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New Canadian stock exchange will compete with TMX Group

Aequitas Innovations has entered the Canadian capital markets to establish a new stock exchange that promises to restore what it calls the "original purpose" of an exchange: the efficient allocation of capital between issuers and investors as a central force driving the Canadian economy.

The current stock exchange in Canada is TMX Group, with which Aequitas hopes to compete. The CEO of Aequitas exchange is Jos Schmitt, who started Alpha Group as a rival platform to TMX. He left the company in October after it was bought, along with Canadian Depository for Securities, to combine with TMX for $3.73 billion.

"We are seeking to apply innovation, technology and competition to improve fairness and efficiency in the markets with particular attention to the benefits of investors and issuers."

"Our stakeholders are professional money managers, pension funds, institutional and retail brokers and Canadian issuers, who believe there should be a level playing field for all market participants."

"A new and different exchange that strikes the right balance between liquidity, price discovery and cost efficiency, and enhances markets for the long-term investor," said a statement from the firm.

"We are at a crossroads for our markets and we believe that competition will enhance confidence in Canada's capital markets, but more of the same won't address the issues that exist. Instead, we will tap innovation and technology to promote liquidity, fairness, cost savings and economic growth."

Aequitas's founding investors include Barclays and the Royal Bank of Canada, among others.

Two European CCPs merge

EMCF and EuroCCPhave signed a sale and purchase agreement to form a new pan-European cash equities clearinghouse that builds on the strengths of both firms.

This follows the announcement made in March that the firms planned to combine.

The owners of EMCF—ABN AMRO Clearing Bank and NASDAQ OMX—and owner of EuroCCP—DTCC—along with BATS Chi-X Europe, are signatories to the agreement.

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

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BNP Paribas ties up Henderson fund migration

BNP Paribas Securities Services has completed the final stage of the migration of a large number of Henderson funds onto its platform.

In total, the project has required the migration of 25 legacy Gartmore funds with an approximate value of €8 billion in three stages and incorporating multiple jurisdictions and fund types.

The bank will now provide Henderson Global Investors (HGI) with a full service including custody, fund accounting, securities lending and foreign exchange services for the former Gartmore fund ranges in the UK and in Luxembourg.

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Two European CCPs merge

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EuroCCP NV will be headquartered in Amsterdam, with customer-facing functions located in London and Stockholm.

Diana Chan, CEO of EuroCCP and CEO designate of the new company, said: "The signing of the sale and purchase agreement is a significant step towards launching the new CCP and demonstrates market participants' desire and support for initiatives that are pro-competition and strengthen the market's infrastructure and risk mitigation while driving down costs for users."

"We are focused on making the migration of our customers' business as straightforward as possible and are working closely with them to ensure they can fully benefit from what the new business will deliver to them."

Jan Booij, CEO of EMCF and COO designate of the new company, said: "We welcome this further development and look forward to delivering the sustainable best practices of both companies from a single cost base. This will benefit the platforms that connect to us and the customers who clear with us."

BNP Paribas ties up Henderson fund migration

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James McAleenan, head of BNP Paribas Securities Services UK, Middle East and South Africa, said: "We're very pleased with the outcome of this deal, which is the culmination of collective efforts across different areas within the business and across a number of markets. It reinforces and consolidates our long-standing relationship with Henderson, which we have developed over the last ten years."

"We have a very good understanding of their business and their operational objectives, and this is crucial to our ability to maintain high quality service levels we provide and to build on for the upcoming projects planned in 2014."

Lesley Cairney, Henderson's COO, said: "This project is the culmination of over 12 months' work between the two project teams and has been delivered to an exceptionally high standard without any impact to our day-to-day service and activities."

Buy side wields more control over FX trading

Macro conditions and new capital markets regulations are giving buy-side customers "more choice and control than they have ever had before" in their FX trading activities, said a report.

GreySpark Partners has published a new report exploring changes to the market structure for foreign exchange trading.

Trends in FX Trading 2013 examines how e-commerce trends, macroeconomic forces and new capital markets regulations in the EU and US are challenging the investment bank-dominated FX market.

Since 2010, the proliferation of so-called dealer-to-client (D2C) multi-dealer platforms (MDPs) has meant that the buy side has enjoyed more choice in where they trade FX than ever before, said the report.

"As the number of these platforms—many of which will be registered in the US as swap execution facilities—grows, FX liquidity will naturally fragment away from the concentrated, bank-to-bank dealer-to-dealer (D2D) platforms onto the new D2C platforms."

The report predicted that spot and forward spreads between major currency pairs in the D2D venues will grow increasingly tight every year as a result of the decimalisation of pricing introduced in 2012.

Also, since 2010, banks have been directing increasingly larger amounts of proprietary and client FX liquidity onto D2C venues in an effort to make currencies dealing an integral part of their capital markets business following the 2008/2009 global financial crisis.

This movement of currencies liquidity away from the D2D platforms is a clear indicator that the long-standing FX market model of bank-to-bank trading venues housing the majority of global liquidity is under threat, said the report.

SS&C GlobeOp app branches out to more clients

SS&C GlobeOp has extended its app availability from just SS&C fund administration clients, to all clients on the GlobeOp platform. GlobeOp Financial Services was acquired by SS&C Technologies in June 2012.

SS&C GlobeOp's self-service client portal along with its mobile applications, now on its fourth generation release, provides real-time access to alternative investment portfolios, risk reports, profit and loss visualisation, order management and trading, performance attribution, heatmaps functionality, fund of funds liquidity, accounting books and records, investor subscription and redemption workflow.

Access is now available to all customers of SS&C GlobeOp's global fund administration service including hedge funds, fund of funds, private equity and managed accounts clients.

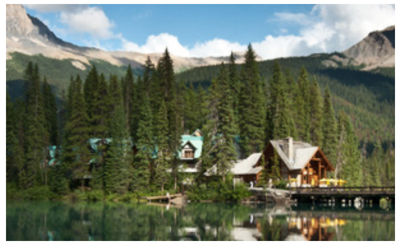
"We share SS&C GlobeOp's vision for how the global financial services industry can achieve productivity gains by embracing mobility, online and digital access to critical information," said Bob Del Grande, CFO of Coherence Capital Partners, a SS&C GlobeOp client. "We are pleased to use the highly intuitive interface we can access on-the-go, anytime, anywhere."

"The SS&C GlobeOp app is built upon SS&C GlobeOp's world-class expertise in fund administration services and technology," said Rahul Kanwar, senior vice president and managing director of alternative assets.

"Cutting-edge technology provides ready access to highly pertinent data, in a graphical format ideally suited to mobile devices, helping clients manage their operations."

Available for free for both iOS and Android devices via the iTunes App Store and the Android Play store, the SS&C GlobeOp app enables clients to continuously receive critical data.

ASTINBRIEF



Only 1 percent believe UK is future technology hotspot

The UK is not seen as an 'innovation hotspot', with only 1 percent believing that the country will come up with significant enhancements in technology in the next four years.

Executives questioned in a Global Technology Innovation survey by advisory firm KPMG believe that the US is the country most likely to come up with the next 'disruptive technology breakthrough' that will have a global impact in the next four years.

KPMG surveyed 811 technology business leaders worldwide from technology industry start-ups, mid-sized to large enterprises, venture capital firms and angel investors in order to identify disruptive technologies, innovation trends, and the scope of change.

In a change from last year's survey (when the US and China tied for top spot), 37 percent of the respondents said the US shows the most promise for disruptive breakthroughs, while 24 percent cited China, and 10 percent predicted India, followed by South Korea (7 percent), Japan (6 percent) and Israel (6 percent).

The UK was named by only 1 percent of respondents as a future hotspot for the next disruptive breakthrough and ranks number 9 in the list jointly with Russia.

Tudor Aw, KPMG head of technology Europe, said: "This survey shows that at the moment the global tech community does not see the UK as hotspot for future technology innovation."

"This underestimates the tremendous talent, creativity and favourable conditions we have in place. We need to do a better job of promoting Tech UK as a brand overseas so people understand all the strengths we have, as well as our existing world leading capability."

"Good examples of this include graphene which is seen as a technology that will revolutionise the 21st century; two physicists from Manchester University won the Nobel Prize in Physics for their work in this field. Another example is our world leading companies in the field of semiconductor IP used in smart phones."

BNP Paribas connects to T2S via SWIFT

BNP Paribas Securities Services has chosen to use SWIFT's value added network solution to connect to TARGET2-Securities (T2S).

The objective of T2S is to facilitate post-trading integration by offering core, neutral, harmonised and commoditised delivery-versus-payment settlement in central bank money in all securities in the Eurozone.

As a major SWIFT user, BNP Paribas can take advantage of SWIFT's pricing structure for T2S that is designed to enable direct connectivity while minimising the financial impact of T2S messaging.

Alain Pochet, head of clearing, custody and corporate trust services at BNP Paribas Securities Services, said: "As a major securities services provider, we will connect directly to T2S to reap its benefits and pass them on to our clients."

"We will therefore build our services for the T2S environment on the strongest foundations. We are confident that SWIFT's T2S connectivity solution is the best choice for us and our customers, bringing unmatched benefits in terms of resilience, reliability and cost."

Alain Raes, chief executive of EMEA and Asia Pacific at SWIFT, said: "We are delighted to see this latest development in our relationship with BNP Paribas. This agreement shows the value of SWIFT's value added network solution for T2S for securities services providers."

Aegon selects Markit EDM for global roll out

Aegon Asset Management has chosen to distribute Markit's Enterprise Data Management (EDM) platform across its operations, globally.

Markit EDM will support data management processes across multiple Aegon business units.

Aegon became a Markit EDM customer in 2005 when Kames Captial, previously Aegon Asset

Management UK, implemented the platform to take control of its data operations.

Markit EDM also acts as the firm's investment book of record and historical database for reporting.

Keith Rake, global COO of Aegon Asset Management, said: "We've been a Markit EDM customer for over seven years via Kames Capital in the UK."

"The value already being delivered to the UK unit from its implementation convinced our US and Dutch operations that it was the best choice for our long-term global data management strategy. We are confident in Markit's ability to deliver a solution that will help us meet our global data management needs."

Daniel Simpson, managing director and head of Markit EDM, added: "One of the key trends we're seeing with buy-side firms at the moment is the push to create a centralised data hub in order to gain a consistent view of data across the organisation."

"Aegon Asset Management is operating in four different regions, each with its own data management challenges. We're looking forward to expanding our relationship with Aegon Asset Management and enabling them to take a best practice approach to streamline their operations, take control of their data and reduce costs."

Bank Leumi USA opts for Lombard Risk reporting solution

Bank Leumi USA has chosen Lombard Risk's REG-Reporter regulatory reporting solution to comply with reporting requirements in the US.

REG-Reporter addresses the requirements of both domestic and international banks and financial institutions by automating compliance with mandated reports to the Federal Reserve Bank and other regulatory agencies.

Michael Fegan, executive vice president and chief operations and technology officer of Bank Leumi USA, said: "We are very confident about our decision to purchase REG-Reporter based on their long-standing reputation for providing the most comprehensive solution to automating the regulatory reporting process to the Fed."

"We feel this software will significantly streamline our report preparation, allowing us to maximise our time in reviewing and analysing our reports."

Quintillion snaps up iron-hard funds

Ironshield Capital Management investment funds have been transferred to Quintillion's administration service.

Roger Devlin, COO at Ironshield Capital Management, said: "Having undertaken an exhaustive review process as well as sourcing a range of client and wider industry references, the board of the directors transferred the administration of the fund to Quintillion on 1 January 2013."

"Our experience after six months has thoroughly validated our decision to award the administration to Quintillion in the first instance. The high quality of service from Quintillion has complemented strong uncorrelated fund performance and continuing inflows to deliver what has been an exemplary year so far for both Ironshield and our own clients."

"Quintillion's performance has surpassed our expectations, most importantly in terms of a pro-active approach to addressing queries with a resulting significant improvement in the quality and timeliness of all reporting. In addition, the initial administrator conversion process was managed in an efficient, controlled and well thought out fashion."

ClearVest grips hold of alternatives

A partnership of industry participants in the investment consultancy and alternative asset sectors have created an independent investment platform for investors and hedge fund managers.

The ClearVest founders are comprised of a trio. HedgeACT, an alternative asset management platform founded by Michael Griffin, will provide the technology for the portfolio solution, while The Alpha Cooperative will provide personnel, risk management, middle- and back-office services.

Clearbrook Global Advisors, a privately held, independent investment management firm, will provide the proprietary research and due diligence capabilities via an exclusive licensing agreement.

"ClearVest offers a total, comprehensive solution for investors that includes alternatives but is built for the full spectrum of asset allocation and strategies that comprise a truly diversified portfolio," said Griffin, who is CEO and board member at ClearVest.

"Focused specifically on investors, ClearVest offers the marketplace a non-conflicted, independent, and flexible intersection between embedded research, access to top tier alternative managers at lower minimums, custom reporting, and the ability to upload existing traditional/long-only portfolio data, managers and strategies to the portal."

"This unique feature enables an investor or advisor to analyse how the addition of alternatives to a long-only portfolio may positively impact quantitative factors, including risk adjusted performance."

ClearVest was developed for institutional investors, qualified purchasers, and wealth advisors. In addition to Griffin and Wislar, the management team will be led by co-founder and board member Charles Zaffuto, currently the CEO and co-founder of The Alpha Cooperative. He will serve as COO.

Omgeo attends to futures and options

Omgeo and Eze Software Group have created an interface that fully automates futures and options matching between the Eze OMS and Omgeo Central Trade Manager, a central matching solution for domestic and cross-border exchange-traded derivatives (ETDs), equities and fixed-income transactions.

This new interface has been developed using Omgeo CTM's native XML messaging format and aims to improve both the speed and capacity with which trades and trade statuses can be delivered between the two systems.

The Eze OMS is a global multi-asset class order management system.

Chris Corvi, director of product management for the Eze OMS at Eze Software Group, said: "Our clients increasingly demand fully integrated workflows across their trading and post-trade operations."

"Omgeo CTM enables us to offer the benefits of Omgeo's central matching solution directly through the Eze OMS, increasing the overall efficiency of their workflows and bringing scalability to the confirmation, allocation and matching processes."

Ted Leveroni, executive director of derivative strategy and external relations at Omgeo, said: "Futures and listed options have become integral parts of buy-side trading strategies, and firms need to ensure their trade processing capabilities can keep up."

"This link will help users eliminate unnecessary risk while improving efficiencies across the trade lifecycle, with equities, fixed income and ETD trades processed from a single platform."

In addition to Omgeo CTM, the Eze OMS also links to Omgeo OASYS, an allocation and confirmation service for US securities. Together, Eze Software Group and Omgeo have more than 175 clients live on their joint offerings.

Clearstream sees value of assets under custody increase

In June 2013, the value of assets under custody that Clearstream held on behalf of its customers registered an increase of 5 percent to €11.6 trillion (compared to €11.1 trillion in June 2012).

Securities held under custody in Clearstream's international business increased by 2 percent from €6 trillion in June 2012 to €6.2 trillion in June 2013.

Domestic German securities held under custody increased by 7 percent from €5 trillion in June 2012 to €5.4 trillion in June 2013.

In June 2013, 3.4 million international settlement transactions were processed, a 9 percent increase over June 2012 (3.1 million). Of all international transactions, 83 percent were OTC transactions and 17 percent were registered as stock exchange transactions.

On the German domestic market, settlement transactions reached 6.5 million, 10 percent more than in June 2012 (5.9 million). Of these transactions, 65 percent were stock exchange transactions and 35 percent OTC transactions.

In investment funds services, 0.66 million transactions were processed, a 36 percent increase over June 2012 (0.49 million).

At four million, the year-to-date June 2013 number of transactions processed was 32 percent above the same period last year (year-to-date June 2012: 3 million).

Linedata offers post-trade alternative to the buy side

Linedata and Alpha Omega Financial Systems have teamed up with the aim of providing buy-side clients with another alternative to support their post-trade processing requirements.

As a result of this partnership, FIXAffirm will be integrated with Linedata Longview, enabling clients to achieve STP between front, middle and back offices.

FIXAffirm is a FIX protocol based post-trade processing platform for domestic and international equities, ETFs and fixed income.

It aims to immediately correct errors and confirm trades by directly connecting counterparties through established FIX networks. The solution can also co-exist with other post-trade solutions; reducing the risk of single vendor failure.

"Given the momentum in the industry towards FIX post-trade, this integrated solution provides Linedata's clients with immediate access to FIXAffirm at zero implementation cost," said Kamal Duggirala, CEO of Alpha Omega.

Collaboration opens up new wave of ETP interest

Fund transaction network Calastone has signed an agreement with Navesis-ETF to provide market connectivity for trade execution for platforms, fund supermarkets and wrap providers.

Navesis-ETF is an electronic trading platform designed to enhance the way exchange-traded funds (ETFs) are traded.

The service aims to enable platforms, fund supermarkets and wrap providers to execute ETF transactions via a low cost transaction model that will obtain efficient execution for their end clients.

Distributors will also be able to benefit from Calastone's trade notification service, which will automatically route ETF settlement instructions to either the venue of settlement, or the settlement agent.

Jason Griffin, the newly appointed head of sales at Navesis-ETF, said that market desire for an efficient means of electronic execution has had a major impact on the investment market and the type of products being distributed.

"The launch of this new infrastructure will allow Navesis to make efficient execution in ETFs available to the mutual funds market via a single technical connection to the Calastone transaction network. The simplicity of this solution will allow the platform market to better service their IFA clients and ultimately the end investor."

Nick Blake, head of retail at Vanguard Asset Management, an ETF issuer, said: "An increasing amount of advisers are recognising the benefits that ETFs can add to a low cost, well diversified portfolio. Advisers are increasingly voting with their feet when it comes to a platform able to support the efficient use of ETFs and any initiative that makes ETFs more accessible to more investors has to be good news."

Kris Walesby from ETF Securities said: "Bringing together the operational efficiencies provided by Calastone with the execution

ability of Navesis will enable IFAs to access exchange-traded products at the daily NAV in a cost efficient manner."

"This solution is one that both the investment and the platform communities have been demanding for some time and which will open up a new wave of ETP interest, especially set against the constructive background of the RDR."

First Names Group picks up second purchase

First Names Group has completed its acquisition of The Basel Group in Jersey and the British Virgin Islands.

This is the group's second purchase this year: it bought Moore Group in January, which expanded its fund offering both in Jersey and the Far East.

Basel will rebrand by the end of the year.

Julie Coward, the CEO of Basel, said: "We did not enter into this agreement lightly; great consideration was given to ensure it was the right fit culturally and that our clients would continue to receive the high level of service they are accustomed to. First Names Group matched all the criteria and we are confident the transition will provide even greater opportunities for our staff and our clients. "

Basel Group was an independent fiduciary services business based in Jersey and Geneva, with associates in Luxembourg, Monaco and Mauritius. It has products and services aimed at estate planning, tax mitigation and asset protection.

LuxCSD appoints fifth partner bank

Citi has been named as the fifth bank to partner with LuxCSD, Luxembourg's central securities depository, as a principal agent.

LuxCSD has now appointed five banks as principal agents including, Banquet et Caisse d'Epargne de l'Etat, Banque Internationale à Luxembourg, BNP Paribas Securities Services, Caceis Bank and Citi.

Issuers of securities inside and outside of Luxembourg can select and appoint one of the LPAs to ensure compliance with LuxCSD's operations throughout the lifetime of the issuance.

Issuers will also gain the advantage of distributing their securities in central bank money while benefiting from the extensive customer network of LuxCSD shareholder, Clearstream.

Pierre Thissen, member of the board of directors of LuxCSD and head of market infrastructure of the Banque Centrale du Luxembourg, welcomed the appointments, saying that LuxCSD would now become a hub for issuing securities in euro central bank money and would cover all types of instruments including dematerialised securities.

Patrick Georg, general manager of LuxCSD, said the appointment of five principal agents and the recent European Central Bank approval to use LuxCSD in Eurosystem monetary policy operations were important milestones for the institution enabling it to be fully equipped to handle issuer and investor CSD activity in Luxembourg and internationally.

"I am particularly satisfied that such prestigious actors of the financial market have added LuxCSD based issuance to their capabilities thereby enhancing their offering for issuers. This is clearly a sustainable solution that guarantees the availability of such securities in the future environment with TARGET2-Securities."

Citi mandated for Mirae/Horizons ETF

Citi has been mandated by Mirae Asset to provide fund administration, custody and index receipt services for a new ETF platform in the US under the Horizons brand.

The first ETF, the Horizons S&P 500 Covered Call ETF launched on 24 June of this year and will be followed by a series of sector ETFs. Taeyong Lee, the president of Mirae Asset Global Investments' global business unit, said that the firm's long-standing relationship with Citi helped in the decision.

"…We knew we could rely on their expertise and global model to provide valuable insight across transactional services and trading."

"We are pleased to expand our global relationship with Mirae Asset and support them in the launch of their first ETF in the US," said Chandresh Iyer, managing director of Citi Investor Services.

"Our ETF servicing solution for Mirae Asset is a testimonial to the power of Citi's global network and expertise for global asset managers seeking to expand their product and geographic footprint."

Horizons ETFs Management LLC, the Canada-based ETF issuer, launched its first US-listed exchange-traded fund, an S&P 500 ETF with a covered-call overlay, in June.

The fund joined three similar strategies already on the US market, but was the cheapest in class.

Chapman's Eye on the market

The sun always shines on the righteous

As I sit here enjoying the tremendous weather—yes, before you ask, I'm away again, this time in Boston but it could just as well be London given the fact it's 90 degrees and very sunny—the UK has had Andy Murray winning Wimbledon, Justin Rose winning the US Open, England taking a great lead in the Ashes series, the Lions winning in Australia, Chris Froome heading the Tour de France, and we still have the British Open Golf to come with a host of strong domestic contenders.

How could things possibly improve on this, I hear you ask? Well, let me tell you—a buoyant jobs market, that's what!

For a time of year when hiring is traditionally at its quietest, we are experiencing a mini-boom for several reasons, with numerous roles being created and something of a scramble occurring with firms looking for fresh talent. Sales, in all of its guises—asset owners, asset managers, pension funds and alternatives—is the main focus of hiring, but we're also seeing a return of some 'old school' relationship management roles that are actually focused on client retention and satisfaction, not simply sales-by-another-title. Classic ops is quiet but offset by a strong rise in demand for project/change managers. Interestingly, the UK is as strong as, if not stronger than, Asia in respect of asset servicing opportunities for a change.

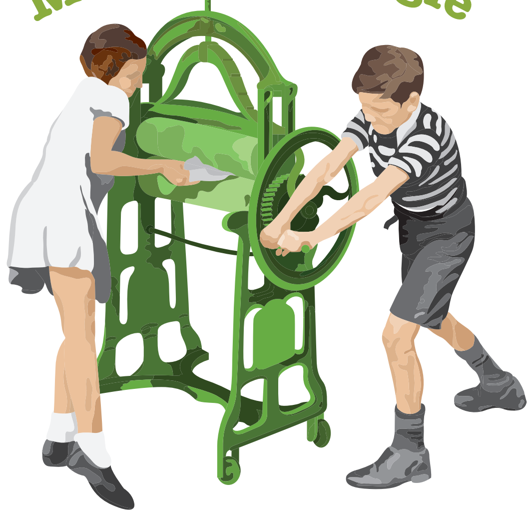
The drivers for this refreshing state of affairs are several-fold. They include the Alternative Investment Fund Managers Directive rule changes on authorised corporate directors, which have given a new lease of life to the depository/trustee space, and the merger of securities services divisions into capital markets/investment banking areas, which has prompted wider reviews of the talent required to compete in the marketplace, as well as consistently positive improvements in market sentiment and a feeling that we might be 'through the worst'.

While it might be premature to start celebrating, it's certainly the right time to start getting CVs dusted off and submitted.

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

Paul Chapman, managing director, HornbyChapman Ltd

Mandate Mangle



Citi has been appointed custodian of the Nationwide Building Society's assets held in Euroclear and DTC. These assets, worth around $10 billion, were migrated to Citi on 7 June 2013.

Nationwide Building Society is the world's largest building society and has around 15 million members.

"We are delighted that Nationwide, the world's largest building society, has decided to entrust its Euroclear and DTC assets to Citi. This represents an endorsement of our product range and allows Nationwide to focus on its core business and adds value for their members," said Sanjiv Sahwney, EMEA head of Citi's securities and funds services.

"We already use Citi for cash management processing, issuing and paying services which are critical functions required by the treasury division in the management of Nationwide's assets and liabilities," said Paul Gould, the head of operations and strategic development for Nationwide's treasury division.

"We are therefore delighted that we have been able to extend our relationship with Citi's CTS division to also include global custody of a significant proportion of the group's securities holdings. The streamlining of service provision will improve treasury operations efficiency and demonstrates our commitment to ensuring that we source services from the best providers."

Peregrine Equities, part of the Peregrine Group, has selected **Societe Generale Securities Services (SGSS)** in South Africa to provide them with custody services.

SGSS already provides securities lending and borrowing and global custody to Peregrine Equities, as well as futures clearing services to Peregrine Derivatives.

The group's derivative, equity and prime services entities are housed within Peregrine Securities, which is a member of the Johannesburg Stock Exchange.

Arabian Gulf Holdings has appointed **BNP Paribas** as the prime broker and custodian for its latest fund.

BNP Paribas will provide prime brokerage services for all investments, margin financing, clearing, securities lending and borrowing facilities, synthetic instruments, currency hedging and custody services for the Bahamas-based AGF Arbitrage Fund.

The fund will provide investors with exposure to arbitrage opportunities in emerging markets, according to Arabian Gulf Holdings.

In a statement, Jai Narain Gupta, consultant to H.R.H. Sheikh Khalifa bin Hamdan al Nahyan and an advisor to the fund, said: "BNP Paribas is a leader in the prime brokerage industry and has all of the capabilities, including a 'AA+' credit rating, strong balance sheet, global platform and market leading derivatives business."

"BNP Paribas's strengths and its excellent equity prime brokerage platform combined with AGH's knowledge of emerging markets will be a powerful addition to the industry."

Wake Forest University, a private university based in North Carolina, has selected **Northern Trust** as global custodian to service approximately $1.1 billion in endowment assets.

"Wake Forest University can rely on Northern Trust for our strong commitment to client service and innovation in custody and reporting solutions that provide increased transparency into complex investment portfolios," said David Fox, head of corporate and institutional services in the Americas for Northern Trust.

Vicki West, director of operations for the office of investments, said that the university is excited to work with Northern Trust.

"Their commitment to providing global expertise, a culture based on specialised service, and flexibility to meet both our current and future needs aligns well with our goals of 'protect, perform, provide'—protecting the endowment, performing over inflation, and providing for our students."

Caisse des Dépôts has extended its custody account keeping mandate with **BNP Paribas Securities Services**, which began in April 2012 following the call to tender issued by Caisse des Dépôts.

After a year-long joint project, a number of services were launched within the scheduled time frame. These included the delegation of custody and assistance with monitoring UCITS for which the Caisse des Dépôts is the custodian, issuance management, and settlement of listed derivatives.

Patrick Colle, CEO at BNP Paribas Securities Services, said: "We have completed a year of strong and close collaboration with the Caisse des Dépôts, which will provide the foundation for a long-term partnership. One of the major goals of this partnership is to guarantee the security of the CDC's holdings, as well as those of its clients."

Woodfield Fund Administration, an independent, third-party fund administrator, has chosen **Smonik RECON** to support the portfolio reconciliation needs of their investment management clients.

Smonik Investment Systems is a back-office solutions provider for investment managers.

The mandate, said a release, was due to the trend of investment managers increasingly broadening their strategies across regions and asset classes in pursuit of greater returns.

RECON aims to improve operational efficiency by automating the retrieval of data from prime brokers, custodians and administrators.

"Today's market environment requires that investment managers have the flexibility to adjust their strategies as new opportunities arise," said Frank Franiak, president and CEO of Woodfield Fund Administration.

"Our clients look to us to ensure that their middle- and back-office systems and workflow processes are just as nimble. By leveraging Smonik RECON, we are able to easily tailor our reconciliation services to support the individual needs of out our broad and dynamic client base."

"RECON's easy to use interface reduces the time to make adjustments to reconciliation platform allowing us to focus our efforts on serving all our clients' needs." **AST**

A fractured agreement

Iberia may have signed up for harmonisation—but it looks like the politicians haven't been told. AST reports

GEORGINA LAVERS REPORTS

There are significant forthcoming changes in the Spanish and Portuguese marketplaces. As well as securities settlement harmonisation (central securities depositories that signed up for T2S in May 2012 included Spain's Iberclear and Portugal's Interbolsa), there has been significant structural changes taking place in the Spanish banking system, with the crisis leading to increased centralisation.

The results of the EU banking watchdog's review of 91 banks were released in 2011. The yearly review assesses whether the banks have sufficient capital on their balance sheets.

A survey by Morgan Stanley estimated that fewer than 10 banks would fail the test, and that €30 to €40 billion of capital would be raised in the run-up to or after the exercise.

Unlisted banks in Spain were predicted as most likely to fail the test, and Nomura analysts identified Spain's Bankinter and Sabadell as vulnerable.

The Bank of Spain has already tried to paper over the cracks, nationalising and selling off the troubled cajas Unnim (bought by BBVA) and CAM (bought by Sabadell).

Banca Cívica, which is another merged caja that was listed on the stock market in the summer of 2011 along with Bankia, was merged with Caixabank, and three unlisted Spanish savings banks—Liberbank, Ibercaja and Caja3—were to combine to create Spain's seventh-biggest lender by assets.

However, the board of Spanish bank Ibercaja decided to break off the merger with Liberbank SA, due to a dispute over various stakes in the three-way merger.

Meanwhile, cumulative borrowing by Portuguese banks from the European Central Bank rose 1.4 percent to €49.4 billion at the end of May.

The rift within the country's ruling coalition started as an internal political battle, and expanded to a debate over the bailout plan.

The crisis has threatened to derail the country's planned exit from the EU/IMF bailout, and has frozen Portugal out of international markets again, and raised funding costs for Millennium BCP and Banco Espirito Santo, as well as Caixa Geral, and Banco BPI, on capital markets.

This could be good news for the more global custodians in the country. State Street and BNP Paribas both settled in Portugal to access the developing Latin American markets, seeing the country as a strategic gateway to Brazil, South America and parts of Africa.

Deutsche Bank also began offering custody services in 2008, with the bank establishing a direct link between its Euronext platform, Interbolsa, and Banco de Portugal.

Though there are various advantages to both countries—such as the deep trade ties between Portugal and South America—political and financial troubles in Iberia will ensure that the markets are not out of the woods as of yet. **AST**

Rules of progression

Portugal has emerged as Iberia's most progressive jurisdiction regarding class action litigation

Pat Bingham-Peters, director of sales and relationship management for EMEA, Goal Group

Following the Morrison v National Australia Bank case in 2010, the US Supreme Court has effectively wiped out the eligibility of f-cubed actions from taking place within North America. This has set precedence for a non-US shareholder, suing a non-US company, whose stock was purchased on a non-US exchange, not being able to bring their case in the US courts. Legislatures across the world have rapidly been developing legislation in response to the need for securities class actions to be processed in alternative locations.

Although the US remains the most developed and dominant centre, recent years have seen the global securities class action market expand rapidly. This growth is predicted to reach $8.3 billion annually by 2020. Global centres have emerged around the world with Canada and Australia quickly establishing themselves as dominating centres. Within Europe, the Netherlands, Sweden and Germany are asserting themselves as developed homes for securities class action cases.

Portugal has emerged as Iberia's most progressive jurisdiction regarding class action litigation. In Portugal, class action laws are extended to multiple areas, including securities. Portugal also has an 'opt-out' policy as opposed to 'opt-in' which can be argued as more beneficial to potential victims of mismanagement. Where civil law requires participants to 'opt-in' to securities class actions, there is the possibility that participation deadlines could be missed and opportunities lost. In Portugal, investors must expressly declare if they do not wish to participate in proceedings and those potentially affected are publicly informed. Silence implies consent to participate in the action.

Spain is yet to develop litigation that will benefit those wishing to take part in securities or environmental violations. Since 2001, however, it has had laws in place to enable consumers/users to participate in class actions and recover damages. As the securities class actions market continues to expand at a rapid rate, Spain might be expected to extend this litigation to cover securities class actions. While awaiting this extension, it is vital that Spanish investors remain vigilant about their ability to participate in class actions in other jurisdictions. Approximately 10.9 percent of a typical Spanish portfolio is invested in non-domiciled stock. This reflects the globalisation of both commercial and investment activity and, in turn, generates opportunities for Spanish investors to recoup a proportion of their losses if held in non-domiciled stock. The same advice can be extended to investors in Portugal, Andorra, and Gibraltar.

Bossing the cost

Deutsche Bank's Andrew Rand tells AST about insight he gleaned from the NeMa conference, as well as his predictions about industry costs

GEORGINA LAVERS REPORTS

Where do you see custodian fees at, post-AIFMD?

It's clear that fees will move from a bundled to an unbundled approach. My biggest fear is that, as an industry, we have done ourselves a disservice over the years in our pricing methodology. I think that we were too reliant upon net interest income (NII), securities lending, and cash management to subsidise the custody product. The model was probably wrong from the get-go, and we are now in a position of having to revamp it. The question is whether the industry has the will to do it.

The industry has been on a downwards spiral for the previous 12 years, and activities such as NII have almost completely vapourised. In the recent past, global custodians and custodian banks received the bigger chunk of securities lending profit, and now it's completely the opposite. The ratio used to be 80:20, and now it's around 20:80 or worse—and there are fewer institutions participating in it now after the crisis because of risk considerations.

Further, we saw that after the Financial Transaction Tax (FTT) was introduced into the French market, volumes went down appreciably. Now that you have 11 countries looking to impose an FTT on 1 January next year, there are significant concerns about volumes. Given the balance of our books, it affects us less than other competitors. Those who are more heavily reliant upon broker-dealers for their book of business may suffer. Investors may turn to synthetics to avoid the FTT, but this will have balance sheet implications.

What were some pertinent topics for you at this year's NeMa conference?

Two things struck me in the panels at the NeMa conference in Poland. The first was the network managers relationships, and the other was the regulatory environment.

There was much discussion about the Alternative Investment Fund Managers Directive (AIFMD), both in terms of what it means, and who is going to bear the cost. It is interesting to see who ought to pay the cost and who will end up paying, and these may be two different conversations.

I was having a conversation with a client about fees in general and the direction in which they're going. It seems as though costs are going up, and the regulatory costs are a hugely significant part of this. In Tim Faselt's opening comments, he said that in the US alone, there have been 106 new regulations put into place over the last 12 months, which has increased costs of the industry to $46 billion. Who's going to pay that, and who should pay that? It's almost fashionable for politicians and regulators to appear tough on banks, which in turn are viewed to have deep pockets, and to have gotten fat off of taxpayers through the events of 2008 to 2011.

The audience heard another statistic, which stated that the US SEC has been one of the most profitable enterprises going, due to the significant fines levied for any number of violations.

How has the environment changed since you first came into the business?

In the early days, regulations were coming out faster than we could process them. Some, such as the US Dodd-Frank Act, are 1800 pages long. It's one thing to just make it through to the end, let alone understand what's actually going on.

The fear from a legal and compliance perspective is one of, do we know what we need to know? To counter that, banks have hired small armies of people to do that analysis and tell us what regulations mean for the industry. The analysis part has already been a huge cost, and now it's the implementation cost we have to contend with. AIFMD kicks in right now, and UCITS V is not that far behind it. The sheer cost of these will likely push some players out of the market.

Currently, Deutsche Bank has many different workstreams going on internally to 'future proof' our business. One of the things we will do is create a TARGET2-Securities (T2S) hub in Frankfurt and we're spending a lot of money on its creation.

Because the T2S environment will mean that settlements will be largely harmonised, it doesn't makes sense to have 26 bespoke models. There is a significant cost in creating a hub, but it is a lot less expensive to keep up one solution rather than 26, going forward. We're investing in that because we believe in the future of the industry.

Obviously, looking at the statistics on the instant polls at the NeMa conference this year, not everyone has such a rosy outlook, and I think those that don't are probably small or single market providers struggling to compete with the bigger players.

When will the hub be ready?

Our Frankfurt hub will be available by mid-2015, so ahead of the first wave of T2S being implemented. It will give clients a single entry point for settlements, but it will also give them a single law under which a contract is governed, a single operational methodology. This saves them money as well, because they can streamline their internal operations. There are benefits at both ends. We hope to pass back that benefit to them through lower fees, but at the same time we've got all of these administrative expenses. With Basel III, the cost of capital is increasing, and collateral is becoming scarcer. I have never seen the industry with so many events coming together at the same time. So many solutions have to be developed, which is why we've got, conservatively, about 50 people working on our T2S strategy.

> "As an industry, we have done ourselves a disservice over the years in our pricing methodology"

As for whether regulatory activities take away from our core business—I don't think that is an issue. Deutsche Bank has project management, IT and systems staff; their book of work changes every year, and right now they've just got a big book of work that specifically pertains to T2S. AST

Andrew Rand
Managing director and head of direct securities services EMEA, global transaction banking
Deutsche Bank

Sowing the seeds of tomorrow

Raising funds is still a problem, but Malta is seeing its local administrators holding up just fine

Joseph Camilleri
Head of business development division
Valletta Fund Services

Anthony O'Driscoll
Managing director
Apex Malta

Chris Casapinta
Country executive of Malta
Alter Domus

Michael Galea
Head of investment management and fund services
Calamatta Cuschieri

David Barry
Head of sales and business development Europe and MENA
Custom House Global Fund Services

Georgina Lavers
Deputy editor
Asset Servicing Times

How has the fund administration sector been doing in Malta over the last year?

Michael Galea: The Maltese fund industry continues to reap the benefits of the hard work which was sown over the last decade or so. Our robust yet flexible regulator, our multi-lingual and hard-working workforce coupled with the high standard service levels available within the industry continue to make Malta the jurisdiction of choice for many fund managers.

The growth of our fund industry over the last 12 months has been satisfactory notwithstanding the challenging international environment as well as the ongoing uncertainties brought about by the changing regulatory landscape. The aggregate NAV of funds domiciled in Malta increased by almost 17 percent from €8.3 billion in 2011 to €9.7 billion at the end of 2012.

As at the end of 2012, there were 587 funds domiciled in Malta, representing an increase of over five percent from the previous year. Of these, unsurprisingly, the professional investor fund (PIF) regime continued to witness very strong growth figures rising by more than 8 percent year-on-year. These numbers compare very favourably with other jurisdictions especially larger domiciles like France and Germany that registered negative growth of 1.2 and 6.6 percent respectively.

David Barry: From our point of view, the fund administration sector has been doing very well in Malta over the last year. On a country-wide basis, the growth in the number of fund administrators that are now resident in Malta would indicate that that the whole sector in Malta is doing very well. Having said that, there is a possibility (if not a probability) that, even with the growth of alternative investment and hedge funds globally, the sector could become saturated in Malta

Joseph Camilleri: During the course of 2012, Malta's financial regulator, the Malta Financial Services Authority (MFSA) issued fund administration recognition certificates to two companies that have now joined the fray of fund administrators on the island. The first half of 2013 saw yet another recognition certificate being issued to another entity, bringing the total to 27 fund administrators operating from Malta.

The setting up of fund administration operations in Malta has largely been underpinned by two main considerations: the continual increase of funds being registered in Malta, currently standing at just under 600 funds, is creating a greater demand for fund administrators on the island; and a large number of fund administrators based in Malta are increasingly providing fund services to investment funds based outside of Malta.

It is also highly pertinent to point out that notwithstanding that the regulation in Malta does not make it mandatory for alternative investment vehicles to appoint locally based fund administrators, the majority of the funds domiciled in Malta have in actual fact opted for a local administrator. This is surely a vote of confidence in the local fund administration sector, which has been pro-active in gearing itself to service various investment strategies, ranging from the traditional hedge funds and funds of hedge funds, to algorithmic funds, high frequency trading and arbitrage funds, real estate funds, private equity, and other alternative strategies.

Over the past months, many fund administrators in Malta have also been gearing themselves to provide additional reporting services to fund managers and self-managed funds, as will be necessary under the Alternative Investment Fund Managers Directive (AIFMD). Thus fund administrators have recognised the opportunities to them that lie ahead, in augmenting their revenue streams through the provision of additional reporting services, whether to the competent authorities or the investors themselves.

Chris Casapinta: Considering the current economic situation in Europe, the sector has done reasonably well and has continued to grow and prosper. New fund platforms and sub funds have continued to be set up. However, although Malta's attractiveness is always increasing, fund managers are still struggling to raise funds. As a result, this can therefore delay our involvement as administrators and unfortunately in some situations projects are called off due to the inability to raise sufficient funds. This is not a specific problem related to Malta but it is an issue generally currently facing the fund industry.

What do you make of Malta's AIFMD implementation measures, and what will they mean for the country?

Barry: Malta as usual appears to be ahead of the game with regard to the implementation of the AIFMD, which is of course an EU requirement. As far as what this means for the country, I think that it will have a negligible effect as to whether people go to Malta, because wherever else they want to go they will have the same AIFMD requirements to meet. In terms of the service providers, they will have more work (as a result of AIFMD on Malta) and where possible will therefore have to increase their fees. This particularly applies to auditors and lawyers, so as far as the country is concerned the trickle-down effect of additional fees will be positive.

Anthony O'Driscoll: Malta has provided a clear set of rules for AIFMD implementation and has made significant enhancements to the existing regulatory framework in preparation for AIFMD.

The directive will transform the regulatory landscape for fund managers in Europe and beyond with far-reaching business impacts, which creates a significant challenge but also opportunities.

Malta is in a prime position to take advantage of the changes that the whole industry is facing. Malta is highly attractive to fund managers seeking to set up alternative investment funds and alternative investment fund management companies, as well as front, middle and back-office operations. With no tax on funds for non-resident investors, Malta offers the most favourable tax environment, including a low corporate tax rate for management companies.

The MFSA is respected for its efficiency, clarity and the robustness of its regulation, as well as its approachability and willingness to engage with industry to develop pragmatic solutions. Alternative investment managers are also drawn to Malta as an English-speaking common law jurisdiction with a high quality business-friendly environment, a wealth of product expertise and a highly developed support infrastructure.

Camilleri: Malta's regulatory framework is in place to take on the challenges of the constantly evolving international regulatory environment. In fact, MFSA's regulatory regime now caters for both the setting up of alternative investment funds and PIFs. Thus Malta's positioning, in my view, is two pronged; on the one hand, its regulatory framework has been updated in time for the onset of the new directive, and thus it may present itself to international hedge fund players as an ideal domicile for the setting up of alternative investment funds and alterantive fund management companies (while ensuring a satisfactory level of preparedness by the various service providers). On the other hand, Malta retains its robust yet flexible regulatory framework for PIFs, targeting quasi-retail, to high net worth, to institutional investors—all of which are outside the scope of the AIFMD.

In my view, Malta is ensuring that it may provide the widest possible spectrum of investment vehicle solutions, be these retail UCITS, PIFs (in turn catering from the above quoted three categories), or alternative invetment funds.

Casapinta: The Maltese regulator has issued an investment services handbook for funds that will

fall within AIFMD. It has transposed the directive taking into consideration the European Securities and Markets Authority (ESMA) guidelines, also with a view to giving the Maltese fund industry time to adapt by taking full advantage of the one year transition period. The regulator has also negotiated a derogation for custodian banks till 2017 after which date a local custodian will be required. In addition the remuneration policy applies at the level of the alternative investment fund managers and a look through policy will not be enforced. We feel that the measures have reinforced Malta's and the Maltese regulator's entrepreneurial approach to sustain and increase the alternative investment funds market on the island.

Galea: On 27 June 2013, the MFSA transposed the AIFMD implementation measures into Maltese law, making Malta one of the first jurisdictions to publish its final set of AIFMD implementing measures. Such regulations came into force on the 22 July 2013. Existing licence holders wishing to get licensed as alternative investment fund managers have a one year transitional period within which to come in line with the provisions of the directive. The process has indeed been a long and tiring one but the end product augurs well for the future development of the industry especially since in Malta's case there was significant consultation with industry participants at all stages.

A major derogation which the MFSA successfully negotiated at EU level is that Malta-based alternative investment funds and managers would, until 22 July 2017, be able to appoint a depository which is AIFMD compliant from another EU or European economic area member state. After this date, the manager licenced on the island would be required to appoint a depository duly licenced in Malta.

While confirming that it has implemented ESMA's guidelines on remuneration policies, the MFSA has opted not to transpose the fact that alternative investment fund managers should be required to impose equivalent remuneration policies and restrictions on its sub-managers and other delegates.

Finally, the MFSA opted to apply a minimum licensing regime rather than simply registration to de minimis alternative investment fund managers, as it considers that it is in the best interest of fund managers to be licensed—particularly when dealing with potential investors. This decision was taken, we understand, in order to further promote investor protection and to ensure that only persons who are fit and proper be allowed to establish a financial activity and operate on an ongoing basis in and from Malta.

Inevitably, we expect AIFMD to bring about significant changes within the industry. Whilst any measure that seeks to increase investor confidence through the reduction of systemic risk and the enhancement of investor protection is to be welcomed, it is clear that in the case of AIFMD this will, in all probability, come at a cost which ultimately needs to be borne by service providers and investors alike. The big question is: in which proportion?

At CCFS, we believe that with the right approach our clients will be successful in implementing the provisions of the directive. Certain alternative investment fund managers might not be able to provide all the functionality as required by the directive and we are therefore viewing this as an opportunity to provide ancillary services to our clients. We believe that in our role of fund administrators, we are appropriately positioned to assist managers with their disclosure and compliance requirements both to investors and regulators alike. There are also certain synergies that could be explored together with custodians to effectively share the 'burden' to ensure that AIFMD rules around cash management and asset safekeeping, for example, are met.

Lastly, we are also currently closely assessing the implications of integrating the depository 'lite' offering within the scope of our services.

Seventy percent of the funds domiciled in Malta were administered in Malta in 2011. Are you still seeing a fairly high percentage of local administrators?

Camilleri: As mentioned, notwithstanding that this is not mandatory, the majority of funds based in Malta have still opted for a local administrator; this has contributed to the growth in number of service providers, which in turn translates into rendering Malta a more attractive domicile for funds. Thus yes, the high percentage still prevails. In fact, over 71 per cent of the funds domiciled in Malta were administered in Malta in 2012. Of significant relevance perhaps one could also mention that a considerable number of fund administrators based in Malta are effectively subsidiary operations of international names in the fund administration space, which further strengthens Malta's compelling case as an ideal fund domicile.

Galea: The positive trend appears to be continuing with the large majority of Malta-domiciled funds being administered here. I boil this down to the fact that fund managers (and their investors) are happy with the stability that the jurisdiction provides as well as being satisfied with the quality of service they are being given from local firms. Personally I believe that, generally speaking, it makes operational sense to have as many of the service providers as possible in the same jurisdiction as this inevitably brings about certain operational efficiencies that would otherwise be more challenging to achieve.

Another reason why the percentage of funds domiciled in Malta administered by local administrators continues to rise in my opinion is the result of many foreign entities opting to set up shop in Malta and offer their services from here. This, in itself, is testament of how Malta is being perceived by many of the major players in the market and augurs well for continued growth of the country.

O'Driscoll: Yes, this is still the case. Due to the variety of funds that can be established in Malta, there is a corresponding depth and range in the experience of the administrators. Malta now offers a vast array of service providers ranging from the global pedigree name to the independent boutique operator making it logical to have Malta domiciled funds administered from Malta.

Casapinta: Prior to 2011, less than 50 percent of Malta-domiciled funds were administered on the island. The trend of increasing numbers of funds being administered in Malta is likely to continue as fund managers have experienced the efficiencies and operational advantages Malta can offer. In most instances these result in increased efficiency and reduced costs for the fund managers. With the current environment of cost sensitivity, Malta is definitely considered to be an attractive proposition.

Barry: The number of local administrators is growing and I would have thought that ultimately nearly all Maltese-domiciled funds will be administered locally—but a meaningful marginal increase will come from the administration of non-Maltese funds, similar to the Irish model.

What about non-Malta domiciled funds administered in Malta? Has there been growth in this respect?

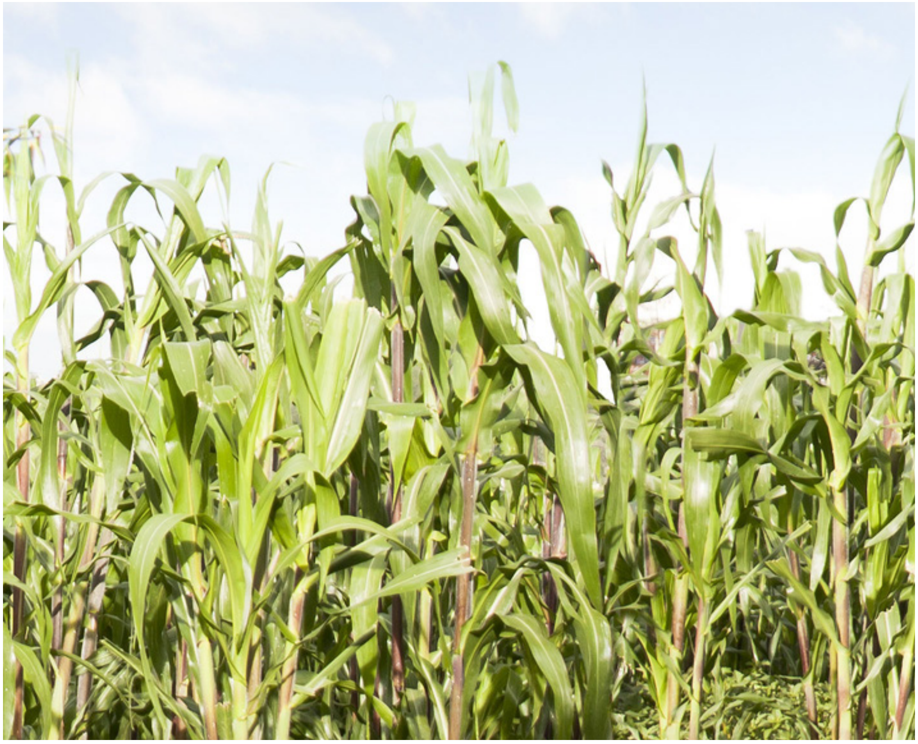
Barry: There has been considerable growth in this sector and indeed when Custom House opened up in Malta in 2008/9 they already had a substantial book of Maltese business and were able to bring that in together with non-Maltese business. Today all Maltese funds are administered in Malta but the Maltese office does administer a lot of non-Maltese funds.

Camilleri: Malta-domiciled funds are still more popular. However, many locally based fund administrators have been engaged by their respective fund administration parent company based overseas, on an outsourcing arrangement, as the administrators of offshore funds. In fact, at the end of 2012, 144 non-Malta domiciled funds (including sub-funds) were administered in Malta. This represents a decline of 12 percent from the previous year, yet a net increase of 84 percent since 2010.

Casapinta: The increased number of international service providers automatically attracts and persuades more fund managers to have their non Malta funds administered in Malta. This trend is likely to continue due to the operational advantages that Malta enjoys, especially when it comes to back-office services. Generally, employees have an excellent work ethic, are fluent in English and conversant with the IFRS. Furthermore, salaries are still very competitive. Malta itself is also a very business-friendly island which allows people to operate their business smoothly.

O'Driscoll: Yes, with a growing number of global administrators in Malta, we are seeing continued growth in this respect. Apex sees the benefits of having an office in Malta servicing both domiciled and non-Malta domiciled funds, given Malta's strategic eurozone location it allows us to have experienced teams located in the same time zones of our clients, ensuring a close working relationship and allows us to be responsive when they need us most.

Galea: The NAV of non-Malta domiciled funds administered in Malta totalled just under €1.7 billion as at the end of 2012, representing an increase of almost 20 percent year on year. Similar to above, we expect this trend to continue even in view of the fact that many non-Malta domiciled funds often form part of larger alternative investment fund groups that are actively in the process of re-domiciling their portfolios to EU jurisdictions, including Malta, and therefore have to learnt to appreciate the good value-for-money proposition that local service providers offer.



Are arrivals such as Citco in 2013 helping to attract larger hedge funds to the domicile?

Galea: Undoubtedly, the arrival of a major player such as Citco cannot go unnoticed. It is probably still early days—given that they have been licenced only a handful of months ago—but we trust that the positive signals that this sends out to the international community are such that they continue to reinforce the idea that Malta is considered to be a jurisdiction to be reckoned with.

O'Driscoll: The growing number of international services providers setting up in Malta will increase the profile and visibility of the jurisdiction and in turn attract more opportunities and have a positive impact.

Casapinta: At this stage it may be too early to comment on the arrival of Citco, however, large international organisations will definitely attract large players. The fact that such organisations decide to set up shop and invest in Malta is a clear demonstration in the confidence in the jurisdiction. This will automatically be the best selling point for their own clients. In the same way as Malta has attracted large players in terms of manufacturing, shipping, aircraft and insurance businesses, I am sure that the local practitioners and stakeholders will continue to contribute to the island's attractiveness for fund managers.

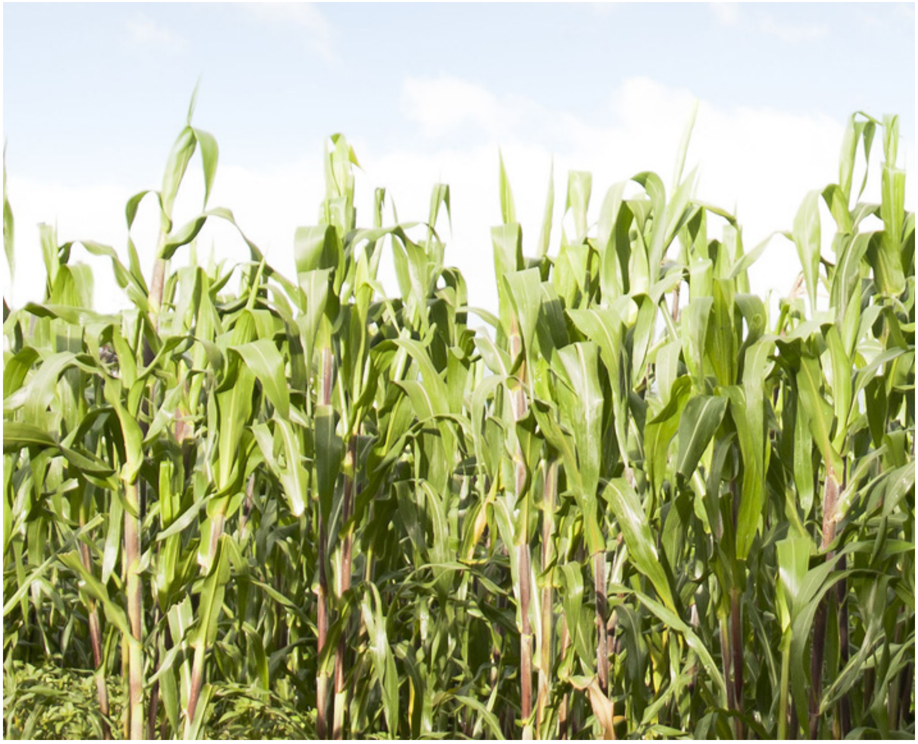
Barry: I have my doubts that the arrival of Citco (or any other major administrator for that matter) will necessarily attract many larger hedge funds to the domicile. I would expect that the administrators will bring non-Maltese fund work in. Having said that, it is I think probably inevitable that Citco and similar large administrators will attract some larger funds that are considering Malta.

Camilleri: Citco is a relatively new entrant in the local scen, and also a most welcome one. Undoubtedly the contribution that companies like Citco give to the jurisdiction in terms of stature consolidates Malta's position on the radar of many international fund promoters. Perhaps it is still early days to quantify the extent of tangible positive contribution towards this end, but it is expected that such a presence will attract larger hedge funds than the mainstream ones that have characterised the industry so far.

Do you think Malta should keep its niche market status for small asset structures or strategies—or should the country think bigger?

Casapinta: This is an interesting debate and local practitioners have different views on this. I am confident that Malta's operational advantages and regulatory framework will allow it to be an excellent jurisdiction even for larger structures. Infact, this is already the case, as Malta has attracted a limited number of large players. If larger structures and players continue to be attracted to Malta, the island will definitely be better perceived by prospective investors.

That being said, I feel that Malta's strategy of focussing on smaller structures has worked well. It has allowed the different stakeholders to appropriately prepare themselves for the various challenges that this business brings along with it. Now is the time for Malta to prove itself further with larger and complex structures, without forgetting the interesting niche that it is already known for.



Barry: I would say both, the important thing is to continue providing a high level service to the existing smaller structures and (hopefully) the bigger mangers will come.

O'Driscoll: Malta should continue to focus on delivering high-quality cost effective service offerings andflexible fund solutions to the international marketplace that exceeds expectations and this will ensure it has continued growth and success as fund administration centre and leading fund domicile.

Galea: There is no doubt that to-date Malta's growth story has largely been impinged by how successful we have been in attracting start-up fund managers. This should not come as a surprise, given the mammoth task we have of competing with the larger and more established jurisdictions such as Luxembourg and Ireland, which boast decades of experience in servicing the world's largest players.

In my opinion, while we should continue to strive for excellence within our niche market offering, Malta appears to be well-positioned to gain further market share in the form of larger international mandates. This will be a gradual process as we endeavour to convince the larger fund managers that our regulatory regime is robust, that the level of expertise amongst our service providers is second to none and that generally our service offering is very cost efficient.

Camilleri: Malta has positioned itself in such a way that it may proceed further in its winning formula to attract the small to medium-sized asset managers, thanks its competitive advantage in terms of costs, time to market considerations, regulatory flexibility, accessibility of the regulator and other such, and at the same time, compete on a level playing field with other EU domiciles for the bigger players under the remit of AIFMD. Nonetheless, a quick look at the names will reveal that Malta is today home to a number of highly established names such as Clive Capital, Liongate, Comac Capital, FMG, Vector Commodity Management and BlueGold Capital Management.

Have you felt the pressure of competition on the island?

Barry: We always feel pressure of competition. Currently, the number of fund administrators in Malta naturally introduces competition. The larger firms have their own competitive advantage and at the other end of the scale some administrators seem to be charging a price that is either uneconomic or reflects an inferior service compared to those administrators higher up the scale. This is a fairly classic pricing mechanism to increase market share, but one which doesn't always prove successful.

Casapinta: Although the number of service providers has increased substantially, the market size has also expanded. The growing number of service providers who actively promote the jurisdiction automatically contributes to a larger market. Alter Domus set up in Malta at the end of 2010 and at that time there were a number of service providers who had just set up or were in the process of setting up.

Although one may prefer a less crowded market place, competition is healthy. It ensures service providers offer the appropriate quality service and also ensures that clients are kept happy. We are very pleased as to how our Malta office has developed in a relatively short time. We currently employ 30 professionals and this is only possible thanks to our clients who have shown confidence in the jurisdiction—and of course in Alter Domus.

Camilleri: It is inevitable that a vibrant economic sector brings with it a number of challenges, not least in terms in "competition for staff" particularly in specialised sectors such as fund administration. It is to the credit of the various stakeholders that the supply of a trained pool of likely candidates for posts created in the fund administration sphere ensures that there is sufficient supply whilst retaining wage inflation in check.

To this effect, on this front, different education service providers, such as the University of Malta, the Institute of Financial Services and others do provide specialised training programs and organise educational clinics on matters concerning the industry.

For instance, the Institute of Financial Services in Malta offers a fund administration diploma on a yearly basis through the University of Manchester and CLT International. In addition, the University of Malta is holding an elective course on fund administration aimed at students who are specialising in banking and finance.

O'Driscoll: Not so far and one of the benefits of setting up in Malta is it people. The growth of Malta's financial services sector has been assisted by the high standard of education and professional skills available on the island, boosted by the growing links between the industry and the University of Malta. Firms and individuals, including members of the fund sector, are helping to tailor the university's range of banking and finance courses to the future staffing requirements of service providers.

In addition, the government has played its part by creating a special tax regime for expatriate employees in strategic industries, including the financial sector. The aim is to attract talent from abroad at senior levels who over time will pass on their experience to home-grown high-flyers.

These initiatives have ensured that there is adequate workforce to meet the growth in the industry. **AST**

Industry appointments

Trust, fund and corporate service provider First Names Group has appointed **Gary Hepburn** to managing director of its Isle of Man trust and corporate business, effective immediately.

Hepburn has been promoted to managing director after working as client service director at the firm for nine years. Originally from Zimbabwe, he worked in the UK, Bermuda and the Cayman Islands before making the move to the Isle of Man.

Pierre Jond, the managing director of BNP Paribas Securities Services in Australia and New Zealand, will return to Paris in December 2013 after four years in his current role.

Peter Baker, the current head of client strategy and communication, has been announced as his successor, and will officially take over the role at the end of 2013.

Michelle Crosbie has taken on the role of COO of BNP Paribas Securities Services in Australia and New Zealand. Crosbie is a New Zealand national and has more than 25 years local experience having held roles such as the head of operations at J.P. Morgan Worldwide Securities Services.

She has been with BNP Paribas for the last five years where she was COO for securities services based in London.

Carey Olsen has promoted **Andreas Kistler** and **David Crosland** as partners, effective 1 July 2013. The firm now has 40 partners across offices in the British Virgin Islands, Cape Town, Cayman Islands, Guernsey, Jersey and London.

Goal Group, a claims outsourcing provider and tax reclamation specialist, has appointed **Noah Wortman** as director of global business development.

Headquartered in London, Goal has recently expanded its services by opening offices in Philadelphia, Melbourne and Hong Kong.

Apex Fund Services has named **Gordon Shaw** as COO of the Apex Group.

Shaw was previously global head of banking and custody for the alternative funds business at Credit Suisse. Prior to this he was group COO at Fortis Prime Fund Solutions where he had responsibility for more than $100 billion in AUA.

Shaw will be increasing the use of Apex's technology-based services including middle-office functions, same-day NAV reporting and trading systems.

These services are all fully integrated on a technology platform that allows fund managers to instantly access, manage and trade their portfolio.

Joe Truelove has been appointed as a director of Carey Group's fund administration business.

He leaves Kleinwort Benson after 12 years, most recently as head of business development for its own fund administration business.

Truelove trained with Coopers and Lybrand (now PwC) where he qualified as a chartered accountant.

At Carey Group his responsibilities will include acting as a director of Carey Commercial Limited, and generating new business opportunities for the group using his international profile.

Pauline Banks has joined Bank of America Merrill Lynch as global custody agency services (GCAS) senior product manager responsible for custody in the APAC region.

She will report directly to Ivo Distelbrink, head of Asia Pacific Global Transaction Services, and to Stephanie Colaric, global custody product head in New York.

She last ran J.P. Morgan's network management function for APAC covering global custody, prime services, clearance and collateral management, as well as the investment bank and the treasury services businesses.

In her new role, Banks will develop the bank's local and global custody product capability and strategy in the region, migrating existing custody clients to a standardised international platform whilst establishing a sub-custody business model to drive new firm wide revenues. AST

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