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Taiwanese RMB payments soar

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Taiwan's RMB payments have grown 120 percent over the last six months, according to SWIFT's latest RMB tracker.

The SWIFT RMB tracker—launched in September 2011—provides monthly reporting on statistics to understand the progress made by RMB towards becoming an international currency.

Taiwan has moved up three positions to fourth (out of 136 countries exchanging RMB payments) overtaking the US and Australia.

Six months ago, SWIFT's RMB tracker reviewed Taiwan's potential to become the next major offshore RMB clearing centre. At that time, Taiwan was seventh out of 131 countries exchanging RMB payments worldwide with 24 percent of all payments exchanged between Taiwan and China/Hong Kong made using the Renminbi.

Nearly 44 percent of all payments made between Taiwan and China/Hong Kong are now exchanged in RMB.

Lisa O'Connor, RMB director at SWIFT, said: "We've been following the RMB developments in Taiwan very closely. These are not surprising growth figures given the historic and increasing level of direct activity between the Chinese mainland and Taiwan. Domestic companies in Taiwan are now able to issue RMB-denominated bonds."

"In February, the Taipei branch of Bank of China was assigned as the local RMB clearing bank and the Taiwan Stock Exchange has announced the desire to offer offshore RMB products. All of these positive moves should further support the growth of Taiwan's RMB payments."

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ASTINBRIEF

Milestone ramps up offering in South Africa

South African fund administrator Curo Fund Services has selected Milestone's pControl platform to service multi-manager and life clients.

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AIFMD means busy work for BNP Paribas

BNP Paribas Securities Services is AIFMD ready, with the recent opening of a Netherlands office, as well as the launch of a trustee and depository service in the UK.

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Taiwanese RMB payments soar
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SWIFT also recently recorded that Chinese RMB payments have grown 171 percent in value between January 2012 and January 2013.

RMB grew 24 percent in value in January this year while Russian RUB dropped 5.4 percent.

In December 2012, the RMB was larger than the Danish Krone, South African Rand and New Zealand dollar. After its recent growth, it has overtaken RUB to become the 13th most popular payment currency in the world.

O'Connor said at the time: "We'll have to see if the drop in RUB is systemic, but it is clear that offshore centres like Hong Kong, London and Singapore are fuelling RMB payments."

"RMB payments in Singapore grew by 123 percent year-on-year and by 33 percent in [December 2012]. The recent appointment of ICBC as the RMB clearing bank in Singapore can only support that. Given the acceleration of RMB payments it will be interesting to see if the RMB displaces the [Thai] THB in coming months."

Milestone ramps up offering in South Africa
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Using pControl, Curo hopes to be able to offer a superior, more efficient administration service across NAV/unit pricing, cash allocation and rebalancing, unitised order management and income distribution.

Curo will also leverage pControl's integrated reconciliation, accounting and data manager capabilities, delivering process transparency and audit trail across the board for multi-manager and life clients.

"Efficiency, value and transparency are the most important things to us and our clients", said Hank Pienaar, managing director of Curo. "As the funds industry in South Africa matures, it becomes increasingly important to deliver on all these fronts. This is a significant step for Curo, with pControl's inherent flexibility providing a solid platform for enhanced automation across the business."

Paul Roberts, managing director for the EMEA at Milestone Group, said: "South Africa is an increasingly active market for Milestone Group, and pControl's ability to solve multiple business challenges on one fund-centric platform is attracting increased attention. It is a compelling option for organisations seeking greater control coupled with greater efficiency."

AIFMD means busy work for BNP Paribas
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James McAleenan, UK head of BNP Paribas Securities Services, said: "The final countdown to AIFMD coming into effect has started, but however well prepared fund managers believe they are for this implementation, it is still a far cry from reality. With four months to go, we continue to urge clients to accelerate the final phases of preparation for what we deem will be a significant re-shape of the alternative fund management industry in Europe and beyond."

"Beyond the new infrastructure requirements, AIFMD also mandates to segregate risk management and valuation functions from portfolio management, which is why our solution includes a full range of services around valuation of complex products and alternative assets such as real estate, and collateral management."

Ringkjøbing Landbobank selects SmartStream solution

Denmark-based Ringkjøbing Landbobank has chosen SmartStream Technologies's TLM Corporate Actions solution to support growth in transaction volumes.

The TLM Corporate Actions solution will also support Ringkjøbing Landbobank's entire event management lifecycle needs and ongoing regulatory requirements.

Alan Jones, product manager at SmartStream Technologies said: "We are delighted to have been selected by Ringkjøbing Landbobank. As they continue to experience growth in their customer market, corporate actions processing need will become more complex."

"It then becomes essential to manage and maintain control of operational costs—which is key for any bank in the current environment."

Bettina Thomsen Bagger, head of operations at Ringkjøbing Landbobank, said: "We are looking forward to working with the SmartStream team. They have certainly proved their technology to be the number one provider in Denmark."

"This advanced automation will help us continue to achieve our key goal which is to further improve the service we provide to our local customer base."

Ruffer and Capita join forces for Calastone's trade notification

Independent investment management firm Ruffer LLP, with full support of Capita Financial Group in its role as administrator, has partnered with Calastone to launch the new automated trade notification service.

Capita chaired a working group that oversaw the design of the solution, which enables automatic trade notifications to be generated from each executed trade and routed to the relevant global custodian.

Ruffer is now live with the service and is automatically sending settlement instructions over to its first target custodian.

"Automating such processes also serves to reduce the risks associated with more manual methods of communication between fund managers and their custodians, particularly as it is likely that each fund manager will have a number of custodian relationships," said a statement from Calastone.

Russell Vickers, operations processing manager from Ruffer, said: "We are delighted to be partnering with Calastone to introduce the new trade notification service to the funds industry and look forward to realising the savings we expect—through increased automation."

SGSS creates Luxembourg 'centre of excellence'

Societe Generale Securities Services (SGSS) has created a centre of expertise in Luxembourg for alternative funds, which provides specific experience in private equity, real estate and tangible assets.

Institutional investors or other professionals who manage these funds, such as family offices or wealth managers, will now have a single point of entry to SGSS's entire range of accounting, trustee, fund domiciliation, fund administration, transfer agent and registrar services.

"This centre of expertise dedicated to alternative funds ensures that investors benefit from specialist knowledge of the specific constraints of these asset classes," said a statement from the firm. "A team of specialists from SGSS Luxembourg accompanies clients throughout their investments and provides all the securities services which conform to the international regulations applicable to this category of fund."

Lyxor Asset Management to launch new UCITS fund

Lyxor Asset Management has launched a new UCITS-compliant fund with the aid of investment manager Winton Capital Management's trading strategy.

David Harding, founder and president of Winton, said: "We are very pleased to work with Lyxor to provide their UCITS investors with our trading strategy. We've been working with Lyxor for more than 10 years and its long and solid experience offers investors a secure, controlled, framework available through its platform."

The strategy is based on the assumption that in the long term, profit can be derived from the futures markets by using statistical research into market activity.

The fund will be available on Lyxor's alternative UCITS platform. Its investment philosophy is that specific market behaviour and trends can be identified and profitably exploited.

In particular, the fund will focus on the analysis of market prices and volumes in order to capture trends through liquid financial instruments including futures and forward currency contracts, said a statement from Lyxor.

The fund will be available in EUR, USD and GBP, as well as other currencies upon an investor's requests.

Information Mosaic signs off on Thomson Reuters coupling

Post-trade software company Information Mosaic is to work with Thomson Reuters to integrate its ISO-based corporate actions data feed with its own corporate actions solution, IMActions.

Tim Lind, head of middle office and entity data at Thomson Reuters, said: "[Our company] understands that corporate actions is a complex market where customers are balancing a global set of requirements combined with local market needs. We continue to invest in this space and our collaboration with Information Mosaic is a testament to our commitment."

Information Mosaic's senior vice president of business strategy, Gerard Bermingham, said that Thomson Reuters offers industry-recognised, quality data across all information classes.

"Information Mosaic views this collaboration as a mutually beneficial arrangement between two like-minded organisations. For users of Information Mosaic's complete post-trade platform, IMSecurities, adding additional Thomson Reuters data sets such as its Legal Entity Identifier (LEI), reference, and pricing will provide even more value."

StatPro joins forces with Interactive Data

StatPro has integrated Interactive Data's fixed income evaluation data into its cloud-based portfolio analysis platform, StatPro Revolution.

The new partnership will enable StatPro's client's access to evaluated prices for approximately 2.8 million fixed income securities including investment grade and high yield corporate and sovereign securities.

The new integrated service is available online in the StatPro Revolution app store for a portfolio-based fee.

Justin Wheatley, CEO of StatPro, commented: "This partnership with Interactive Data allows us to dramatically increase the data coverage we offer in StatPro Revolution. It's exciting to see such a large data vendor embrace per portfolio pricing through an online platform."

Anthony Belcher, director of EMEA pricing and reference data at Interactive Data, said: "Increased demand for transparency from portfolio reporting and new accounting standards are driving demand for high quality, fixed income evaluations to better manage portfolios and the valuation process."

"Through this agreement, StatPro's asset management clients can now quickly and easily access a broad range of Interactive Data's fixed income evaluation data that is used by thousands of financial institutions globally."

Phoenix's UK funds hit £1 billion

Phoenix Fund Services (Phoenix) UK funds business has reached £1 billion in funds under administration.

Phoenix provides a range of investment administration services with a focus on supporting the growth of specialist investment managers.

John Rice, chief executive at Phoenix, said: "Phoenix is delighted that its UK funds business continues to grow strongly. The UK funds business has been an important engine of growth for the business over the past three years. From the outset, an integral but distinguishing element of the Phoenix proposition has been its comprehensive range of investment and securities operations."

"This has allowed it to support investment managers as they develop their own business, whether through an increasing range of their own funds or a diversity of segregated portfolios with a range of custodians and third party administrators."

Phoenix's total AUA as of 28 February 2013 was £6.6 billion.

BNY Mellon launches Form PF reporting solution

BNY Mellon has developed a reporting solution that enables its alternative investment clients to prepare and file Form PF, as required under rules from the US SEC and the Commodity Futures Trading Commission.

Form PF reporting complies with Section 404 of the US Dodd-Frank Act, which is aimed at protecting investors and the US financial system from future systemic risk.

The new service offers its fund administration clients—which are SEC-registered investment advisers to private funds—the ability to meet Form PF's complex data collection, records management, transparency reporting and filing requirements.

Alan Flanagan, global head of product management for alternative investment services at BNY Mellon, said: "Fund managers and advisers are challenged by growing regulatory demands. This important new service is part of our ongoing investment in technology to make reporting and compliance as seamless for clients as possible."

"Investments clients that need the infrastructure or added resources to identify, aggregate and manage Form PF requirements can turn to us for flexible, cost-efficient support, allowing them to better focus on their core expertise of investment management."

Standard Chartered supports Chinese maternity wear

Guangdong Aiyingdao Children Department Store and Standard Chartered Private Equity (SCPE) have entered into a strategic cooperation agreement.

SCPE will invest in Aiyingdao and use Standard Chartered Bank's platform to provide comprehensive financial services to Aiyingdao for supporting the company's business expansion.

This cooperation will facilitate Aiyingdao's effort to capture the growth momentum in China's fast-growing Maternity Infant Children (MIC) product market.

Aiyingdao is a leading MIC specialty retailer in China. Founded in 1998, it currently has more than 230 directly operated stores in Southern, Eastern, and Central China.

"SCPE has been closely following the investment opportunities in the consumer and retail sector in China, and we are very pleased to have the opportunity to establish a strategic partnership with Aiyingdao," said Wei Zhu, head of private equity in China at Standard Chartered Bank.

"Under the leadership of Faqiu Ye, chairman of the company, Aiyingdao has become a leader among China's MIC specialty retailers and built a professional and dedicated management team with strong industry expertise and in-depth understanding of the local market. We look forward to working with the management team to continue to grow the business and provide high-quality products and services to expectant mothers, infants and children in China, thus contributing to the positive development of China's MIC sector."

Calastone opens office in Zurich

Fund transaction network Calastone has set up shop in Zurich, Switzerland.

The decision to open a new office in Zurich allows Calastone to provide a local presence to the Swiss market, in line with its business model of providing support to domestic as well as cross-border funds.

To help develop the Swiss market, Vittorio Pujatti has been hired to the management team, and joins as director of Swiss sales and business development.

Pujatti spent 25 years in high-level sales and managerial roles at Swiss and international securities firms, and financial investments houses, including head of the US-equity proprietary team at UBS Investment Bank in Zurich, managing director/branch manager at Instinet Schweiz (AG) and chief investment officer of VGP.

European clearinghouses merge to form new CCP

Pan-European cash equities clearinghouses EMCF and EuroCCP will combine to form a new central counterparty (CCP).

The current owners of EMCF—ABN AMRO Clearing Bank and NASDAQ OMX—and current owner of EuroCCP—the Depository Trust & Clearing Corporation (DTCC)—along with BATS Chi-X Europe, have entered into a memorandum of understanding to become equal shareholders in the new combined clearinghouse.

The deal will be completed once the necessary regulatory approvals are received.

The new CCP will use the risk management framework and customer-service organisation of EuroCCP, and it will run on the technology and operations infrastructure of EMCF.

The new entity, to be called EuroCCP, will be headquartered in Amsterdam, with client-facing functions located in London and Nordic coverage provided from Stockholm.

The future shareholders intend to appoint Diana Chan, who is CEO of EuroCCP, to the same role in the new entity. Jan Booij, who is CEO of EMCF, will become chief operating officer.

In a statement, Chan said: "Bringing together EMCF and EuroCCP reflects the desire of many market participants to see sustained competition, consolidation and greater efficiencies in European clearing and post-trade processing."

Booij said: "This is not only a transformational initiative for EMCF and EuroCCP but for the industry. It will enable us to provide more flexible and innovative clearing services to all clients, while our sustainable business model will ensure costs are kept low and will provide the very best in risk management, technology, settlement and client service."

Chan added: "The new CCP will lead the way in encouraging greater competition between all cash equity clearing houses while driving down costs. Following the launch of four-way interoperability, the industry must now consolidate in Europe to achieve economies of scale and respond to the changing needs of market participants. Combining our organisations will accomplish this."

BNY Mellon launches new risk management service

BNY Mellon has launched Risk View, a new risk management service that delivers enhanced investment transparency across all asset classes, including equities, fixed income and alternatives.

Risk View is based on an innovative approach to collecting, normalising and managing investment data from multiple sources.

The new service—which is available through the firms global risk solutions group—is designed for asset owner clients with a significant allocation to alternative investments, including hedge funds, private equity and real estate.

Debra Baker, head of global risk solutions at BNY Mellon, said: "A still-volatile investment climate and greater regulatory oversight have institutional investors demanding extraordinary levels of transparency into their investments. Still, transparency is just the first important step in the risk management process. Another key component is accumulating data across asset classes."

"This new capability marks one of many strategic actions we're taking to help clients solve an industry-wide information and service gap. We believe Risk View will dramatically impact the way they think about risk and report on their results, leading to improved investment oversight."

Citco opens Malta office

The Citco Group of Companies has approval to provide fund administration and custody services from the Malta Financial Services Authority, it is opening an office in Malta.

Global director of Citco Fund Services William Keunen said: "We have been asked on numerous occasions whether we can service funds domiciled in Malta. Now, with the implementation of the AIFM directive in July 2013, Malta will provide a viable alternative to the main European hedge fund jurisdictions, in particular because the legislation is ready and the MFSA is engaged and proactive."

Citco Fund Services (Malta) and Citco Custody will provide a comprehensive asset-servicing offering for funds domiciled both in and outside Malta.

Chapman's Eye on the market

Time for a stiff upper lip

Housed in the charming market town of Alnwick's former Victorian railway station in Northumberland is an amazing bookshop, Barter Books. After being forgotten for more than half a century, its owners Stuart and Mary Manley found a rare original of the now famous WWII poster entitled 'Keep Calm and Carry On' in a box of old books that were bought at auction. When they had the poster framed and put up in the shop, customer interest was so great that in 2001 the couple started producing facsimile copies for sale—copies that were soon duplicated to make the Keep Calm and Carry On poster one of the first truly iconic images of the 21st century.

That stirring phrase is one that people in the asset servicing industry would do well to bear in mind in today's savage employment climate. It could be said that there are different kinds of battles going on in many areas still, and on many different levels: the EU versus bankers and their bonuses; the forces of compliance and regulation versus business originators; and even on an individual level where candidates are battling against one another to secure one of the few roles that are currently available.

Certain skills are more prized than others—perseverance, discipline, guile and intelligence being just a few examples. Planning—neatly espoused in the form of the six 'Ps'—is paramount, as is confidence that your objective will be achieved, but not at any cost. It should always be borne in mind that every interview is a two-way process, and that a candidate is interviewing the firm as a prospective career vehicle, so I'd encourage all candidates to ask probing and well-thought-out questions in as articulate and confident a manner as possible.

We all know that times are challenging but it is more important than ever to 'keep calm and carry on'.

As ever, do let me know your thoughts. Drop me a line at paul@hornbychapman.com

Paul Chapman, managing director, HornbyChapman Ltd

Bottom line:

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SEB Investment Management AB has chosen **BNY Mellon** to provide fund administration services for more than 150 funds valued at €40 billion.

The funds—domiciled across Sweden, Luxembourg and Finland—include SEB's fund of hedge funds and private equity funds. BNY Mellon will also provide transfer agency for the Luxembourg-based funds.

Peter Branner, CEO of SEB Investment Management AB, said: "BNY Mellon are able to offer us a solution that breaks new ground in the Nordic region, providing a platform for us to grow our funds range and to continue to innovate in the asset management space."

"Enhanced efficiency and reduced risk were our key priorities, and we were also looking for a partner who could support our growing ambitions around broadening our distribution capabilities across the region."

Hani Kablawi, head of EMEA asset servicing at BNY Mellon, said: "We will be delivering a highly integrated solution to SEB across a diverse range of funds, which include some of the most complex in the marketplace today."

"Accordingly, this new and valued partnership with SEB is very much a landmark deal, for both BNY Mellon ourselves and the wider Northern European fund administration business, in terms of scope of the assets involved and the sophisticated servicing capabilities we will be providing to SEB."

Squawker—the negotiation venue for pan-European sell-side block trading—has selected **BNP Paribas Securities Services** as its pan-European central settlement provider.

BNP Paribas Securities Services will act as the central settlement provider for all trades executed on Squawker after its launch in April.

Christopher Gregory, CEO and co-founder of Squawker, said: "The last remaining pieces to Squawker's pan-European launch are now slotting into place. We are currently looking to onboard around 100 sell-side firms in this initial phased go-live."

"As Europe's largest and most robust clearing firm, BNP Paribas was the obvious choice of central settlement provider for Squawker."

James McAleenan, head of BNP Paribas Securities Services for the UK, said: "This new mandate confirms BNP Paribas's expansion in the broker dealer and banks segment and demonstrates our commitment to this market, across Europe and to the UK."

"Working with clients such as Squawker also highlights our appetite for innovation and our ability to adapt quickly to the fast-paced and evolving environment."

A comedy of human errors

Automation can cancel out the fallibility of people, says Neil Richards of Bravura

Trend one: the ever-growing data demands from regulators

This is an interesting one. I'm responsible for GTAS and GFAS, which are two of our transfer agency platforms, and from a client perspective, there is a drive for data from regulators. Distributors' demands are increasing, and fund managers are asking for more information regarding management information. What we are focusing on is not only meeting the day-to-day needs of the transfer agent, but also having all the data requirements going forward.

We're looking at things such as our taWeb solution, which allows information to be delivered to the client in a self-service function. If you want information, you can go and get it, rather than ask for it.

To help compliment that, we have an ODS (operational data store) solution into that can receive data feeds from multiple transfer agency platforms (whether Bravura's or anyone else's) and provides a consolidated view of the data. We think this is where the market is going to go. Distribution is getting more global, especially with the advent of UCITS IV funds, which are extremely popular in Asia, and a lot of companies have one or more transfer agency systems to satisfy one or more geographic locations.

Obviously, it would be beneficial for companies to use one consolidated transfer agency platform across all locations, but there are often many practical, financial, or time-to-market barriers to this, and in the interim, if data reporting can be consolidated across platforms, then this is the next best thing. It permits standardisation of the process, which in turn helps out with cost and this is a significant driver. This is why we're focusing on STP, data warehousing and our web-based front ends, as well as looking after the core transfer agency platforms as well.

Trend two: the road to standardisation

I don't believe that there is any challenge to standardisation under the assumption that firms are too proprietary with their platforms. I think it's a question of how you deliver it. If you're saying to a service—regardless of what the service is—'we want you to change the way you distribute data so we can consolidate it', then yes, there would be resistance. This is the old 'what's in it for us' adage. You are taking our data and doing something with it—so why are we doing all the work? I would compare it to the US Foreign Account Tax Compliance Act (FATCA); everyone is up in arms about it, because the only real benefit is to the IRS. Smart if you're a regulator, but not very good from a PR perspective.

But if you have a standardised template that says, 'here are all the fields that we offer', and then you just have to map A to B, it may work because there is action coming from both sides. Overall, I wouldn't imagine there would be huge resistance to it, because it's ultimately the client who is driving that process. For example, if a fund company with two or three transfer agency systems wanted to use our ODS system, they can simply tell their providers that they want to centralise in a certain place and to please provide the data stream.

Trend three: regulation

At the moment, the regulation of note is FATCA. The new account procedures need to be in place by January 2014. Admittedly, it's quite a way off, but it's something that needs to be addressed and implemented this year. A lot of the regulatory activity has been primarily focused on transfer agency, but I now see it as moving onto the custodians. We have yet to see any changes as to how we supply data, but if we do have to, I suspect that it's going to be around the custodian side on asset reporting, trading and exposures.

Trend four: operational risk in fund administration

This is the most challenging piece of transfer agency outside of the regulatory space. With all the uncertainty that has been going on, people have become very risk-averse. From a transfer agency perspective, you need to make sure that everything is in place, because you're effectively looking after three sets of clients.

You have the client of the fund manager that you're administering the funds on behalf of and you have the distributor, which really holds the key these days. From the way that transfer agency is evolving over the years, I see the distributor becoming king; if they like you and they like your administration, then you're more likely to sell your funds to them.

Then of course, you also have the end user. What you're trying to do is ensure that as little as possible goes wrong, because alongside that reputational risk issue, there's operational and financial risk. If you get something wrong as a transfer agent, it could cost you money. We're certainly seeing a drive towards STP, and that seems to be the big push. If we're using distributors, we're encouraging them in turn to use SWIFT and encouraging electronic communication, and therefore lessening the chance of something going wrong.

I think one of the key drivers for transfer agency going forward is about how you become volume insensitive. It shouldn't matter whether you trade one, two or 100,000 deals; the processes you have in place should allow you to cater to each trade in the best possible way. Automation is a key part of that, but if you can become volume insensitive, it allows you to free up and allow existing staff to become the gatekeepers for the things you have to look at and the processes that you want to put a more manual focus on.

Again, there is a still a balance there because there is no point receiving all the efficiencies of scale from that side of things if you only swamp an operation from the other side. A great number of manual steps will only add additional risk.

As soon as something is touched by a human, there is going to be an element of risk, as we all make mistakes. There tends to be a gut reaction of 'throw people at it' and this is not necessarily the best approach. **AST**

Neil Richards
GTAS product manager
Bravura Solutions

Staying top of the class

Sweden seems to always come out on top regardless of the European climate, and custody in the country is no different. AST takes a look

GEORGINA LAVERS REPORTS

If Europe was a school playground, Sweden would undoubtedly be the kid who is both well liked and an academic achiever.

The country has managed to escape the irritation that Germany has faced for doing "too well", while celebrating low public debt and a growth rate that has outpaced other members of the EU and the US since the early 1990s.

In particular, Sweden's economic growth mainly reflects productivity gains in the areas that are most exposed to international competition: manufacturing business and financial services, which together account for only about one-third of the nation's economy.

While other areas in Europe struggle with tight credit conditions and the drying up of available liquidity, it seems as though Sweden is escaping with no cuts or bruising.

Ulf Norén, global head of sub-custody at SEB, agrees that the eurozone crisis has had a limited effect on the country. “It is my impression that quality borrowers still can obtain sufficient funding and we see very few signs of typical effects like assets being priced lower than their fundamental value.”

Caution level towards exposure of activity in areas or products that might come, or already are, under severe pressure is naturally heightened

He adds: “The reduction in market participants seen all over Europe can, again, be explained by tough competition and eased accessibility. The stronger Basel requirements for Sweden might have an accumulative effect also in this field but the warning flag is not raised very high, and the colour of the flag is not very red.”

“We are in this respect much more worried what will happen once all initiatives that call for collateralisation will kick in. Our forecast is that collateral will be a commodity in short supply and the effect of that will indeed be a drying up of collateral, and also the creative construction of collateral that seemingly will look safe and secure but when dissected will be scarily like many instruments that in the beginning of this latest crisis were carrying the epitaph ‘junk’.”

One way that Sweden is keeping its nose clean is through conservative exposure. Norén says: “I do not want to mention particular countries but as a general observation the caution level towards exposure of activity in areas or products that might come, or already are, under severe pressure is naturally heightened. Any situation that potentially might lead to the imposition of capital controls, bank defaults (with the risk of payment not reaching the intended beneficiary and other obligations not being met), and devaluation/conversion risks in a sovereign default or euro exit scenarios must of course be closely monitored. It is very difficult to quantify the likelihood of these scenarios occurring or the economic impact. Therefore, exercising judgment is very important.”

A clear way forward

Implementation of central counterparty (CCP) clearing in all Nordic markets is still trekking on at a steady pace, says Norén. “The clearing situation is definitely improving by corporate moves where SIX x-clear has acquired Oslo Clearing and by the combination of EuroCCP and EMCF. We do expect these move to be good for integrated efficiency needs across markets, and to provide a good start of a scene where CCP’s can be judged to act in a sustainable competitive environment.”

A perhaps unwelcome neighbour to this is the continuous squeezing of custody fee margins and the so-called return to ‘cafeteria pricing.’

“The long-term trend says unbundling … but it will not be either or,” says Norén. “The nature of business and the ability to allocate and redistribute costs will determine how the fee picture will look. I personally think that we will look at a series of models: As is (basis point and transaction fee), a ‘totally’ unbundled model—reminiscent of the ones used by infrastructure providers—capped fee models, fixed fees in absolute numbers, and models that are a mixture of all these.”

“It is important that agent banks defend their commercial value and, by doing so, adopt to the clients’ demands on what they actually are willing to pay for. In that context, the local influencing role must increase, advisory functions should be introduced, and the operational environment must become as close to error free as possible, and be very cost efficient as well. Agent banks are mitigating and absorbing substantial levels of risk on behalf of its client base and this need to be reflected in pricing. I would not be overly surprised if the cost of supplying intraday liquidity to a greater extent will have to be a part of future fee exercises.” **AST**

Ahead of the game

Sweden has been a trendsetter when it comes to introducing securities class action legislation, says Stephen Everard, CEO of Goal Group

Recent developments across various geographies have reinforced the need for global firms to monitor potential securities class action litigation venues around the world. Although the US is still the most developed and dominant centre, there has been a growing pressure of global class action cases looking for a home in a legislature that is able to define and prosecute a global class.

In Europe, Sweden has been one of the front-runners, in introducing securities class action legislation. One report on US-style securities class actions in Europe states that in 2002 Sweden was arguably the first EU member state to enact a similar mechanism to the US. The breaking of the Swedish ABB corporate scandal in 2002 was probably a key impetus to this, which subsequently began a shift in Europe to allow private rights of action for securities disputes. Goal Group’s analysis of its class actions knowledge base predicts that by 2020 annual securities class action settlements in Europe will reach $3.388 billion.

With such a long standing history of securities class actions, it is quite possible that Sweden could become a regional centre for the prosecution of such cases. However, there are some limitations at present as Sweden currently adopts the ‘loser pays’ system whereby members of the class are at risk of paying the defendant’s costs should the lawsuit fail. This, combined with the ‘opt-in’ mechanism of Swedish class actions, may deter the use of class actions. A GOAL Group study also forecasts that by the end of the decade $2.02 billion of investors’ rightful returns will be left unreclaimed each year.

While it has been suggested that adopting an ‘opt-out’ provision could encourage increased uptake of class actions in Sweden, there is no excuse for not monitoring and participating in class actions internationally as there are a number of services commercially available that minimise the complexity and cost of this activity. Over the last few years it has become clear that fund managers and custodians have a fiduciary duty to ensure that their clients participate in securities class actions that may recoup some of their investment losses.

Another method of delivering shareholder returns is, of course, through dividends. In the last 10 years earnings from dividend payments have grown. Even taking into account the natural suppression of dividends paid after the financial markets crisis, in line with suppressed profits, the culture of the dividend is far stronger now, compared with the 1990s, when returns were often predicated solely on capital growth. So, more and more companies are now paying a dividend, and those that have historically done so are looking to increase the dividend payout year-on-year.

At present, Europe is not seeing much equity growth, however, economies further afield are, so holding cross-border shares is also becoming more popular with fund managers who are increasing the proportion of their portfolio made up by non-European foreign shares. For example, at the end of 2011, Sweden had just over $438 billion assets invested abroad, compared to almost $323 billion in 2008.

2013

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NeMa 2013—Network Management

Location: Warsaw
Date: 18 - 20 June 2013
www.nema-event.com/page/summit

With over 400 attendees from the Network Management and Securities in 2013, NeMa is the most important event of the year for the network management community—bar none.

ICBI's 20th Annual European Clearing & Settlement 2013

Location: London,
Date: 25-26 June 2013
www.icbi-events.com/FKP2342ASTW

European Clearing & Settlement 2013 will bring together the most important people in the clearing and settlement community giving you a cost-effective and time-efficient opportunity to meet with your peers and clients all in one place, at one time!

Sibos 2013

Location: Dubai
Date: 16-19 September 2013
www.sibos.com

We are proud Dubai is the host of Sibos 2013. As a global hub for real-estate, tourism as well as finance, Dubai is an ideal location for the world's premier financial services event. We look forward to welcoming you there.

Global Custody Forum 2013

Location: London
Date: 3-4 December 2013
www.globalcustodyforum.com

The only global custody event to bring together leading players from the buy & sell side in the industry with representatives from over 20 countries

Industry appointments

Maples Fund Services has expanded its Hong Kong team with the hire of **Kit Pau** as vice president.

The addition to the Hong Kong team is driven by increased market share of new launches in private equity and hedge funds, conversions from other service providers, and organic growth from existing fund manager clients, said a statement from the firm.

Pau will assume operational responsibility for the fund accounting and investor services teams in Hong Kong.

Eastern Fong, regional head of fund services for Asia, said: “Pau brings a wealth of experience in private equity and hedge fund administration to our growing operations.”

Pau previously worked at PricewaterhouseCoopers Hong Kong, where he was a founding member of the private equity and real estate fund industry specialised group.

Andrea Sturm has been named BNY Mellon’s new head of sales for asset servicing in the German speaking and central and Southeastern European region.

She will report to Thomas Brand, head of investment services at BNY Mellon for the German and central and Southeastern European region.

Sturm joins the firm from Portigon AG where she was head of sales and relationship management for the depotbanking business.

BNY Mellon has expanded its global derivatives clearing team with five new appointments in the US and Europe.

Mark Gonzalez has been appointed as the US COO for derivatives clearing services, based in New York.

Gonzalez was previously partner and COO at both Ardmore Park Capital and Capstone Holdings Group.

Gregory Chemin has been named as the business head of derivatives clearing services, based in Frankfurt. Chemin previously held senior sales roles at European broker HPC’s French operation and at Newedge in Germany.

Paul Dex has been recruited to lead the firm’s regional efforts to develop new opportunities in the listed and OTC derivatives market. He will be based in London.

John Guthrie and **Thomas Twomey** have been hired to do the same job. They will be based in New York.

Dex previously held roles at The Royal Bank of Scotland and Skandinaviska Enskilda Banken.

Guthrie previously held sales and client service roles at Credit Suisse, Lehman Brothers and Deutsche Bank Securities.

Twomey most recently held the role of director of marketing at Intercontinental Exchange as well as the NYMEX.

HSBC Securities Services has appointed **Ganesh Iyer** as senior vice president for market and product development to develop and deploy the bank’s latest broker-dealer product solutions in Singapore.

He previously worked in Dubai as vice president for product and market development for the Middle East. He led the development of HSBC Securities Services’s custody and treasury services products in the Middle East and North Africa.

Iyer has relocated to Singapore and will report to Tony Lewis, head of HSBC Securities Services in Singapore, and Colin Brooks, global head of sub-custody and clearing.

He will also work closely with Nico Torchetti, global head of product development for the sub-custody business.

Deutsche Bank’s global transaction banking division has hired **Don Linford** as a director and regional head of direct securities services for Latin America. Linford, who will be based in São Paulo, will start on 19 March.

Linford has joined the bank with more than 25 years of global business experience in Latin America, previously, serving as the product head for International Security Services for Latin America with Itaú Unibanco.

Prior to that, he held the positions of regional network executive for the Americas and global manager of business intelligence and strategic planning at JP Morgan Chase, based in the US. Linford also worked for Mellon Trust and BankBoston in Massachusetts, US.

Deutsche Bank has recruited **Sriram Iyer**, a 16-year Deutsche Bank veteran, to the role of global head of trust and agency services (TAS) within its global transaction banking division. **AST**

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