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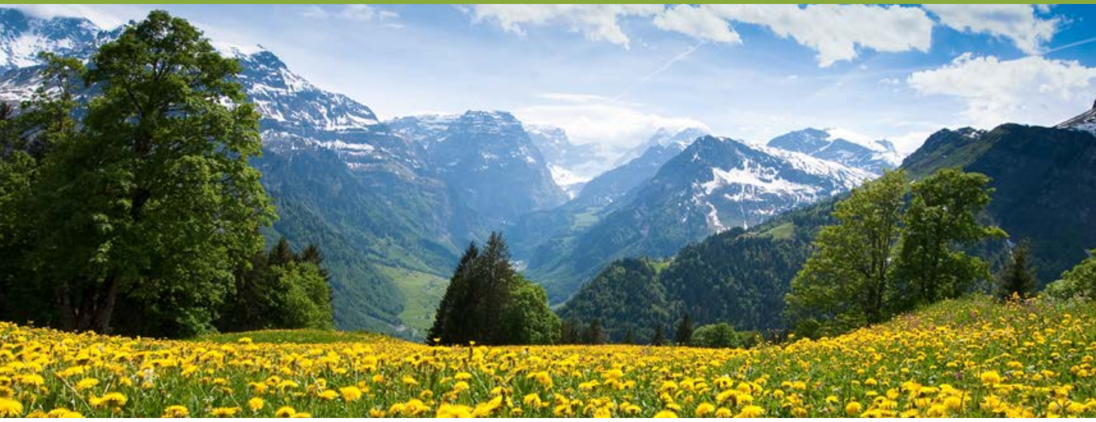

Switzerland six months early for AIFMD

PARIS 10.12.2012

Switzerland has beaten the July 2013 deadline to comply with the Alternative Investment Fund Managers Directive (AIFMD).

It has signed an MoU with the European Securities and Markets Authority (ESMA), which represented all EU member states during negotiations.

ESMA has approved cooperation arrangements between the Swiss Financial Market Supervisory Authority (FINMA) and the EU securities regulators for the supervision of alternative investment funds, including hedge funds, private equity and real estate funds.

The MoU includes cross-border on-site visits, exchange of information and mutual assistance in the enforcement of respective supervisory laws.

It will apply to Swiss alternative investment fund managers that manage alternative investment funds in the EU and to EU managers that market in Switzerland.

ESMA is currently in contact with other non-EU authorities that are members of the International Organization of Securities Commissions to negotiate co-operation arrangements with the relevant authorities before the deadline.

According to AIFMD, the fund industry from a non-EU country whose securities regulator does not have co-operation arrangements in place by July 2013 will not be permitted to offer or manage alternative investment funds in the EU.

ESMA's chair, Steven Maijoor, said: "The agreement by EU and Swiss supervisors to facilitate co-operation on the supervision of cross-border alternative funds is an important step in increasing investor protection and the global consistency of supervision."

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ASTINBRIEF

Apex opens new Guernsey office

Independent fund administration firm Apex Fund Services has expanded its private equity services with the opening of a new office in Guernsey.

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SMTB signs off on Daiwa asset servicing

Sumitomo Mitsui Trust Bank has completed its acquisition of Daiwa's asset servicing business and rebranded it.

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Switzerland six months early for AIFMD

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"ESMA sees this agreement as a signal of third countries' willingness to co-operate to meet AIFMD's requirements, however further work needs to be done with the non-EU authorities to achieve our goal of completing all MoUs by the July 2013 deadline."

FINMA chair, professor Anne Héritier Lachat, said: "The agreement between FINMA and EU supervisors will further improve cross-border supervision of the funds business and ultimately reinforce investor protection in cross-border operations of alternative funds."

"Moreover, the agreement is timely with respect to the transposition of the AIFMD in EU Member States in July 2013. It will establish a framework for co-operation between supervisory authorities required under the AIFMD to manage, market and delegate the management of EU alternative funds."

Apex opens new Guernsey office

Continued from page 1

The office, which is located in St Peter Port, will be managed by Stephen Cuddihee.

Apex has also launched its open-ended protected cell company (PCC) to enable fund managers to launch new funds quickly and cost effectively.

The new PCC will enhance Apex's capability to service private equity, property, alternative asset and structured fund vehicles globally to all of its clients.

Peter Hughes, group managing director at Apex Fund Services, said: "The opening of Apex Guernsey marks a further commitment to deliver locally the most innovative and highest quality services possible to our clients—wherever they are located."

Stephen Cuddihee, managing director at Apex Fund Services in Guernsey, said: "Apex's clients, via its Guernsey office, can now take advantage of the tax efficiencies the jurisdiction offers to funds and at the same time also benefit from the attractive regulatory framework for private equity funds."

SMTB signs off on Daiwa asset servicing

Continued from page 1

On the 29 June 2012, Sumitomo Mitsui Trust Bank signed a share purchase agreement with Daiwa for two entities, Daiwa Securities Trust & Banking (Europe) and Daiwa Securities Trust Europe.

The entities collectively formed its global asset servicing division, which included Daiwa's fund administration/UCITS management company, its custodian, its trustee and its authorised corporate director entities domiciled in Dublin, London and the Cayman Islands.

The acquisition, now officially completed, has been branded as SuMi TRUST Global Asset Services, and will "allow SMTB to expand its activities into servicing alternative investment funds," said a release.

The group already has experience in the alternative investment market, as a shareholder, a distributor and as a hedge fund manager for its own alternative investment funds.

SMTB plans to expand on the middle-office service offering for clients, and increase operational capabilities in the time zone of the clients. In addition, SMTB plans to offer its clients in Japan asset administration services for offshore products.

Hideki Hiraki, managing executive officer of SMTB, said: "We are very excited about this acquisition. We see considerable synergies between our banking operation, our fund management business, our existing clients and global asset services."

"We intend to develop existing and additional servicing capacities in order to increase the client base of global asset services substantially."

Masashi Oda, CIO of SuMi TRUST, predicted that the regime change in Japan is expected to end the age of long lasting deflation and yen appreciation. However, he added that the firms' earnings estimates were revised downwards in October "due largely to downgrading in overseas demand driven sectors such as electric appliances and manufacturing".

"The prime minister, Yoshihiko Noda, dissolved parliament and called a general election on 16th December. The Liberal Democratic Party (LDP), which is likely to win the election, promises aggressive monetary easing and expanding public expenditure in order to beat long lasting deflation. The LDP aims to achieve the goal by setting an inflation target of 2 percent and easing monetary condition further. The regime change is expected to end the age of long lasting deflation and yen's appreciation which Japanese companies suffered for years." Daiwa will continue to retain the servicing of its offshore fund business with SuMi TRUST Global Asset Services.

eVestment closes deal on fifth acquisition

eVestment continues to expand its global capabilities with the takeover of StokTrib—its fifth purchase in two years.

In November, the firm bought PerTrac and Funspire, along with ASAP Advisor Services and Hedgefund.net in 2011. Terms of the deals were not disclosed.

StokTrib evaluates an asset manager's effectiveness by creating and using custom passive benchmarks that reflect the allocations and style of the manager.

The acquisition of StokTrib coincides with eVestments recently announced solution Peer Alpha, which allows asset managers to compare their portfolios against the average peer portfolio.

BNY Mellon puts asset servicing clients on report

BNY Mellon has developed a new suite of online report templates to address the changing needs of its asset servicing client base, which it recently expanded with the addition of Thomas Miller Investment.

Report Solutions is accessible through the BNY Mellon's WorkbenchSM web platform. It offers clients an online library of report templates that they can use to prepare regulatory filings and for other reporting purposes.

Users can browse the online library, view sample outputs, and copy, tailor and share templates.

The suite was developed with a host of reports in mind, including fair value hierarchy and pricing vendor analyses, custom maturity schedules, and general ledger reporting.

Prague Stock Exchange joins Deutsche Börse Xetra system

The Prague Stock Exchange has transferred its electronic securities trading to Deutsche Börse's Xetra trading system as of 30 November.

It is being linked to the Xetra network through the Vienna Stock Exchange, which has operated its own cash market with Xetra since 1999. The Vienna Stock Exchange is part of the CEE Stock Exchange Group (CEESEG) together with the exchanges in Budapest, Ljubljana and Prague. The migration enables each of Xetra's trading partners to gain access to the Prague financial market via the Xetra infrastructure.

Michael Buhl, a member of the management board of CEESEG, said: "By standardising the trading systems and membership contracts across our group, we wanted to acquire international investors and strengthen liquidity on all CEESEG markets."

A number of European stock exchanges use Xetra. The Irish Stock Exchange joined a year after its implementation in 1999, the Bulgarian Stock Exchange linked in 2008 and the Ljubljana Stock Exchange in Slovenia migrated in 2010. This year also saw the Malta Stock Exchange join the platform.

Cleartstream branches out in Dublin

Cleartstream has opened a hedge fund processing centre in Dublin to extend its post-trade offering to hedge funds.

The new branch will extend Clearstream's investment funds business to alternative funds, allowing the firm to service mutual, exchange-traded and hedge funds.

Previous head of product development in Clearstream's investment fund services area, Christian Westerholt, will be the general manager of the Dublin branch, which has already signed six pilot customers.

Michael Noonan, Ireland's minister for finance, said that the financial services sector is a key driver of jobs in Ireland and that the new operation center has the potential of creating more than 100 positions.

"Ireland is a global hub for the funds industry and today's announcement further enhances the range of services and companies located in Dublin."

"Once again the Industrial Development Agency, IDA Ireland, has done an excellent job in highlighting Ireland's attractiveness as a destination for investment from European companies. I would like to wish all at Clearstream every success."

Phillippe Seyll, head of investment funds services and member of the executive board of Clearstream, said: "Hedge funds are highly complex and diverse instruments. Processing of hedge funds therefore requires a lot of manual effort which comes at significant operational risk and involves cost that are approximately 100 times higher than for other fund types."

"Our aim is to increase efficiency in the hedge funds processing space and to offer investors a superior value proposition at a better price. We also remain committed to further growing this business and creating new jobs in Ireland where we have now created 15 new positions."

BNP Paribas helps out Aussie institutional investors

BNP Paribas Securities Services launched an administration service for alternative assets to help Australian institutional investors manage their private equity, infrastructure and real estate investments more efficiently.

The service gives Australian funds access to detailed risk analytics and performance reporting which simplifies the management of multiple investments. It also gives investors the ability to meet compliance and auditing requirements by accurately assessing underlying risk and exposure.

Michael Rooney, general manager of finance and compliance at Media Super, an Australian Superannuation client of BNP Paribas, said that access to the correct information was crucial to managing risk and meeting compliance requirements.

"Having in-depth reporting and analytics eradicates spreadsheets and gives us a way to forecast liquidity," said Rooney, "and that is a big plus for us. We look forward to developing our alternative portfolios."

KB Financial appoints BNY Mellon as depository

BNY Mellon has been appointed by South Korean institution KB Financial as a depository bank for its American depository receipt (ADR) programme.

Each KB Financial ADR represents one ordinary share and trades on the New York Stock Exchange under the symbol "KB". KB Financial's ordinary shares trade on the Korea Stock Exchange under the code "105560".

KB Financial is one of South Korea's leading financial institutions, with total assets of $334 billion, a customer base of roughly 27 million, and an extensive branch network of over 1180 locations nationwide.

As of September 30 2012, the group consists of 10 subsidiaries—Kookmin Bank, KB Kookmin Card, KB Investment & Securities, KB Life Insurance, KB Asset Management, KB Real Estate Trust, KB Investment, KB Credit Information, KB Data Systems and KB Savings Bank—as well as overseas banking presences in major cities around the world.

"KB Financial's appointment of BNY Mellon illustrates their commitment to US investors, as well as our continuing support for DR issuers from the [South] Korean market," said Michael Cole-Fontayn, CEO of BNY Mellon's depository receipt business.

"We look forward to working closely with KB Financial on efforts to advance the growth of their DR program by expanding outreach to the global investment community."

Singapore Exchange increases proxy response by 300 percent

Singapore Exchange (SGX) increased year-on-year investor proxy response by approximately 300 percent using Broadridge's proxy management solution.

The service automatically captures holding records from the shareholder register and reconciles any holdings adjustments up to two days before the AGM. Beginning with SGX's next general meeting, shareholders will have the choice of submitting proxy votes via a prepaid postal response, as was the case this year, or electronically via a voting website. An online portal will enable SGX to track, monitor and audit all activity in real time, in advance of the meeting.

Bruce Babcock, president of investor communication solutions international at Broadridge, said that the increased returns and process improvements for SGX's 2012 AGM has raised the governance bar in Singapore.

"Some investors have also opted to receive future communications electronically, which will drive down costs, further improve service levels and enable a more environmentally-friendly approach."

Cantor Fitzgerald pulled up over fund segregation

Cantor Fitzgerald has been sanctioned $700,000 for allowing customer funds to become under-segregated.

The US Commodity Futures Trading Commission (CFTC) today confirmed the filing and simultaneous settlement of charges against the futures commission merchant for failing to maintain sufficient funds in its customer segregation account for a period of three days, for failing to provide the CFTC timely notice of its under-segregation, as required, and for related supervisory failures.

The CFTC order imposes a $700,000 penalty and a cease and desist order on Cantor, and requires the firm to undertake certain improvements to its internal controls to prevent future under-segregation violations and notification failures.

The CFTC order found that, on three consecutive days in January 2012, Cantor failed to maintain adequate segregated customer funds due to an inadvertent transfer of $3 million from its customer segregated funds account, instead of from Cantor's house account, as intended.

First portfolio compression cycle completed in Singapore

Four member banks of the Singapore Exchange (SGX) successfully eliminated more than 82 percent of the Singapore dollar (SGD) interest rate swaps they wanted to terminate in the first SGX triReduce portfolio compression cycle.

The four participants, including two local institutions, reduced notional principal outstanding by 25 billion SGD in the inaugural compression cycle for cleared trades.

"Our successful collaboration with SGX and its members demonstrates the benefits of using compression as a complement to the clearing process," said Yutaka Imanishi, CEO of TriOptima Asia Pacific.

"Regular triReduce cycles in the CCP ensures that exposures will be minimised even with the growth in clearing since a good measure of success in a CCP is turnover rather than accumulations of notional and trade volumes. We look forward to continuing our work with SGX and its members."

Fidessa and Thomson Reuters extend liquidity for buy-side

Fidessa is collaborating with Thomson Reuters to provide buy side traders with access to new sources of block liquidity via the Autex service.

Russell Thornton, global head of buy-side trading solutions at Fidessa, said: "We take a proactive approach to alleviate the market pressures affecting our clients. By bringing all the tools our clients need into our trading platform, and intelligently tailoring the information, we have made it easier for them to access the broadest possible pool of liquidity and trade effectively in today's highly fragmented, low-volume environment."

Brennan Carley, global head of transactions and platforms at Thomson Reuters, added: "Fidessa now have seamless access to a global pool of liquidity contributed by some of the largest banks and broker dealers in the world. The Autex IOIs will allow buy-side traders to more effectively identify and participate in block liquidity."

UCITS cannot invest in unregulated hedge funds, says ESMA

The European Securities and Markets Authority (ESMA) has made its opinion clear on Article 50(2)(a) of the UCITS Directive, the so-called "trash ratio", which permits UCITS to invest up

to 10 percent of their net assets in transferable securities and money market instruments, other than the eligible assets referred to in Article 50(1).

ESMA stated that questions had emerged about "whether the derogation … applies to units or shares of collective investment undertakings".

"Regulators including the Central Bank of Ireland and the CSSF in Luxembourg have interpreted Article 50(2)(a) as permitting UCITS to invest in unregulated investment funds, including hedge funds, provided the investment complies with the eligibility criteria for UCITS; hedge funds that redeem units at the request of unitholders and operate on the principle of risk spreading," said law firm Dechert LLP in a legal update.

ESMA, however, states that Article 50(2)(a) refers only to investments in transferable securities and money market instruments, and not to units or shares of collective investment undertakings.

"As a result, ESMA considers that UCITS may only invest in collective investment undertakings that fall within the meaning of Article 50(1)(e), meaning other UCITS, or alternatively, funds that are subject to equivalent supervision as UCITS and which provide an equivalent level of investor protection as UCITS," added Dechert LLP.

"In order to comply with the opinion, UCITS that have investments in hedge funds will be expected to redeem such holdings 'taking into account the best interests of investors and at the latest by 31 December 2013'. It will be interesting to see whether national regulators look for earlier compliance than the 31 December 2013 deadline."

It's a miserable month for hedge funds

The amount of clients giving notice to withdraw their cash from hedge funds rose this month, due to relatively weak fund performances.

The SS&C GlobeOp Forward Redemption Indicator for November 2012 measured 5.19 percent, up from 3.19 percent in October.

"In line with seasonal expectations, we had higher forward redemption requests in November due to investor rebalancing," said Bill Stone, chairman and CEO of SS&C Technologies.

The SS&C GlobeOp Forward Redemption Indicator represents the sum of forward redemption notices received from investors in hedge funds administered by SS&C GlobeOp on the GlobeOp platform, divided by the AUA at the beginning of the month for SS&C GlobeOp fund administration clients on the GlobeOp platform.

Despite higher figures in November, forward redemptions as a percentage of SS&C GlobeOp's AUA on the GlobeOp platform have trended significantly lower since reaching a high of 19.27 percent in November 2008. The next publication date is 21 December 2012.

The mandate mangle

Kayne Anderson Capital Advisors has added five more hedge funds to **Citi's** administration mandate.

Citi now represents seven of Los Angeles-based Kayne Anderson's hedge funds and oversees $2 billion in AUA.

National Bank of Abu Dhabi has chosen **Northern Trust** as administrator and custodian of the UAE's first physically replicated exchange trade fund (ETF), which the bank has renamed NBAD OneShare MSCI UAE ETF.

Northern Trust has been working with National Bank of Abu Dhabi since the launch of its ETF in 2010.

The bank changed the fund from a swap-based model to a physically replicated one and moved it from index provider Dow Jones UAE 25 Total Return Index to MSCI UAE IMI 10/40.

Crescent Hill Capital Management has selected **Wells Fargo Global Fund Services** to provide daily fund administration and an outsourced middle- and back-office operations solution for its Crescent Hill Asia Opportunities Fund.

Horizons Exchange Traded Funds and its associate AlphaPro Management—jointly known as **Horizons ETFs**—has appointed **CIBC Mellon** to provide it with custody and fund accounting and administration services.

It will also provide custody and securities lending services to Horizons' actively managed exchange-traded funds (ETFs).

CACEIS will provide custody and valuation services to **Russell Investments**— France's first French UCITS—as well as additional financial and regulatory reporting services.

The Russell Group, which had €3 billion in AUM in 2012, has recently changed the status of its Paris division to make it an independent management company operating under the name Russell Investments France.

Chapman's Eye on the market

An eye on the future

Although this may seem like an odd comment to make as a recruiter, it remains a popular fallacy that a firm can simply buy all of the talent that it needs externally in order to be successful. Many hiring managers believe that simply by hiring the 'best'—which is very much a subjective term in the asset servicing industry, and certainly shouldn't be confused with the 'most expensive'—available talent all of their problems will be solved, revenue targets hit and RFP success a foregone conclusion.

While it is no doubt true that a 'heavy hitter' should be able to raise the profile of a given firm and at least generate sufficient income to cover their own costs and more, most firms tend to overlook the quality of staff that are already in place in their own organisations.

Many of my excellent, senior candidates who come to me looking for a job change ask not for increased remuneration but invariably more autonomy and recognition. As senior and very well-paid professionals, they want the freedom to decide and execute strategy without unnecessary interference from their bosses, or alternatively feel that their hard work is being overlooked by a superior who is too often managing upwards.

To those senior managers, I would say think about the three Ts—Trust, Training and Time—which are your gifts to give to your existing staff and will produce quantifiably positive results in morale and team spirit. By all means, hire externally to add product/segment knowledge or someone who acts as a necessary catalyst to an underperforming team, but don't forget that the secret to ongoing, consistent success might just be right in front of you.

If anyone wishes to drop me a line, I'd be delighted to hear from you at paul@hornbychapman.com

Paul Chapman, managing director, HornbyChapman Ltd

Billing season is nigh

AST talks to Colin Brooks of HSBC about streamlining, sub-custody and why unbundling is not the be-all and end-all

GEORGINA LAVERS REPORTS

HSBC is seeking to be more streamlined and to align its businesses more closely—how has this plan been put into action?

HSBC has developed a strategy that involves the bank reviewing its businesses in order to focus on its core strengths and make it a simpler organisation to manage and control. From a securities services perspective, we also regularly review client relationships as part of our everyday business activity and we're making some adjustments to the mix of clients, so that we are more focused on large, institutional clients that benefit most from the breadth of HSBC's product set.

I think the positive thing as a service provider is that we will be able to focus much more on those services and those clients that are core to us, and we will be able to spend more time satisfying their evolving requirements. There are regulatory changes such as the Alternative Investment Fund Managers Directive coming in, and that is going to require clients to put a lot more focus on areas such as risk management, which has a knock-on impact on sub-custodians. This has a financial impact. Regulations already require us to have a tight grip on KYC (know your client), and that comes at a cost. If you have a client where you're earning $10,000 a year but it's costing you $30,000 to $40,000 to do the KYC, you have to ask yourself the obvious question.

How are you feeling about T2S?

I think that—with any new regulation or change in a market—there are both threats and opportunities. As a sub-custodian, HSBC has a limited presence in the EU countries that are participating in T2S (TARGET2-Securities). We see it as possibly an opportunity for us to provide a pan-European service, but we have yet to make a decision on that.

How have you seen the relationship between custodian and sub-custodian change over the years?

I was at the London Stock Exchange up until 1990. I went out to Hong Kong to help build up the securities services business there, so I've been in and out of the sub-custody business for 20 years.

With that said, over the years I've seen that global custodians have come to view sub-custodians as much more than a simple service provider or a simple processor of transactions. It's a bit of a cliché, but I think that they're seeing it as more of a partnership now, and in particular seeing the sub-custodians as their advocates and as their representatives on the ground and in the market.

There is much greater value placed on what the sub-custodians can offer in terms of inter-relationships with the regulators, the stock exchange, the central securities depository (CSD) and other market infrastructure than probably there was previously. Also, clients see sub-custodians as a key source of information; looking at what's happening in the market, seeing how that's affecting the global custodians, the broker-dealers, and providing them with that analysis. So in many ways, the sub-custodian acts as an extension of the global custodian itself.

At the moment, with new regulations coming in, there is an increased expectation that sub-custodians will identify risks in the local markets, and explain how we manage those risks on behalf of global custodians and broker-dealers. I would say that some years ago it used to be "right, we settle trades, we process corporate actions, we report back to clients and then we pack up and go home", but it has evolved into a much more complex relationship. It's more of a consultative-type of relationship, and I see that increasing.

Is a limited number of regional or global providers better than a lot?

Well I of course would say a limited number! In all seriousness, I don't think, with the attrition that we continue to see in margins, there is scope for a large number of custodians in a market, whether they're single market, regional or global sub-custodians. I think that our clients want to see us continuing to invest in new risk management measures, new systems, new reporting methods and so on, and for that to happen in an environment of falling margins, there's really only room in the long-term for a limited number of custodians in a market. I would say three is probably the optimal number to ensure that there is choice in a market but that returns are sufficient to continue to fund investment.

There aren't enough dollars to go around in many marketplaces, and as a result, we've seen a huge amount of consolidation in Asia, and we've seen it in Europe as well. If you look at the number of sub-custodians that were in Asia 10 years ago, the number has reduced drastically. We've seen something similar in Europe, but I suspect that with T2S coming in we're likely to see more consolidation. And I think it makes a lot of sense from the point of view of buyers.

If you have a different sub-custodian in every market, it is a huge amount of effort to effectively manage all of the different relationships. Whereas, if you have, for example, one provider in a region, then it becomes much easier to manage one regional relationship than a multitude of single market relationships.

What about CSDs?

If you look at it from an Asian perspective, in most cases there is one CSD per market. That CSD is an integral part of the local infrastructure and it will take some time before we start to see consolidation at the CSD level in Asia. Markets in the region are all at very different stages of development, and one model doesn't necessarily suit all. Countries want to be masters of their own destinies in regards to the development of their capital markets, so it is unlikely that we'll see one country giving up its own local CSD or its own stock exchange.

How are sub-custodians coping with unbundling of services?

I'm not sure that we are yet seeing an unbundling of services. In Europe, the advent of T2S will inevitably result in some unbundling because T2S covers settlement but not corporate actions—this will leave questions on how corporate actions are processed and in particular how they are priced in isolation, because that is the riskier side of custody.

But generally, taking T2S out of the equation, I don't see any real move towards unbundling. There is a lot of discussion about it, but if you talk to a client about what that would actually involve, ie, charging for a lot of services that are at the moment all bundled into the asset fees, it could mean that they either pay more, or they get such a complex bill that it's impossible to reconcile and that becomes an industry in itself.

Twenty years ago, the charging structure within the sub-custody business was unbundled and in some markets we had what we used to call 'cafeteria' pricing: a whole long list of services each with its own price. Because of the complexity of it, people moved towards a bundled fee, which is where we are now.

Are there any new projects in the offing at HSBC?

First of all, we are investing a lot in our IT infrastructure. We are moving from a distributed structure where, even though each market uses the same system, there is a set of programs and databases for each market, to a regionalised architecture, which will provide faster development and therefore quicker time to market for new functionality. It will also offer an enhanced ability to provide regional and global reporting to our clients.

We're also investing in further development of our broker-dealer outsourcing services. We already offer the account operator and third-party clearing models in a number of markets, but we're also pursuing opportunities for moving much further into the broker-dealers' back- to middle-office space. We are developing the ability to insource all activities once a trade has been executed. Frankly, for a broker, the post-execution space gives them little, if any, competitive advantage—it's the execution speed, price and quality of research that sets them apart. No one selects a broker on its ability to settle a trade. **AST**

Colin Brooks
Global head of sub-custody and clearing
HSBC

Becoming top dog

With fund administration acquisitions at a peak, is there room for the little guy? AST takes a look

JENNA JONES REPORTS

A spate of fund administration acquisitions has put the all-important industry in the spotlight. Maitland, IFG Trust, and Corporate Group and US Bancorp Fund Services have all recently done deals to increase their reach and meet client demands. The rate of these acquisitions points towards a trend of consolidation in the industry, as seemingly large providers acquire smaller ones in a hunt for alpha, superior technology and expertise.

As the number of deals mount up, so do the motives behind the acquisitions. Steve Georgala, CEO of Mailtand, which recently bought hedge fund administrator Admiral Administration, says that the industry has undoubtedly entered a phase of consolidation.

Georgala highlights the fact that administration is now a highly sophisticated industry, with substantial investment required in top technology platforms that offer economies of scale.

He adds: "These developments have been accompanied by rapidly escalating investor requirements in terms of reporting, and in the case of hedge funds, increasing valuation frequency. To add to the complexity of the situation these developments are taking place against a rapidly evolving regulatory and statutory environment." "In short, administration has become a rapidly evolving and demanding business activity. This has served to raise the bar in terms of the critical mass or scale required to provide these services."

CEO and chairman of SS&C GlobeOp, Bill Stone, says that administrators are consolidating for a number of strategic reasons, including large banks exiting the administration business and the costs of retooling technology infrastructures. Stone also stresses that "several administrators are feeling the regulatory burdens [and the ones] without the size and expertise to manage people and technology assets will be consolidated".

The fierce competition that smaller firms face from their financially stable counterparts is a reason, which Georgala agrees, has had a significant impact.

"The recent consolidation of the sector has resulted because smaller administrators simply cannot compete with the new infrastructural demands."

The real deal

State Street purchased Goldman Sachs Administration Services (GSAS) in July of this year in a deal worth up to $550 million, making the firm the top hedge fund administrator in the world based on industry data. The GSAS acquisition was the latest deal that the firm has closed and integrated in the last five years.

George Sullivan, executive vice president and global head of State Street's alternative investment solutions group, candidly explains the current consolidation trend as a "hunt for alpha" as big players continue to seek out the few remaining independent fund administrators left in the space.

On the GSAS deal, Sullivan explains the comprehensive reasoning behind the acquisition, highlighting the factors that must be taken into consideration so that a firm can not only keep a grasp on its position in the industry, but also enhance its value proposition through calculated acquisitions.

"We were really excited by Goldman Sachs's Administration Services management team and their employment base. Goldman Sachs has incredibly capable people, and the thought of bringing those people together with our international fund services (IFS) team was very intriguing to us," explains Sullivan.

"GSAS also has an extremely strong client roster. Their clients are very successful and they have a tremendous ability to manufacture and distribute product and most importantly they are firmly committed to the alternative space for the long term."

Sullivan believes that culture is something that can be overlooked during an acquisition, and this can create a barrier when attempting to integrate businesses.

He says that if firms "don't respect the cultural differences and align those as [they] move into these deals [they] will face challenges," proposing that perhaps the financial side of acquisitions is not always of paramount importance to firms.

Funds for thought

The growing number of mergers and acquisitions could also have an effect on the funds themselves and industry competition.

The chairman of the Cayman Islands Fund Administrator's Association, Darren Stainrod, explains that a lack of healthy competition in the industry could potentially lead to less choice and innovation in addition to higher fees and poor service due to complacency.

"However, despite the significant consolidation within the hedge fund administration industry over the last few years, I can assure you that it has never been so competitive."

He adds: "Indeed, managers conducting requests for proposals have trouble getting to a short list of four or five providers from the 20 or so medium-to-large size providers available."

Sullivan explains that there are many more administrators in the hedge fund space than in traditional fund administration channels, so while consolidation will continue to occur, it should not affect competition or the funds themselves.

"I don't believe consolidation will ever get to the point where it will affect the funds negatively and certainly in the hedge fund business we have a long way to go before we get to the maturity of the more traditional fund administration businesses," says Sullivan.

Stainrod agrees, saying that although the narrowing industry "is creating a few giants and a greater gap between the largest players and the second tier, there is certainly no shortage of competition and choice".

On the contrary, he believes that although the larger players have robust budgets and resources, there is definitely space for smaller counterparts to make an impact.

"There is still plenty of opportunity for smaller, more nimble players to find a niche or to provide a boutique service that some clients would prefer, especially in strategies with high touch, high service requirements rather than just large scale platform or outsourcing needs."

Client satisfaction is always at the forefront of a firm's thinking when researching potential purchases.

Stone explains: "Clients will take advantage of improved technology as the result of acquisitions. They will also be able to benefit from superior processes, and better trained and more talented people."

"Innovative new services like mobility and voice recognition are being made available and compliance with the myriad new regulations is faster, more complete and comprehensive."

Stainrod says acquisitions can have positive and negative effects on clients of fund administrators.

"In theory, some of the efficiencies of scale can be passed on to the clients, but most importantly, a larger player can generally invest more in its platform, provide a wider range of services in more locations and have more resources for innovation."

On the GSAS deal, Sullivan viewed combined business as a definite benefit for clients that are ultimately being served to the highest ability by a stronger, more capable firm.

Sullivan said: "Clients will benefit from State Street's robust and flexible global servicing platform that is scalable for funds of all types and sizes. Our continued investment in our global operating platform and technology solutions makes us well-positioned to meet clients' increasing needs for regulatory compliance, reporting, transparency and risk management requirements."

Future proof

There are qualities that providers need to posses if they are going to survive in this competitive space, according to Stainrod. He believes that while the industry continues to reduce the number of players in the market, remaining fund administrators still have plenty of ways to differentiate themselves.

> Although the narrowing industry is creating a few giants, there is certainly no shortage of competition and choice

He says that smaller fund administrators can evolve "by specialising in a particular niche, providing a more personalised service, [or by being] more flexible [and] more affordable."

"In addition, some of the medium-size players have the backing and support of large institutions enabling them to act as a boutique, but with substantial resources behind them."

Looking to the future, Stainrod predicts that while the current trend of consolidation will likely continue, "institutional investor requirements as well as regulation will also continue to drive a lot of the change". **AST**

Acquisition timeline

January 2012—EFG International agreed to sell its fund administration business, Swiss Investment Funds, to CACEIS. The agreement covered some 20 funds, accounting for more than CHF 800 million in assets.

May 2012—South Africa-based Old Mutual Investment Group Holdings and Sanlam Investment Holdings agreed to purchase the shares of J.P. Morgan Administration Services.

July 2012—In one of the biggest deals of the year, State Street acquired hedge fund administrator Goldman Sachs Administration Services from the Goldman Sachs group in a deal worth up to $550 million.

October 2012—SS&C Technologies purchased Gravity Financial, a Connecticut-based full-service fund administrator, to build its presence in the alternative fund services industry. The transaction added 40 fund services customers and 10 members of staff.

November 2012—Maitland bought out hedge fund administrator Admiral Administration, creating an entity with a collective total of $145 billion in AUA.

US Bancorp Fund Services's acquired AIS Fund Administration, adding approximately $25 billion in hedge fund AUA to its existing alternative investment business.

IFG Trust and Corporate Group took over Jersey-based Moore Group adding more than $145 billion AUA to the firm.

December 2012—Orangefield Group purchased New York-based hedge fund administrator Columbus Avenue Consulting. The combined group has more than $25 billion in AUA.

Plans speak louder than words

Hurricane Sandy underlines the need for effective disaster recovery planning, says Phil Niles of Butterfield Fulcrum

Hurricane Sandy wreaked incredible havoc on the East Coast of the US, costing many lives and causing billions of dollars worth of damage. It was truly a tragedy of immense proportions; even as these words were being written, there were citizens who were without power or life's basic necessities, some two weeks after the storm struck. Such an enormous calamity succinctly illustrates how vulnerable we are to the fury of nature.

As people and communities begin putting the pieces back together, investment managers are evaluating how their businesses fared throughout and following the storm. In many cases, new lessons have been learned and, by extension, firms are making changes to their business continuity and disaster recovery planning.

First and foremost, a number of investment managers either did not have true disaster recovery plans or the plans were notably insufficient. Given that we are just eleven short years removed from 9/11, it is nearly inexcusable for any business that is based in New York City to lack a robust business continuity plan, including asset management firms. Investment managers without appropriate plans were left facing some difficult decisions, most of which had to be made with incomplete information without much time for deep consideration; adequate planning should assist with such decision making in the future.

A major area that needs to be revised surrounds the assumptions and logic driving many disaster recovery plans. The majority of contingency strategies revolve around what happens when a disaster strikes the offices of the investment manager, knocking out power or rendering the site unusable for business operations. In these cases, it is typically assumed that, in our electronically connected world, staff can work from home. For many business continuity plans, this was the extent of the strategy.

However, less thought was given to what happens when the office of the investment manager is relatively untouched but the staff are unable to commute or are without power in their own homes. During Hurricane Sandy, travel was incredibly difficult, especially to and from Manhattan, meaning that employees could not readily access their offices. At the same time, many staff experienced widespread and long-lasting power outages at their residences, making work from home impossible. This left many investment managers short on internal resources with no foreseeable way to bring these employees back online.

Another area that will likely be given additional attention following Hurricane Sandy concerns the extent to which an external service provider assists in the disaster recovery process. Most notably, in the case of fund administrators, a complete set of books and records, including portfolio and investor details, are housed on behalf of the investment manager at a separate location. In addition, reputable fund administrators have their own disaster recovery and business continuity plans that are routinely audited under accreditations such as ISAE 3402.

What this means is that an investment manager that uses a highly regarded fund administrator already has some part of its disaster recovery plan in place. That being said, a fund administrator is not solely sufficient, as it does not address the portfolio decision making, internal staffing or IT infrastructure needs of the investment manager. However, an investment manager using a fund administrator is instantly further ahead than an investment manager that self-administers its funds or uses a lower-grade service provider.

As a final note, while this analysis has focused on Hurricane Sandy and its impact on the East Coast, a similar disaster recovery and business continuity planning review should occur for all investment managers, regardless of geography. In this instance, it was a hurricane in the Atlantic that caused the disruptions, but it could easily next time be a West Coast earthquake or a Midwest tornado or flooding in the South. The point is that each investment manager faces its own business risks (environment being just one) and this terrible experience should be seen as an opportunity for review for all money managers.

Have no illusions: investor due diligence requests for the foreseeable future will be probing the disaster recovery plans of investment managers at length. This alone should be reason enough for investment managers to give further thought and review to their disaster planning strategies. If that isn't a sufficient motivation, consider this: during Hurricane Sandy, the NYSE and NASDAQ were closed, which meant that no fund could trade equities and hence the playing field was relatively level.

What happens if the next disaster affects a smaller area and does not interrupt trading otherwise? An affected investment manager would be at a substantial disadvantage compared to its peers; in an industry renowned for the tiniest of edges being exploited for profit, such an event could mean ruin under the wrong circumstances. AST

Phil Niles
Director
Butterfield Fulcrum

An alien concept

The absence of foreign nominee recognition in the CEE region is creating a headache for custodians. AST's experts from banks on the ground discuss what can be done

Michael Pernetti
Regional head of relationship management securities services—CEE
ING

Marek Zacal
Custody relationship manager
CSOB

Ulf Norén
Global head of sub-custody
SEB

Mark Dugdale
Editor
Asset Servcing Times

How is the CEE custodian business model changing?

Ulf Norén: The general drain of investment flows have made themselves noticed in the Central and Eastern European (CEE) markets. We are active on the ground in five (Estonia, Latvia, Lithuania, Russia and Ukraine), and have built our custody presence virtually on the same model as our successful Nordic venture. We are still positive towards our CEE activities, and expect efforts to bear long-term fruits.

Michael Pernetti: From the standpoint of a sub-custodian, one must learn to play a balancing act when determining its business model in the current environment. As the global and eurozone crises do not seem to be showing any signs of significant improvement, transaction volumes, market values (AuC) and associated revenues in CEE are far from their pre-crisis levels, but regulatory and client demands for more reporting and/or completion of scores of risk and compliance questionnaires have increased. In order for one's business model to survive during these times, a sub-custodian must be lean and implement cost containment measures, improve operational efficiencies, and so on, but also have the necessary staff and knowledge available to meet those regulatory and client demands that take up time and resources but generate no revenues.

Marek Zacal: There is one significant trend that plays a vital role in CEE custodians' business: local custodians have ceased to be strictly 'local'. Clients are more demanding and the request for regional custody is evident. What is expected from local providers? It's not only the complexity of their services and perfect knowledge of the local market—it is assumed that such service is provided in different countries through a developed network—but also the presence in other markets is very important for clients, so the ability to provide regional custody is a significant competitive advantage.

What effect have CEE regulatory initiatives and market conditions had on this business model?

Zacal: Each regulatory novelty is a big challenge for all providers since it always brings more cost-related activities and innovations. New market initiatives can be very limiting for those providers that do not respond accurately. On the other hand, rules are generally identical for each market player. Maybe this can be a time for experienced local providers that are well-established in the market, have direct links to local authorities and know the regulatory environment in detail.

Norén: We find it important to bear in mind, given the relatively short time period in which the capital markets in this part of the world have been in existence. Many markets have—after 20 or more years of development time—turned into well working and efficient capital markets without many duplications (ie, the Baltic markets, the Czech Republic, Hungary and Slovenia), while others are still struggling with getting a fair and efficient structure in place (Ukraine and Georgia).

Russia, which is by far the most important market, resides somewhere in the middle of the development ladder, but we are very positive when it comes to the momentum gained in Russia, although there is still some ground to cover. Especially important is, of course, the hard work that was made by the National Settlement Depository (NSD) team in order to obtain its central securities depository (CSD) licence and the merger of the two trading and post-trade silos.

We are also positive when it comes to the regulatory changes in Ukraine, but less so when looking at how it will be implemented. We see great risks in the chosen structure and follow the development very closely and do whatever we can to get the international community's views and opinions through.

Pernetti: New CEE regulatory initiatives—whether they be locally or EU driven—are requiring more monitoring/reporting to be carried out by custodian banks. Some initiatives, such as the CSD implementation in Russia, will improve the market infrastructure and create operational efficiencies for a sub-custodian, which may lower its cost base, but other initiatives that are aimed at investor protection do just the opposite for a sub-custodian bank with regards to costs.

Generally, recent CEE initiatives along with market conditions have caused or will cause custodians to significantly alter their business models. That being said, sub-custodians in CEE must take a hard look at their business models in relation to current fee structures and determine whether fees should be increased, unbundled or have new fees introduced to take into consideration all of the work that sub-custodians are performing on a daily basis that does not generate revenues and was not anticipated when entering into existing fee schedules with their clients. The 'all encompassing' safekeeping/maintenance fee is no longer sufficient to cover such costs.

How is a lack of foreign nominee concept affecting custodians?

Zacal: In the case of the Czech Republic, the absence of a full nominee concept is a significant issue and seems to be one of the most challenging features in the local market.

The whole market is suffering from a rather ambiguous interpretation of the law. Whereas it clearly defines in which way the account can be opened, the definition of beneficial ownership is unclear and so is leading to various forms of interpretation, with the result being that the non-existence of a nominee concept in the Czech Republic is often questioned.

What is stunning is the fact that there is no clear definition—not only among market participants, but even among market authorities. In this case, the need for a reliable partner who understands the legislation and explains the rules in a good faith is more than crucial. Misleading interpretation, or even willful action, can have a serious impact on providers' (and their clients') reputations.

Pernetti: The absence of foreign nominee recognition creates additional work, whether it be from opening up scores of segregated/beneficial owner accounts/sub-accounts on the books of the sub-custodian or at the CSD. Also, in some markets the records of the registrars and/or CSDs do not properly reflect the identities of the beneficial owners, which may be a risk for global custodians and their clients. In countries such as Russia and Ukraine, there can be occasions where global custodians can be seen as the beneficial owners of securities, but the market and authorities know full well that they are not and that there are a slew of underlying clients not being recognised, so they can be denied proper tax withholding treatment or participation in some corporate actions. The lack of foreign nominee recognition creates additional work for custodians and sub-custodians and exposes them to additional market risks.

Norén: This is one of many serious shortcomings in general terms that need to be addressed, and, paired with uncertainties that are tied to other legal areas, the situation can be fairly messy. Expressing oneself with carefulness, I guess saying that it causes increased administrative burdens, creates unnecessary risks that are difficult to mitigate, jeopardises beneficial owners' basic rights and might cause the unobservant provider to be in violation of local regulations and law, says quite a lot. If trying to give a general description of development needs in Eastern Europe, I would put forward a number of bullet points for the agenda:

- Information flow—implementing local rules for issuer and infrastructure obligations on how and when to inform is an absolute must.
- Dividend and tax processing is often cum-


Time
Flight
Destination
15:10 OTP 8361 BUCHAREST
15:20 WAW 8369 WARSAW
15:30 SVO 0418 MOSCOW
15:35 BUD 5372 BUDAPEST
15:40 PRG 0623 PRAGUE
15:50 KBP 102 KIEV
16:00 SOF 462 SOFIA
16:15 BUD 5372 BUDAPEST
16:30 PRG 0623 PRAGUE
17:15 KBP 102 KIEV
17:20 BTS 0667 BRATISLAVA
17:30 SOF 462 SOFIA
18:10 OTP 8361 BUCHAREST
18:20 WAW 8369 WARSAW
18:30 SVO 0418 MOSCOW
18:35 BUD 5372 BUDAPEST

bersome and less exact. Market claims can be lengthy and resolution unclear.

- Simplify the disclosure process. Unintentional breaches of the rule book can be costly.
- Make sure that the infrastructure performs missions that are expected. We have recently seen examples in the central counterparty (CCP) world in CEE where a CCP is introduced but fails to perform the number one mission—to mitigate risk.
- Voting shall be given a priority focus to mitigate a picture that CEE is shareholder-unfriendly and unequal.
- Look to Western Europe for standardisation.

What can be done to improve this situation?

Pernetti: In order to improve the situation, there must be an increase in lobbying efforts in CEE markets from market participants (sub-custodians) jointly with global custodians and/or the Association of Global Custodians. The individual efforts of one custodian in front of the regulators will not work. There has to be a united front locally among the market participants with full support from global custodians/international community if any changes are to be made in the region in relation to foreign nominee recognition.

Zacal: First of all, there must be a clear wording of the law and clear interpretation of beneficial ownership. The will to clarify this ambiguity should stem from local authorities of course. On the other hand, some initiative can be expected from all market players that disagree with this 'schizophrenic' status quo. Otherwise, the market will continue to face distortion and some providers, unlike CSOB, will still face the threat of a law breach.

Norén: Custodians active in the CEE markets have a big responsibility to ask for improvements in the fields of asset protection, risk mitigation and efficiency efforts. In this work, a constant improvement of the rule book is essential. Regulators worldwide have a very high focus on the stability and efficiency aspects of the post-trade infrastructure so we work very hard on both a global level and a local one in order to optimise this for the benefit of the entire market.

In this work, it is very important that the whole chain works together. Without an understanding that custodians and CSDs are inter-dependent and need to cooperate with the trading and the clearing space as well as with issuers, the cause is lost. I am a firm believer that this can be done across many banks and we are currently banded together with seven other international banks involved in the ICC initiative in Russia—if handled correctly, it can be a great catalyst for necessary change.

How are the offerings of local and global custodians differing in CEE?

Norén: Some global custodians have decided to set up their own branches. When doing that from the beginning, they have to rely on their ability to quickly build a presence, establish all infrastructure connections, find qualified staff, and ensure a seat at the table where market change is discussed. Very few are capable of doing this short-term and one also has to have a great deal of respect for the cost that is connected to opening in new markets and the increased risk picture that is an effect of the establishment phase.

For the global custodians using us as a sub-custodian, CEE discussions are long and complicated, but hopefully fruitful for the global custodian. Our staff work really hard to portray the global custodian's needs in the market, and put a lot of effort into making difficult markets understandable for global custodian clients in order for them to be able to translate it to their own, often very demanding and sophisticated, client bases. I am of course biased, but if we are looking at the total risk mitigation for the consumer, the latter model is ideal.

Zacal: The thing is that most of the largest global custodians, unlike regional custodians, are not directly present on local CEE markets. Local custodians posses the widest knowledge of the market, while global custodians collect this knowledge from the local ones. Therefore the offering of local custodians reflects the specialisation on local conditions, which brings many benefits to the client. If, however, the client wishes to cover all markets world-wide, the global custodian solution makes sense.

Pernetti: As a sub-custodian in eight CEE markets, we offer settlement and safekeeping for all securities that are available in the market. Whichever products the markets offer in the region, we offer too, but for global custodians they may be restricted from offering their clients the same due to risk considerations, internal policies and regulations in their jurisdictions. For example, in Russia, the bridge schemes (ie, sub-custodian to DCC), which will now disappear due to the implementation of the CSD, were offered to all global clients, but some global clients could not pass on this product offering to their clients as they would not accept the third-party risk.

What effect is the changing custodian/client relationship having on how custodians approach CEE?

Pernetti: I believe that a client's decision on how to approach CEE markets can be influenced by how comfortable/confident it is with its custodian/sub-custodian to guide it through a particular market and assist in mitigating risks that are associated with that market. The custodian/client relationship has always been one where, for example, the sub-custodian was/is the eyes and ears on the ground for the global custodian. This has not changed, but has become more intensified as global custodians are now subject to more regulations from the US SEC, UK FSA and other authorities, and they have to rely more heavily on sub-custodians to provide them with the most up-to-date market intelligence, how local changes will impact them and their clients, and also assist global custodians in complying with all with which they must comply to properly and safely service their clients in a particular CEE market.

Zacal: The relationship between local providers and clients/custodians is crucial, because only an experienced and dedicated local market relationship manager can provide clients/custodians with various market information and details, which may be of high importance. Within such a quickly developing regulatory environment, the role of relationship managers is even more important. It is no surprise that every custodian has to approach each CEE market with a strong local relationship manager to hand.

Norén: The ways that the custodian/client relationship is changing is in the traditional fields of reducing risk, increasing quality, ensuring processing stability and efficiency, and reducing fee expenses. In this respect, CEE requires an even more intense dialogue than in major market relationships, as market-specific peculiarities and shortcomings set limits on how well the custodian (and client for that matter) will be able to live up to expectations.

Or we are talking about the challenges emanating from regulations, where many banks must look at their capital usage and where I foresee that we will see a contraction of the number of banks offering custody services in CEE. This will especially be an effect of Basel III and CRD IV (Capital Requirements Directive). What also will play an important role here is the distribution of liabilities that regulators to a great extent want to shift to custodians. If some liabilities will be absolute, I would expect many custodians to be hesitant offering all CEE markets, at least not without a hefty premium attached to the package. **AST**

Industry appointments

The Conifer Group—a provider of fund administration, middle office, trading and prime brokerage services to the hedge fund industry—has promoted **Howard Eisen** to head of business development alongside naming **Manish Garg** as the firm's chief information officer.

Eisen, who joined Conifer as managing director in 2012, will report to Jack McDonald, Conifer's president and CEO. Prior to joining the firm, Eisen held positions in corporate finance and credit for a variety of New York banks.

Prior to joining Conifer, Garg held positions in IT consulting and software engineering for firms including Wells Fargo, Accenture and Charles Schwab. Garg, who has been acting head of technology for Conifer, will report to the firm's COO, Sal Campo.

After a lengthy search, Kaufman Rossin Fund Services has recruited **Harrison Blase** as senior operations manager for its Texas office.

Blase will oversee operational best practices both internally and for the firm's clients, working closely with James Davis, head of the Dallas office.

Before joining KRFS, Blase was a founding partner and COO at Blue River Partners. Prior to founding Blue River, he was the controller at Swank Capital and prior to that he was with Rothstein Kass & Company.

Northern Trust has hired **Edwin Parker** to support the firm's alternatives business development team as it expands across the UK, Ireland, Luxembourg and the Channel Islands.

In the newly created role Parker will focus on offering hedge fund administration services and its specialist private equity, infrastructure, and real estate fund administration services to fund managers across the region.

Prior to joining Northern Trust, Parker held the role of managing director at Butterfield Fulcrum.

Fearghal Woods has been named head of EMEA fund administration product at Northern Trust.

Woods—who joined Northern Trust in 2011—is the current chairman of the Irish Funds Industry Association Council.

Based in Dublin, he will be responsible for defining and executing the regional product strategy in support of asset managers, including fund accounting, transfer agency, and ETF administration.

Deutsche Börse is revamping its structure, starting off with the appointment of **Hauke Stars** who will be responsibile for its newly-structured IT division.

Deutsche Börse will jointly manage the cash market and the derivatives businesses, comprising the Xetra and Eurex segments, under the responsibility of deputy CEO Andreas Preuss. Managing director **Martin Reck** will move to assume management responsibility for Deutsche Börse's entire structure of the cash market.

Frank Gerstenschläger, the executive board member responsible for Deutsche Börse's cash market operations, has opted not to extend his contract when it expires on 31 March 2013.

Lastly, **Eric Müller**, managing director, will additionally assume responsibility for the Group Strategy division, reporting directly to CEO Reto Francioni.

Zaf Kardaras has joined Northern Trust as tax manager for Australia and New Zealand, supporting financial and tax reporting for clients in the funds management and superannuation industries.

Kardaras is the lead tax specialist in a fund administration team with 60 professionals dedicated to Australian clients, including fund accounting, unit pricing, financial reporting and tax. As a senior member of the client delivery team, Kardaras will also represent Northern Trust in industry tax forums.

Based in Melbourne, Kardaras comes to Northern Trust as a senior tax professional with 17 years of tax experience in the financial services industry, most recently as a tax director at PricewaterhouseCoopers. **AST**

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