Natixis.

BNP Paribas securities services have recruited **Beata Szonyi** as head of securities services in Hungary. Szonyi will report to Gerald Noltsch, BNP Paribas regional manager for Germany, North Europe, Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS).

Previously, Szonyi worked for Unicredit Global Securities Services as a global relationship manager for the bank's flagship US and UK clients' activities in CEE and CIS.

Naresh Subramaniam will head up investment services at NAB Asset Servicing from 15 October, focusing on investment administration and supporting delivery of NAB's Performance and Risk Analytics system. **AST**

AST ASSETSERVICINGTIMES

Editor: Mark Dugdale
markdugdale@assetservicingtimes.com
Tel: +44 (0)20 8289 2405

Journalist: Georgina Lavers
georginalavers@assetservicingtimes.com
Tel: +44 (0)20 3006 2888

Editorial assistant: Jenna Jones
jennajones@assetservicingtimes.com
Tel: +44 (0)20 8289 6871

Commercial manager: Michael Brady
michaelbrady@assetservicingtimes.com
Tel: +44 (0)20 3006 2859

Published by Black Knight Media Ltd
Provident House, 6-20 Burrell Row, Beckenham, BR3 1AT UK

Company reg: 0719464

Over 40 Buy Side Clients Already Booked On To Attend!

The 23rd International

GCF Global Custody Forum 2012

10% Discount Please Quote VIP Code:FKP2338ASTAD

200+ Attendees In 2011

Europe's Leading Global Investor Services Gathering

Tuesday 4th - Wednesday 5th December 2012, Paddington Hilton, London

Hear The Views Of Over 40 Outstanding Speakers This Year From These Companies:

- HSBC SECURITIES SERVICES
- BNP PARIBAS SECURITIES SERVICES
- ING COMMERCIAL BANKING SECURITIES SERVICES
- UNICREDIT GROUP
- FINANCIAL SERVICES RESEARCH
- BLACKROCK
- SCHRODERS PLC
- JP MORGAN ASSET MANAGEMENT
- MORGAN STANLEY
- BARCLAYS
- THOMAS MURRAY LTD
- EUROPEAN CENTRAL BANK
- RBS
- BRITISH BROADCASTING CORPORATION
- NOMURA
- DE NEDERLANDSCHE BANK
- SWIFT
- GLOBAL CUSTODIAN
- FRIED, FRANK, HARRIS, SHRIVER & JACOBSON (LONDON) LLP
- ISLA
- CLIFFORD CHANCE
- INSTITUTIONAL PROTECTION SERVICES
- IRWIN MITCHELL
- SPECTOR ROSEMAN KODROFF & WILLIS
- CLEARSTREAM
- LCH. CLEARNET
- KDPW
- LINKUP MARKETS
- HAMILTON ADVISORS
- LOUGHBOROUGH UNIVERSITY SCHOOL OF BUSINESS & ECONOMICS
- GLOBETAX
- SWISS REINSURANCE COMPANY LTD
- MAWER INVESTMENT MANAGEMENT LTD

Key Speakers Confirmed This Year Include:

Danny Sullivan
Executive Director
JP MORGAN ASSET MANAGEMENT

Philip Brown
Head of Client Relations for Europe and the Americas
CLEARSTREAM

Lilla Juranyi
Global Head Investor Services
ING COMMERCIAL BANKING SERVICES

Markus Ruetimann
COO
SCHRODERS

Ross McGill
Managing Director
GLOBETAX

Alan Cameron
Head of Client Segment - Broker Dealers and Investment Banks
BNP PARIBAS SECURITIES SERVICES

Jaap Mauritz
Senior Policy Advisor
DE NEDERLANDSCHE BANK

Jürg Unger
Head Custody
SWISS REINSURANCE COMPANY LTD

Don't Miss This Year!

- **The Global Custody Evening Reception**

December 4th after Day One of the Conference
ICBI and Thomas Murray Ltd will be hosting the Global Custody Forum's inaugural evening party

- **Interactive Electronic Polling Q & A Panel Sessions**

Where the real-time views of the audience are polled and commented on by our high-profile panel members. These fantastic interactive sessions ensure the latest trends and developments are under the spotlight

- **Lunchtime Q&A Roundtables**

Each table will be hosted by an industry specialist and is your chance to really focus on the key issues that affect you directly in your day to day job. Choose from 1 of 4 focus groups

Plus Don't Miss These Essential Events In ICBI's Custody Week

Pre-Conference One Day Workshop
The Evaluation, Selection And Monitoring Of Your Global Custodian
Monday 3rd December 2012

And

Optional Two Day Training Course
A-Z Of Global Custody Law
Thursday 6th - Friday 7th December 2012

Endorsed By alfi *Associate Sponsor* GLOBETAX

Follow Us On: YouTube globalcustodyforumTV

Arranged by ICBI an informa business

Thomas Murray

Scan with smartphone QR Reader App

Marketing Partner globalcustody.net

Media Partners AST Asset Servicing Times, Global Custodian

For latest programme & to register, please visit: www.icbi-events.com/globalcustodyforum
Email: info@icbi.co.uk Tel: +44 (0) 20 7017 7200 Fax: +44 (0) 20 7017 7807