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Depository buy for BNP Paribas

BNP Paribas Securities Services has acquired Commerzbank's depotbank business for German-domiciled UCITS and institutional funds, securities funds as well as open-ended real estate funds.

The 80 Commerzbank employees currently involved in these activities will be given the opportunity to join BNP Paribas.

The custody business ('Depotgeschäft') for customers of Commerzbank, which is part of Commerzbank's core business, was not affected by the deal.

The deal will strengthen BNP Paribas's position in the depository market, following the acquisition of Credem, an Italian depository, in 2012.

It also will expand its UCITS business, and establish a new service offering for real estate funds.

As of the end of April 2013, Commerzbank's depotbank unit serviced a volume of approximately €93 billion.

It was agreed that confidentiality would be maintained on the contractual details. The transaction is still subject to the approval of the relevant authorities.

In a statement, Michael Hartmann, head of operations Europe at Allianz Global Investors, one of Commerzbank's largest clients, said: "We are pleased with the decision in favour of BNP Paribas for the benefit of our customers."

"Due to BNP Paribas Securities Services´ many years of experience in this business and strong market position, we will appoint BNP Paribas as depository and custodian for the German-domiciled UCITS of Allianz Global Investors."

Gerald Noltsch, head of the German office of BNP Paribas Securities Services, said the acquisition would bolster the bank's presence in Germany, as well as build up its UCITS presence and services for real estate funds.

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Societe Generale outsources to Accenture and Broadridge

Accenture and Broadridge Financial Solutions have collaborated on the launch of a new post-trade solution, signing up Societe Generale as its first client.

Accenture provides post-trade processing and technology services to support settlement, books and records, asset servicing, operational management and control, real-time data access and administrative accounting.

The firms have designed the solution to accommodate other technology to support functions such as reconciliations and corporate actions, which is provided by SmartStream, another partner of Accenture.

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FCA dishes out £5.62 million fine to RBS

The Royal Bank of Scotland has been fined £5.62 million by the Financial Conduct Authority (FCA) for incorrectly reporting transactions it made in wholesale markets, and in some instances, failing to report transactions at all.

RBS failed to properly report 44.8 million transactions between November 2007 and February 2013, and failed altogether to report 804,000 transactions between November 2007 and February 2012.

This represents 37 percent of relevant transactions carried out by RBS in this period, and breaches FCA rules on transaction reporting and its requirements for firms to have adequate management and controls.

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Depository buy for BNP Paribas

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"The expansion underpins our market leadership in Germany and will help to bolster our position in the UCITS segment in servicing Allianz Global Investors as one of the leading asset managers in Germany as well as the build-up of services for real estate funds."

The German government holds a 17 percent stake in Commerzbank, which is currently rebuilding all of its business divisions. Rumours that the government might sell its stake to a foreign bank were recently quashed, but there remains speculation that the bank may exit the country's blue chip stock market index DAX.

SocGen outsources to Accenture and Broadridge

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Societe Generale Corporate & Investment Banking (SGCIB) is the first client of the solution and will use it to manage back-office securities processing.

As part of the initiative, a number of SGCIB employees with post-trade processing skills relevant in more than 50 financial markets are expected to join Accenture.

"The global investment banking industry is at a crossroads, with regulatory, market and technological pressures changing the economics of the business and leading banks to fundamentally reassess their operating models," said Bob Gach, global managing director of Accenture's Capital Markets industry practice.

"Post-trade processing plays a vital role in client service, but represents a significant and often stubbornly fixed cost for banks. Our new solution provides the efficiencies, scalability and regulatory capabilities in post-trade processing that can help banks rebuild their business models around more profitable services and differentiate them from the competition."

"Societe Generale Corporate & Investment Banking and Accenture share the same vision of what could be the future model for securities processing among investment banks: industrialising some services by mutualising processing activities and costs across multiple institutions," added Christophe Leblanc, COO of Societe Generale Corporate & Investment Banking.

"We are happy to be the first client of Accenture Post-Trade Processing, a pioneering solution that sets a new industry standard for efficiency in securities post-trade processing, and which will enable us to deliver top quality services to our clients."

In June, Societe Generale analyst Richard Nguyen downgraded Accenture from hold to sell and lowered its price target from $74 to $70, citing one reason for the downgrade as decelerating outsourcing.

FCA dishes out £5.62 million fine to RBS

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"Many of the problems with RBS' own systems were compounded by the takeover of ABN Amro Bank N.V. in October 2007," said the FCA in a statement. "The FCA considers that, given the considerable resources available to RBS, it should have been able to overcome these challenges and ensure adequate systems and controls were in place."

Tracey McDermott, the FCA's director of enforcement and financial crime, said: "Effective market surveillance depends on accurate and timely reporting of transactions. We have set out clear guidance on transaction reporting, backed up by extensive market monitoring, and we expect firms to get it right."

"As well as a financial penalty, firms can expect to incur the cost of resubmitting historically incorrect reports. We will continue to take appropriate action against any firm that fails to meet our requirements."

The FCA's overall objective is to ensure that markets function well, and accurate transaction reporting by firms is an essential tool in delivering this objective, continued the statement.

"The FCA uses these reports in a number of ways—including identifying and investigating suspected market abuse, for example insider trading and market manipulation. Where the FCA sees any evidence of firms not acting properly it will not hesitate to act."

The failures are particularly concerning, said the FCA, given that it already provides extensive guidance to firms on how to submit and check these reports, and has taken action against seven firms, including Barclays and Credit Suisse, for similar reporting errors.

"The size of the fine reflects the serious nature of the issue," it concluded. RBS agreed to settle at an early stage of the investigation, and received a 30 percent reduction of its fine.

AIFMD is now live

The deadline for the Alternative Investment Fund Managers Directive (AIFMD) has passed.

Alternative investment fund managers established within the EU must have been authorised from 22 July 2013, with rules that will significantly broaden the role and scope of depositories.

The directive requires EU alternative investment fund managers to appoint an independent custodian for each alternative investment fund that they manage, and have independent risk management and valuation functions.

They will also be granted a passport to either manage alternative investment funds in other EU

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member states, or market units or shares in alternative investment funds to professional investors.

Non-EU alternative investment fund managers marketing the funds within the EU are required to comply with disclosure requirements to both investors and EU regulators.

Asset servicers looking to capitalise on the implementation of AIFMD include BNP Paribas Securities Services, CACEIS and Citi.

Speaking after AIFMD went live, Philippe Ricard, global head of alternative fund services products at BNP Paribas Securities Services, said: "[The bank] has significantly invested to ramp up our solutions, and ... we provide the largest depository network in Europe, having already implemented AIFMD compliant processes across all jurisdictions."

New depositories have also emerged in recent weeks. CACEIS has opened a new depository bank branch in Belgium, where it currently provides fund administration services.

The new bank will be in a good position to offer AIFMD-compliant services, such as assisting clients in meeting the local depository requirements for alternative investment funds.

Joe Saliba, deputy CEO of CACEIS, said: "Clients have long relied upon CACEIS's Belgian fund administration offer, and now we are bolstering that offer by bringing the group's depository banking and custody expertise to the Belgian market."

"By doing so, our clients can benefit from a full-fledged asset servicing solution. For CACEIS, our clients and their investors, the safety of invested assets is fundamental, and CACEIS's new bank in Belgium will play a key part in ensuring the highest level of security for those assets."

Citi has also established a new depository in the Netherlands following the implementation of AIFMD.

The bank's new Dutch depository will support locally domiciled funds with service provider oversight, asset safekeeping and investment guideline and regulatory restriction monitoring.

Jan-Olov Nord has been appointed as head of depository services in the Netherlands for Citi's securities and fund services, effective from 22 July.

"Our Dutch depository facility opens in readiness for AIFMD which fundamentally impacts the way our investment fund clients conduct their businesses," said Sanjiv Sawhney, Europe, Middle East and Africa head of securities and fund services at Citi.

"We look forward to strengthening our presence in the Netherlands and Nord is the right person to help Citi's clients, and the Dutch investment community, continue to grow internationally."

But Stephen Kinns, a partner at consultancy firm Crossbridge, commented that although service providers are ready to deliver their enhanced offerings now, European alternative investment managers are not rushing to the door.

"We won't see the new infrastructure being used until early next year. There is a mismatch in expectations between clients wanting a full service solution at zero incremental cost, and service providers who are looking to offer a regulatory minimum with a price increase to reflect the increased liability."

SunGard offers more accounting automation to custodians

SunGard has released an enhanced version of its Asset Arena InvestOne global accounting solution for asset managers, custodian banks and third-party administrators.

The latest version aims to give firms extended accounting automation and servicing capabilities to improve operational controls and productivity and ultimately ease the burden of meeting growing regulatory requirements.

The new version is enriched with the addition of two new features. Asset Arena InvestOne's Multiview accounting functionality is improved with new Multiple Books of Record (MBOR) capabilities.

"By extending the ways in which users can leverage existing datasets, MBOR provides the flexibility to support more jurisdictions and offer a wider array of services, without the overhead of maintaining additional systems and redundant data," said the firm's release.

"Investors and regulators are seeking greater transparency from fund sponsors and their administrators by having evidence of robust processes and strict controls," said Gail Schulman, COO of Asset Arena InvestOne at SunGard.

"Monitoring and automating activity in fund accounting is key to managing risk and ensuring all processes are transparent, timely and accurate. Asset Arena InvestOne's improved capabilities empower our customers to achieve smarter operations with increased efficiency, automation, and control."

Canadian equities lose ground within pension plans

Pension assets remained unchanged during Q2 2013, as a spike in interest rates in June negated advances in April and May.

According to the $460 billion RBC Investor & Treasury Services All Plan universe, which encompasses Canadian pension plans, defined benefit (DB) pensions returned 0 percent for the quarter ending 30 June 2013, keeping year-to-date results at 4.5 percent.

"Market volatility returned in June following the Fed's statements regarding its commitment to quantitative easing," said Scott MacDonald, head of pension segment development for RBC Investor & Treasury Services.

"While all DB plans benefit from rising long term bond yields as pension liabilities are reduced, those with risk mitigating liability-driven investment strategies were the hardest hit during the quarter."

Bonds had their largest three-month decline since 1994, losing 2.5 percent in the quarter and 1.7 percent over six months.

"Weakness was across the market, but longer duration bonds were the most affected, as the DEX Long Term Index declined 4.6 percent in the quarter and DEX Real Return Bonds are down 11 percent year-to-date," said MacDonald.

Canadian equities also lost ground within pension plans, declining 1.2 percent compared to the S&P/TSX Composite, which was down 4.1 percent in the quarter.

"The decline in the materials sector and mining stocks in particular continued to be the key factor affecting performance this quarter. Looking at the year-to-date figures, most pensions stayed in positive territory despite the market's loss by remaining underexposed to the sector and have subsequently outperformed the index by 4.2 percent."

Foreign stocks provided the needed support this quarter, gaining 4.7 percent, mostly due to continued positive performance in the US equities market. This compares to the MSCI World Index, which advanced 4.5 percent in the quarter.

"Unhedged pension plans benefitted from the Canadian dollar's weakness against most major currencies, with FX returns accounting for over half of the gains," said MacDonald.

"Foreign equities continue to lead year-to-date—up 15.4 percent in Canadian dollar terms."

Fidelity Australia joins up to Calastone

Fidelity Worldwide Investment has joined Calastone's Global Funds Transaction Network in Australia.

Calastone went live in Australia in November 2011 with automation of fund application and redemption transactions.

Fidelity's head of operations and client services, Doug Bryden, said: "Our adviser clients value accuracy and speedier turnarounds of transactions which Calastone enables by reducing the manual processing in an automated environment."

Calastone Australia managing director, Shannon Sweeney, said that the industry had long recognised the risks of manual processing.

"There is a genuine interest and engagement to remove these risks and issues," she said.

"These manual risky processes can result in inaccuracy in both the registry system of the fund and the platform, can result in missing or are incomplete transactions, and make the client experience slower and less transparent."

Calastone will expand its Australian network to cover wealth software platforms and self-managed super funds in the near future.

BNP Paribas helps DTCC clients with EMIR

BNP Paribas Securities Services will help buy and sell-side clients of the London-based DTCC Derivatives Repository comply with the European Market Infrastructure Regulation (EMIR) rules for derivatives trades reporting.

EMIR requires all participants to report both their OTC and listed derivative transactions to a trade repository. The repositories will act as information warehouses, storing the details of all derivatives trades exclusively for reference and inspection by regulators. One party to the contract can delegate the reporting obligations to the other, or a third party can be used.

Helene Virello, head of collateral management services at BNP Paribas Securities Services, said: "A large number of industry players still associate EMIR exclusively with clearing. As a result, many may be unprepared to comply with reporting provisions entering into force in January 2014. Our agreement with DTCC provides an effective solution to fulfill the legal obligation in a timely and cost effective manner. As such we expect strong demand for third party reporting services."

An extensive range of information must be reported under EMIR, going above and beyond execution and confirmation details. Information on valuation, on the collateral held, on the rationale of the trade and on the identity of the final beneficiary is also required.

"The generation of the reporting may result in a very cumbersome and time consuming burden for our clients," added Virello.

"Information must be taken from many sources, aggregated and reconciled using common identifiers. Along with our Collateral Access products, we can accompany our clients through the entire transaction process, from trade capture to reporting, including electronic affirmation and confirmation and liquidity solutions and we are ideally placed to carry on reporting on behalf of trading parties."

Andrew Green, the global head of derivative account management for DTCC Deriv/SERV, said: "By reporting their trades to a DTCC repository once, clients of BNP Paribas can meet their reporting obligations in multiple jurisdictions, where such obligation exists. Having this discussion with their service providers or dealers, or with a trade repository, is paramount to ensuring they are ready to meet their regulatory obligations."

Traiana packs and parcels first inter-dealer trade

The first inter-dealer non-deliverable forward (NDF) trade has been delivered to LCH.Clearnet's ForexClear service through the recently established link with Traiana's Harmony CCP Connect.

The trade was a US dollar/South Korean won NDF, and HSBC was one of the trading parties.

Andrew Coyne, CEO of Traiana, said: "Traiana built direct connectivity to LCH.Clearnet's ForexClear at the specific request of our client base, so we're very excited at how quickly the service has been adopted."

Jacqueline Liau, global head of product and service for FX prime at HSBC, said: "This direct connectivity gives HSBC, and the industry, an efficient and flexible way to quickly adapt to changing regulations."

Traiana's Harmony CCP Connect provides central counterparty connectivity, trade routing, affirmation, matching, allocation, and reporting for OTC foreign exchange options and NDFs.

Market participants looking to clear foreign exchange trades under the new US Dodd-Frank Act and European Market Infrastructure Regulation can leverage their existing foreign exchange prime broker connectivity together with Harmony CCP Connect's matching and affirmation capabilities to get direct access to CCPs.

DTCC takes full control of Omgeo

The Depository Trust & Clearing Corporation (DTCC) is taking full control of post-trade services provider Omgeo after agreeing to acquire Thomson Reuters's 50 percent stake in the company.

Equal partners DTCC and Thomson Reuters launched Omgeo in 2001.

Since its inception, the now fully-owned DTCC subsidiary has introduced a straight-through-processing solution for institutional post-trade processing, which integrated an electronic allocation engine, a central matching solution and an account and standing settlement instruction database.

Marianne Brown will continue to serve as president and CEO of Omgeo. The terms of the deal were not disclosed and the transaction will close once regulatory filings are made.

"Full industry ownership enables market participants to play a larger role in shaping decisions related to Omgeo's technology platforms and processes, that in turn help support their own firms' strategies," said DTCC's Andrew Gray, who is also chairman of the board of managers at Omgeo.

"This transaction is aligned with our strategy to build and grow our core businesses globally as Omgeo's international community and multi-asset class capabilities will open the door to new opportunities for DTCC as we look to expand more broadly in the global post-trade processing sector."

European CSDs to settle down early

Euroclear's central securities depositories (CSDs) in Belgium, France and the Netherlands will settle all transactions on a T+2 basis from October 2014, ahead of the implementation of the CSD Regulation in Europe.

The aim of the EU's CSD Regulation is to bring more safety and efficiency to securities settlement in Europe.

The European Commission adopted a proposed regulation in March 2012. MEPs and the EU Council are currently scrutinising.

The regulation has a planned implementation date of 2015.

If it is implemented in its current form, the CSD Regulation would harmonise the settlement period in Europe for securities traded on stock exchanges and other regulated markets at T+2, taking it from the current two to three days.

Euroclear Belgium, France and Nederland plan to implement T+2 settlement in October 2014 for all securities transactions conducted on all trading venues (stock exchanges, multi-lateral trading facilities and organised trading facilities).

OTC transactions will be exempt from the T+2 regime.

Valérie Urbain, CEO of Euroclear Belgium, France and Nederland, said: "The concept of a shorter settlement cycle across Europe has its roots in the work of the Giovannini Group in 2001–2003. We concur with the Association for Financial Markets in Europe's recent findings that a move towards a shorter settlement cycle will increase operational efficiency, as well as drive down counterparty risks."

"After extensive consultation with clients and stakeholders in our markets, we took the decision to commit to T+2 settlement now, and to make the transition earlier than required."

Urbain added: "Technically and functionally, Euroclear CSDs are ready today to settle on a T+2 basis. The shorter settlement cycle will require some changes in market practice disciplines such as pre-settlement matching, confirmation and affirmation of client transactions as early as possible, ideally on trade date."

Euroclear Finland, Sweden and UK & Ireland are in various stages of discussions about a move towards a T+2 cycle, while international central securities depository Euroclear Bank already settles trades as early as T+0 provided that both counterparties to the trade agree to the same settlement period.

BNP Paribas launches 'stronger super' solution

BNP Paribas Securities Services has created a new solution to provide Australian superannuation funds with the detailed reporting and look through data needed to meet the 'stronger super' reporting requirements.

BNP Paribas's solution leverages the capabilities of its proprietary reporting and analytics system, combined with the Australian Prudential Regulation Authority (APRA) reporting functionality of pControl.

PControl is an existing outsourced technology platform provided by Milestone Group and currently used by custodians for fund processing functions.

In addition to assisting in the completion of APRA reporting, the solution also provides enhanced data to enable more in-depth reporting and analytics.

Peter Baker of BNP Paribas Securities Services said: "The challenge for the industry has been gathering managed fund information in a standardised way to make information sharing easier between counterparties, and minimise duplicate reporting for fund managers."

"This information then has to be presented back to funds in a way that satisfies the APRA return requirements. We have a solution that meets that challenge."

Calypso will clear for new Chilean CCP

COMDER Central Counterparty has selected Calypso to provide the core clearing platform for a new central counterparty for OTC derivatives created by a consortium of Chilean banks.

In response to G-20 mandated OTC derivatives reforms and standardisation, a group of Chilean banks led by COMDER is building a new OTC derivatives CCP.

This new CCP will begin clearing non-deliverable forwards (NDFs) in Q4 2014 and interest rate derivatives (IRD) in Q1 2015.

Calypso will provide services to the CCP, including novation, affirmation, registration, limits, initial and variation margins, collateral management, and default management.

Felipe Ledermann, CEO of COMDER, said: "Calypso is the ideal partner for us given the firm's proven expertise and experience in OTC derivatives central clearing. COMDER benefits from Calypso's ability to efficiently implement a best-in-class platform and offer ongoing maintenance and support."

"We see Calypso as a strategic partner for one of the most important projects in the Chilean banking industry. This initiative allows us to build a best-in-class CCP with the highest standards and align with BIS-IOSCO principles for market infrastructures."

Q2 2013 reflects high asset servicing revenue for BNY Mellon

Assets under custody and/or administration for BNY Mellon's Q2 amounted to $26.2 trillion at 30 June 2013, an increase of 4 percent compared with the prior year and a slight decrease sequentially.

The year-over-year increase was driven by higher equity market values and net new business, and the slight sequential decrease primarily reflects lower fixed income market values, said the bank. Investment services fees totalled $1.7 billion, an increase of 4 percent year-over-year and 6 percent sequentially.

Both increases primarily reflect higher asset servicing revenue, driven by organic growth and higher market values; higher issuer services revenue driven by higher corporate actions and expense reimbursements related to customer technology expenditures; and higher clearing services revenue driven by higher mutual fund fees and volumes.

But the year-over-year increase was partially offset by lower securities lending revenue while the sequential increase reflects seasonally higher securities lending revenue.

Foreign exchange and other trading revenue totalled $207 million compared with $180 million in Q2 2012 and $161 million in the Q1 2013.

In Q2 2013, foreign exchange revenue totalled $179 million, an increase of 14 percent year-over-year and 20 percent sequentially.

Both increases primarily reflect higher volatility and increased volumes. Other trading revenue was $28 million in Q2 2013 compared with $23 million in Q2 2012 and $12 million in Q1 2013.

Clearstream signs up LatAm transfer agent

Clearstream is seeking to strengthen its business in the Latin American markets, by signing Latin Clear Panama as the first transfer agent to join its investment funds platform, Vestima.

Investment funds domiciled in Panama will be eligible for order routing, settlement and custody at Clearstream.

The Vestima suite of services aims to bring increased operational efficiency and security benefits to the Latin American financial markets by providing centralised delivery versus payment settlement services based on synchronous exchange of cash and securities between fund distributors and transfer agents.

Philippe Seyll, member of the executive board of Clearstream and head of investment funds services, said the cooperation with Latin Clear and the migration of Panama-domiciled funds to Vestima was key in light of the company's Latin America funds strategy as it allowed international investors to gain easy access to these financial instruments.

Chapman's Eye on the market

In a nutshell

In my last column, I suggested that as the market appears to have started to pick up somewhat, now might be an opportune time to dust off and submit your CV. In my course of work, I'm often asked to opine on a person's resume, and before I do I always respond with the maxim 'ask 10 recruiters what should be in a perfect CV and you'll likely get 15 responses back'. In reality, there's no perfect CV in the same way, thankfully, as there's no such perfect candidate. However, there are some golden rules, which, if they aren't followed, make it significantly less likely for your CV to be: (i) noticed; and (ii) followed through to the all important initial interview.

Firstly, it should be no more than two pages long—as interesting and as varied as you may feel you are, the person reading your resume (likely from HR as an initial screener) will possibly have tens or more to read, and there is a finite attention span rule in play, so keep it succinct.

Secondly, it is a professional document and is a physical representation of yourself, so ensure it is grammatically correct, articulate, informative and not verbose. In terms of structure, a brief personal mission statement under your contact details is acceptable, but the language should not be too flowery or personal. By way of example, I once received a CV from someone who called themselves "handsome, passionate and thrusting", which might—just might—work on a dating site, but it has no place in a professional job-seeker's CV.

A brief synopsis of your career should then follow—it is acceptable to have different CVs for different roles, ie, one concentrating more on relationship management experience, another focusing on sales, but whatever you include it must be honest and truthful. If you're going for a sales role, then do try to put relevant wins and figures and percentages in there, unless something is confidential. Age is a no-no, because while it can be usually worked out from the career history, it is unnecessary to flag it up. Marital status, religion, health and your possession of a clean driving licence are all equally irrelevant.

Finally, just prior to the final educational qualifications section, I would encourage you to add an 'interests' section to make the CV more personal and human, which should, in my view, comprise one team and one individual sport, an artistic pursuit, and perhaps a note of a charity initiative. If your hobbies consist of, as I saw on the resume of a senior legal candidate, "knitting and watching TV", I'd strongly suggest you get out more.

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

Paul Chapman, managing director, HornbyChapman Ltd

Mandate Mangle

State Street is in line to replace BNY Mellon as the master custodian of New York City's five pension funds.

The city's comptroller John Liu said in a statement that State Street's proposal was the cheapest to emerge from an open bidding process.

State Street's submission "offers a valuable combination of services that will increase audit transparency and modernise reconciliation capabilities for the more than 2000 accounts held by the funds", added the statement.

The deal is subject to successful contract negotiations. BNY Mellon's agreement with New York City is expiring.

State Street is expected to take over as master custodian in the autumn. It will provide coverage for all asset classes held by the $137 billion pension system, including equity, fixed income, private market accounts, and hedge funds.

"Implementing this proposal will make our top-flight pension fund management even stronger," said Liu. "As the composition of our funds change and financial markets become increasingly complex, we will be able to continue to carefully safeguard and track every dollar of the city's pension assets."

Dom Inwestycyjny Investors S.A. (DI Investors), an independent Polish brokerage house, has selected **SunGard's** Valdi to provide a front-to-back trading and direct market access connectivity solution to the Warsaw Stock Exchange (WSE).

In order to provide brokerage activities on the WSE's new trading platform, DI Investors chose SunGard's Valdi trading solutions, which will give users DMA access on the WSE, as well as market-making and advanced trading functionalities.

"Poland remains a resilient area of growth in Europe, and access to its capital markets is an attractive proposition for SunGard's customers. For emerging European markets, Poland is a blueprint of how to do things right," said Philippe Carré, global head of connectivity, SunGard's capital markets business.

DI Investors is the twenty-first local member of the WSE to choose SunGard solutions to power their trading floor in Poland.

Cordea Savills Invest GmbH, the investment company of Cordea Savills group, will transfer its depotbank services for real estate funds to **CACEIS** in Q3 2013.

Cordea Savills offers investment opportunities and services to institutional investors wishing to invest on a pan-European basis as well as to international investors who wish to invest in German property.

The mandates transferred to CACEIS cover investments on a pan-European basis. "In CACEIS, we have found a partner for our real estate funds that convinced us with diverse services and an expertise corresponding to our needs," said Hans-Dieter Martin, the managing director of Cordea Savills Invest KAG GmbH.

CACEIS successfully participated in a request for proposal by Cordea Savills.

"We offer Cordea Savills cooperation based on both local and international partnership and will support the pan-European focus of Cordea Savills to its full extent," said Dr Holger Sepp, co-head and member of the management board of CACEIS in Germany.

A rocky road to acceptance

The July deadline for AIFMD has been and gone—but what has really changed? AST investigates

GEORGINA LAVERS REPORTS

The directive seemed so bright when it was introduced in 2011, but after two years of confident press releases, seminars and specifically-hired staff, progress in implementing the Alternative Investment Fund Managers Directive (AIFMD) across the EU has been fairly uneven.

According to a joint study by the Alternative Investment Management Association (AIMA) and Ernst & Young, although a majority of EU member states have either already transposed AIFMD into law ahead of the transposition deadline of 22 July 2013, or have drafted the final legislation and are awaiting parliamentary approval, only 12 member states have completed full legislative transposition.

At least five member states are known to have made little or no progress towards drafting or finalising the required legislation. The AIMA/Ernst & Young study also found that at least 15 member states are allowing managers more time to comply with the directive under transitional periods of up to one year from the transposition deadline, although two of those appear to be extending this relief only to their domestic managers.

Jiri Krol, AIMA's deputy CEO, head of government and regulatory affairs, said: "It rarely happens that all member states transpose on time but we are encouraged by the progress that is being made by some of the key asset management and fund jurisdictions in implementing the directive. That said, there are still significant areas of uncertainty even in those jurisdictions that have transposed the text."

Twelve member states have so far transposed the directive into law: the Czech Republic, Cyprus, Denmark, France, Germany, Ireland, Luxembourg, Malta, the Netherlands, Slovakia, Sweden and the UK.

Austria, Bulgaria, Hungary, Italy, Latvia and Romania have drafted laws that are awaiting parliamentary approval, while Belgium, Finland, Portugal, Slovenia and Spain are yet to begin transposing the directive into law.

AIMA also stated that Estonia, Greece, Lithuania and Poland are still awaiting clarification.

For non-EU member states, the question remains whether to comply with AIFMD at all.

One island that has opted in is Guernsey. Fiona Le Poidevin, chief executive of Guernsey Finance, says that the domicile is now operating dual regimes, which will enable distribution of Guernsey products into both EU and non-EU countries via normal marketing routes, including EU national private placement regimes where they remain available.

The island is also weighing up the pros and cons of operating a Guernsey 'opt in' regime in order to access (on a bilateral basis) EU member states that align their private placement rules with AIFMD.

On top of this, Le Poidevin asserted that the island will participate in future consultations on how third country 'passporting status' will operate from July 2015. This is related to the opt-in rules, which may allow bilateral marketing of an alternative investment fund product to certain EU member states prior to the implementation of a third country passport regime.

In most countries, the use of the passport will be voluntary in the sense that until late 2018/early 2019, non-EU firms will have a choice between becoming authorised and benefitting from the passport on the one hand, and continuing to market under national placement regimes on the other.

In some countries, national regimes will be abolished and marketing will only be available under the passport.

If national placement regimes are terminated in 2018/19, authorisation will be the legal regime applicable for all firms that want to actively solicit EU investors.

Gibraltar is another territory, that, while not strictly considered an EU member state, is keen on implementing the directive.

"Gibraltar, for the purposes of AIFMD, is in the EU and as such transposition has the same effect as if it were a member state," says Paul Astengo, senior executive at the Gibraltar Finance Centre.

"Delivered on schedule, Gibraltar has fully embraced this important change; it is committed to the directive and sees the advantages that it provides to the funds industry particularly to prospective firms wishing to redomicile."

Fundamentally, he says, it provides the opportunity of automatic access to the EU single market, which is not the case with other overseas territories as they are not part of the EU.

"Gibraltar is an onshore, fully compliant, internationally cooperative and G20 white listed European finance centre. [The island] has regulations specific to redomiciliation which permit this to occur from all of the major non-EU fund centres including the Cayman Islands, the British Virgin Islands and the Channel Islands."

Though some countries have yet to implement (and with cases such as Greece one guesses that they have far more to worry about), the progress was always estimated to be slow.

> "At least five member states are known to have made little or no progress towards drafting or finalising the required legislation"

Julian Young, a partner at Ernst & Young, co-author of the study, says that the directive is a complex piece of legislation, and that the task facing member states and national regulators in implementing it within the required timeframe is not small.

"Even though the number of member states that have already implemented AIFMD may not look impressive, more progress has been made toward transposition than had been expected."

"However, it's clear from the survey results that the directive has not yet achieved the single market for non-UCITS products it was aiming for, and so firms will have to operate across a patchwork quilt of regulatory standards for the next few years at least." **AST**

A gentleman's disagreement

Switzerland's local fund managers may not take to AIFMD as enthusiastically as regulators. AST takes a look

GEORGINA LAVERS REPORTS

There are a few pertinent points to consider when servicing assets in Switzerland. The first is a unique and very particular client-focused culture, which means that a small set-up can generate as much revenue as a global custodian in the country. A typical client will want more than just custody, and can look to a local provider for wealth and asset management and private banking, as well as custody services.

Swiss GAAP (Generally Accepted Accounting Principles) FER 26 accounting standards for pension funds must also be accounted for by all Swiss-domiciled funds—and local players can take advantage of the fact that they are different to the EU national and cross-border pension regulations that the global custodians are familiar with in other European countries.

GAAP FER 26 came into force on 1 April 2004, establishing principles of transparency and disclosure for pension assets and liabilities. Despite the similarities to other GAAPs, as well as to other regulations such as the IFRS (International Financial Reporting Standards), PricewaterhouseCoopers described the IFRS and US GAAP as "globally acknowledged accounting standards for which a broad range of theoretical background, interpretations and literature is available".

Swiss GAAP FER, it said, focuses on accounting for small- and medium-sized organisations and groups based in Switzerland, and that, "if there are questions that are not answered by a respective standard, the general principle of a true and fair view should be applied".

Early to the finish line

Though the country may be contrary in some of its rules on tax and accounting, it was straight off the draw when the Alternative Investment Fund Managers Directive (AIFMD) kicked into action.

The country beat the July 2013 deadline to comply with AIFMD, signing a memorandum of understanding with the European Securities and Markets Authority (ESMA) in December 2012, which represented all EU member states during negotiations.

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

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

It will apply to Swiss alternative investment fund managers that manage alternative investment funds in the EU, as well as EU managers that manage or market the funds in Switzerland.

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

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

ESMA chair Steven Maijoor said that the agreement between EU and Swiss supervisors to facilitate cooperation on the supervision of cross-border alternative funds was an important step in increasing investor protection and the global consistency of supervision.

FINMA chair Anne Héritier Lachat said that cooperation between FINMA and EU supervisors will further improve cross-border supervision of the funds business and ultimately reinforce investor protection in cross-border operations of alternative funds.

But the reactions of Swiss alternative investment fund managers may not reflect the positive stance of EU authorities. In a market survey, KPMG warned that since there are a number of possible ways in which these managers can respond to these forthcoming changes—and since there are several alternatives to becoming fully regulated, such as relying on the de minimis exemptions, switching to a UCITS structure or simply choosing a wait-and-see approach—the assumption that the majority will opt for full AIFMD regulation is probably not warranted.

"Since the results ... do not clearly indicate that Swiss managers will automatically apply for a Swiss licence, the question arises as to how they will react," said KPMG.

"Given the importance their [survey] responses indicate that they attach to the expectations they place on their domicile of choice being met, there are strong indications that a significant proportion of Swiss [alternative investment fund managers] will look beyond the borders of Switzerland." **AST**

Dragging its feet

Pat Bingham-Peters of Goal Group discusses Switzerland's reluctance to incorporate class actions into civil procedure

In recent years, securities class actions have developed at a rapid pace outside of the US. This is a result of restrictions on jurisdiction definitions in the US federal courts, along with a growing desire to develop domestic class action procedures in many countries around the globe. Some of these countries appear to be allowing international class actions to be tried in their courts, even if the stocks and shares in question are quoted on a non-US exchange, and the case involves only a minority of domestic investors. Switzerland, however, has so far refrained from incorporating class actions into Swiss civil procedure.

Switzerland's reluctance is, in part, due to the 'principle party disposition'—a highly regarded procedure nationally that is relevant to all areas of civil law and enables parties to have direct control over the object of dispute. In a recent interview with World Radio Switzerland, Geneva-based lawyer Carlo Lombardini explained that the courts are reluctant to modify legislation that would encourage the idea that "because a loss has been suffered that it must be recovered". This is because in Swiss law, if one has suffered damage, one must prove that the damage was caused because of a violation of a duty or contract.

Instead, the Swiss legal system acknowledges 'group actions'. In the classic format of a group action, a simple joinder exists through a joint plaintiff consisting of several parties or where several parties are sued as joint defendants. Such a joinder does not automatically create a binding precedent for the others in the group, allowing joint parties to proceed independently.

The litigation that most closely reflects a class action is Article 105 of the Swiss Merger Act, which provides compensation for damages for any company member/shareholder who has been disadvantaged during a transaction (merger, split or change of corporate form). The decision of such a claim has legal effect for all company members/shareholders who have the same legal status as the plaintiff regardless of whether they were subject to the claim or not.

However, shareholders may file a claim for appropriate compensation and, as legal experts Vogel and Kern highlight, "the court will verify whether the compensation offered to the minority shareholders in the merger agreement is equal to the fair value of the shares of the absorbed entity and, to the extent necessary, adjust such compensation".

Alternatively, under the Collective Investment Schemes Act (Article 85), a representative individual may represent a group of investors and claim in the name of the group. Such a judgement has a binding effect on all affected investors.

Although we are yet to see Switzerland incorporate class actions into civil law, changes that uphold investor rights will always be viewed as positive as they will encourage stronger corporate governance.

Pat Bingham-Peters
Director of sales and relationship management in EMEA
Goal Group

Industry appointments

Paul Tucker, who left his role at the Bank of England for a career as a fellow of Harvard, has been replaced by **Sir Jon Cuncliffe**.

As deputy governor of the Bank of England, Cunliffe will play a crucial role in ensuring the safety and stability of the UK's financial sector and will sit on the bank's court of directors, the financial policy committee, the monetary policy committee, the board of the prudential regulation authority, and will represent the bank on a number of national and international bodies.

Most recently, Cuncliffe was the British permanent representative to the EU. In 2007, following Gordon Brown's appointment as prime minister, he was appointed head of the European and global issues secretariat. This role included being the prime minister's advisor on international and EU economic affairs.

He was the senior official involved in 2010 talks over the first Greek bailout, which ultimately led to the creation of emergency funding programme, the European Financial Stability Mechanism.

Paul Tucker has been recently been appointed as a senior fellow at both the Mossavar-Rahmani Center for Business and Government at Harvard Kennedy School in Cambridge and at the Harvard Business School in Boston, where he will serve as a member of the school's finance unit.

As a senior fellow, Tucker will work with faculty and students, both inside and outside the classroom, to help advance research and teaching about the global economy, financial institutions and the global financial system.

The supervisory board of National Settlement Depository (NSD), Russia's central securities depository, has elected 25 members to its CSD customer committee, with a one-year term of power.

Among those chosen were **Dmitry Zaliznyak**, the chief of depository services development at J.P. Morgan Bank International; **Yekaterina Kalinina**, who holds a similar title at Deutsche Bank; and **Natalya Sidorova**, the head of securities services for ING Commercial Banking.

In June, the number of the members of the committee was dropped to 25 people.

State Street has appointed **Roger Stein** as chief analytics officer for its global exchange.

Global Exchange brings together existing components from State Street's research and advisory, analytics, Currenex, Global Link and derivatives clearing capabilities with new research to develop solutions to address clients' data information and trading challenges.

In this new role, Stein will direct all aspects of Global Exchange's new product offerings and provide support for sales engagements across the organisation.

Stein will be based in New York and will report to Jeff Conway, executive vice president and head of State Street Global Exchange.

Previously, Stein held a number of senior positions at Moody's including president of Moody's Research Labs (MRL), co-head of Research at Moody's KMV, managing director of the managed funds group at Moody's Investors Service and managing director of research and academic relations globally.

GoldenSource Corporation, an independent provider of enterprise data management solutions for the securities and investment industry, has hired **Bettina Engelen** as a senior sales manager for the German-speaking and Nordic regions.

Based in Frankfurt and reporting to Massimo Broggi, the vice president of Europe, Middle East and Africa sales and client operations, Engelen will build on a strong network of existing customers and local contacts to grow business throughout the region, focusing on Germany, Austria, Switzerland and the Nordics.

Engelen's previous roles include risk consultancy at Deutsche Bank and managing partner at Thomson Reuters.

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NASDAQ Dubai exchange has appointed **Hamed Ahmed Ali** as CEO.

The appointment follows Ali's success in developing the exchange in the role of acting CEO since August 2012.

Activities at NASDAQ Dubai in 2013 include the listing a number of Sukuk and conventional bonds and preparing innovative plans for further expansion in addition to listing of equities. **AST**

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