AST
ASSETSERVICINGTIMES

ISSUE082
05.02.2014
WEDNESDAY
assetservicingtimes.com

Liquidity is king for Russian market

Clearstream has opened up settlement to Russian corporate bonds via its direct link to the National Settlement Depository (NSD).

The move follows the establishment of a cross-border service, between Euroclear Bank and NSD, for Russian corporate and municipal bonds. The partnerships will potentially increase liquidity flow in the Russian market.

Clearstream has offered services in the Russian market since 2006, including government bonds (OFZ) since January 2012 via its indirect link to the Russian central securities depository.

On top of opening up settlement to Russian corporate bonds, Clearstream will also work with NSD to help customers easily settle transactions between their accounts at the two ICSDs, potentially increasing liquidity flow in the Russian market.

Jeffrey Tessler, CEO of Clearstream, said: "Last year Clearstream received access to the Russian government bond market which resulted in a significant increase in market volumes, as well as in the number of market participants," explained Alexander Afanasyev, CEO of Moscow Exchange.

"This year Clearstream has started to provide post-trade services on Russian corporate bonds. This move is a reflection of the interest of international investors in Russian corporate rouble-denominated debt. As was the case with government bonds, the arrival of international clearing organisations into the corporate bond market should provide for greater liquidity and reduced cost of borrowing. This will benefit both market participants and issuers alike."

As a next step, Clearstream will look to offer settlement for equities via its direct link to NSD, due for summer 2014, in line with expected changes to Russian legislation.

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State Street expands Chinese footprint

State Street has opened a new office in Shanghai.

The office will provide alternative investment servicing solutions to support State Street's strategic hedge fund clients as they expand their business in China.

It will also support client and business development initiatives in China for State Street's alternative investment solutions (AIS) business in the private equity and real estate asset classes.

Carol Hall, senior managing director of State Street's AIS team, said: "This is an exciting milestone for State Street and our continued development in China. We are very pleased to be able to support our global clients as they expand into the APAC (Asia Pacific and China) region."

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AIFMD causes bottleneck

There are six months to go until implementation of the Alternative Investment Fund Managers Directive (AIFMD), but fewer than 20 percent of managers have submitted an application to their local regulator for authorisation.

The research was compiled by BNY Mellon, which stated that given that securing authorisation typically takes a number of months, bottlenecks and delays are now likely to develop, putting even greater pressure on managers, depositories and services providers

Only 19 percent of respondents to BNY Mellon's survey submitted requests for authorisation during 2013, leaving 81 percent of managers surveyed still to apply to their regulator.

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Liquidity is king for Russian market

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Clearstream is continuing to settle equities in Russia via its indirect link to NSD, through Clearstream's local agent bank, Deutsche Bank Moscow.

Sergey Shvetsov, first deputy governor of the Bank of Russia and head of the Bank of Russia financial markets service, said: "Access to the corporate bonds market granted to Clearstream is a great event for the Russian market."

"Entry of international clearing and settlement organisations to the OFZ market already provided a positive impact by decreasing the cost of borrowings for the government. Now we continue our commitment to open access to the stock market for ICSDs on 1 July 2014. We are considering Clearstream's access to the corporate bonds market as an indicator of our successful work in collaboration with NSD and international infrastructural organisations."

Eddie Astanin, chairman of the NSD executive board, described the links with Clearstream as "a positive sign of the progress made", but urged caution.

"There is still a long way to go. We have to improve accessibility of corporate actions information, develop new products like collateral management and serve investors from around the world in line with best practice. We believe that [the] launch is another big step in establishing Moscow as one of the global financial centres."

Among NSD's other work is its cross-border service with Euroclear Bank, which was announced in late January.

All Euroclear Bank clients investing in corporate and municipal debt, via the bank's account with NSD, will be able to settle those trades and deposit their positions with Euroclear Bank.

This new service complements NSD and Euroclear Bank's offering for Russian government bonds, which was launched in February 2013. Municipal bonds and corporate bonds issued in 2012 and later are eligible for the service.

Euroclear Bank's service for OFZs, and now corporate and municipal debt, is part of a move to expand Euroclear Bank clients' access to Russian securities, including a service for Russian equities, which is scheduled to go live in the second half of 2014.

OFZs, corporate and municipal securities held in safekeeping by Euroclear Bank will also be eligible as securities collateral for securitised transactions where Euroclear Bank is the tri-party collateral management agent.

NSD has links with CSDs/ICSDs in eight countries and with 12 cash correspondent banks, allowing NSD clients to settle free-of-payment and delivery-versus-payment securities transactions in rurobonds, non-domestic bonds and equities, depository receipts, exchange-traded funds, and other instruments. Cash settlement is available in eight foreign currencies.

The Russian CSD recently reported its 2013 financial position.

In 2013, NSD's customers' cash accounts turnover and its securities turnover increased to RUB367.2 trillion ($10.6 trillion) and RUB168.1 trillion ($4.9 trillion) respectively. This represents a rise of 39.8 percent and 27.8 percent over 2012.

NSD's revenues for 2013 reached RUB33.5 billion ($967.8 million), which is 150 percent more than in 2012. Its expenditures for 2013 stood at RUB29.9 billion ($863.7 million).

The CSD's net profit for 2013 grew 1.6 percent over the previous year, up to RUB3.6 billion ($103.4 million).

Eddie Astanin commented: "Global investors have gained direct access to the Russian governmental debt market via Euroclear and Clearstream accounts with NSD. In 2013, NSD fulfilled such important projects as collateral management in the market of the Bank of Russia's OTS repos with the basket of securities, clearing and DVP settlements in foreign currency on the OTC translations with securities, as well as record keeping of the OTC transactions with derivatives in the repository."

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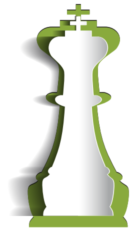

State Street expands Chinese footprint

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"We believe our approach to providing integrated investment servicing solutions is well-suited to China's growing market, where domestic institutional investors have become more sophisticated and are gaining more exposure abroad. These investors are looking for foreign partners with global capabilities combined with local knowledge and expertise."

State Street's team in Shanghai will report to Eric Chow, head of relationship management for State Street's AIS business in the Asia Pacific. The new office builds on State Street's commitment to expand its presence in the Asia Pacific region.

State Street opened its technology centre in Hangzhou China in 2008, its Beijing branch in 2011, and State Street Global Advisors announced a joint venture with Zhongrong International Trust last year.

Chow said: "We expect the growth of China's foreign reserves and the increasing appeal of global asset allocation will support our growth plans. Over the long-term, we would like to continue expanding our business in the region in accordance with our clients' needs and Chinese regulations."

AIFMD causes bottleneck

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The survey also found that 41 percent of respondents said they plan to submit their application in Q1 2014 while a further 20 percent said they would do so during the final three months period prior to the 22 July deadline—irrespective of the time required for preparing and processing applications.

Five percent of managers surveyed are expected to be closed, merged or sold, potentially resulting in less choice for investors.

The mean cost of AIFMD compliance is expected to be $300,000, consistent with the $305,000 figure posited by respondents to BNY Mellon's previous survey six months ago.

The majority of respondents believe the project/one-off costs of fulfilling AIFMD risk and compliance requirements will be at least $100,000—and potentially over $250,000—per institution.

Hani Kablawi, EMEA head of asset servicing at BNY Mellon, said: "There is a danger of a significant bottleneck developing in the application process, as many managers surveyed are yet to fully address their AIFMD requirements in time for the July deadline."

"Allowing for the time required by regulators to review applications, and for depository and administrative service providers to make the relevant arrangements, there is a risk that funds will miss the application deadline. The slow progress we see around applications highlights both the uncertainties and practical challenges the industry is facing getting to grips with AIFMD."

Confisio and Traiana collaborate on EMIR

Traiana, the provider of pre-trade risk and post-trade processing solutions, has entered into a strategic alliance with Confisio Managed Services, a supplier of customised turnkey solutions to the financial services industry.

Traiana and Confisio will together provide a middleware trade reporting solution to Confisio clients in Cyprus ahead of the impending 12 February European Market Infrastructure Regulation (EMIR) deadline.

The TR Connect service is a middleware trade reporting solution to achieve accuracy and certainty of compliance for buy and sell side firms.

A delegated reporting infrastructure enables participants to keep trade repositories up to date across the trade lifecycle. The solution is designed to automate the challenges around unique trade identifier sharing and legal entity identifier generation/tagging and delegated reporting for EMIR compliance.

It offers participant connectivity with data mapping/enrichment and trade repository connectivity. The result is a matching/reconciliation service for vendor-delegated and single-sided trade reporting.

Christodoulos Papadopoulos, Confisio CEO, said: "Traiana allows us to fully deliver the requirements ... for EMIR reporting by giving us strong back-end capabilities and business foundation."

Roy Saadon, co-founder of Traiana, added: "[Our] partnership with Confisio in Cyprus reflects our overall strategy to reach a broader range of clients across Europe to help them fulfill their new regulatory obligations. Confisio delivers a competitive and efficient solution for market participants that permits proper and timely EMIR reporting and we are very pleased to be working with them."

Northern Trust custody and admin looking up y-o-y

Investment, trust and other servicing fees at Northern Trust reached $673.8 million in Q4 2013, an 8 percent increase on the previous year, according to the bank's latest financial report.

The $51.2 million increase over Q4 2012's $622.6 million "primarily reflects new business and the favourable impact of equity markets, partially offset by higher waived fees in money market mutual funds".

Assets under custody and assets under management are the primary drivers of Northern Trust's investment, trust and other servicing fees.

The bank's corporate and institutional services (C&IS) and wealth management businesses had combined assets of $5.6 trillion under custody and $884.5 trillion under management in Q4 2013.

C&IS trust, investment and other servicing fees increased $26.8 million, or 8 percent, to $371.1 million in Q4 2013 from the prior year quarter's $344.3 million.

Custody and fund administration fees, the largest component of Northern Trust's C&IS fees, increased 12 percent, "primarily driven by new business and the favourable impact of equity markets", said the bank's report.

Frederick Waddell, chairman and CEO of Northern Trust, commented: "Strong new business and higher equity markets drove client assets under custody and under management up 16 percent and 17 percent, respectively, compared to the prior year."

"Despite 8 percent growth in trust, investment and other servicing fees, overall revenue growth of 5 percent in 2013 was dampened by the challenging interest rate environment."

OCC prepares S&P 500 launch

OCC has received regulatory approvals to clear over-the-counter equity index options, bringing capital and operational efficiencies and enhanced customer protections to the equity derivatives marketplace.

The corporation plans to launch its OTC S&P 500 equity index option clearing services in Q2 following the completion of testing with market participants.

The Securities and Exchange Commission (SEC) has recently approved a Securities Investor Protection Corporation (SIPA) rule change broadening the definition of 'standardised options' under the Securities Investor Protection Act to include OTC options cleared by OCC.

This approval enhances the protections afforded to customers in the event of a liquidation of their broker-dealer as standardised OTC options will now be subject to closeout or transfer in a SIPA proceeding.

Regulatory approvals also enable OCC to offer portfolio margining of listed and OTC positions that are held in a single account, which may result in margin offsets and lowering the overall cost of clearing.

Additionally, OCC has received SEC approval for changes to its rules to reflect modifications to its margin model for longer tenor options. These options of at least three years, both listed and OTC, will be covered by enhancements to OCC's risk model in order to better reflect certain risks of longer-tenor options, strengthening risk management across the industry.

Craig Donohue, executive chairman of OCC, said: "Being the first clearinghouse in the United States to clear OTC equity index options is an exciting step for OCC. As the world's largest equity derivatives clearing house, this is a logical extension of our capabilities."

"OCC has been a leading innovator in the clearing and settlement of equity derivatives for more than 40 years," said Michael Cahill, president and CEO of OCC. "We are pleased to extend the protections of our financial guarantee and our central counterparty role to the OTC equity derivatives market."

SmartStream launch reacts to industry demands

SmartStream Technologies, the financial transaction lifecycle management specialist, has launched its new TLM cash and liquidity management solution.

Following on from SmartStream's participation in industry consultation, roundtables, conferences and workshops, it has reacted to the demand and paradigm shifts taking place within the cash and liquidity management operations.

The new software is a strategic tool to enable banks to comply with Basel regulatory compliance for monitoring tools for intraday liquidity management, with the first reporting deadline coming in January 2015.The new solution will enable banks to report on all liquidity and exposures.

Banks have to react to increasing regulatory and operational pressures to actively monitor and manage their intraday liquidity positions and risks for both direct participant and correspondent banking settlement markets. SmartStream said that the new management solution ensures they can meet payment and settlement obligations on a timely basis.

In a statement, the company said: "This is a paradigm shift from end of day focused cash management operations and is required to ensure banks contribute to the smooth functioning of payment and settlement systems, under both normal and stressed conditions, as well as managing their own intraday liquidity risk profiles."

Nick Noble, product manager of cash management at SmartStream, said: "Correspondent banks are often not able to provide full coverage of movements across financial institutions Nostro accounts. This lack of coverage clouds visibility, causing forecasting errors, which can lead to huge amounts of money being lost due to incorrect funding decisions, and also makes monitoring the Basel Intraday Reporting metrics in real time almost impossible."

"At SmartStream we believe there should be a duty of care for managing intraday liquidity, this is not just a tick box item, this is going to be a key requirement for 2015."

Misys and L&G in software agreement

Misys has entered into a software project with Legal & General Investment Management (LGIM), one of the world's largest investment managers. LGIM has selected Misys Sophis VALUE to address its enterprise portfolio and risk management requirements.

Simon Thompson, COO at LGIM, said: "We chose Misys because it is able to provide a solution that matched the unique needs of a global fixed income manager, including capabilities to support our LDI (liability driven investment) strategies. The functionality in Misys Sophis VALUE and the team's understanding of our requirements, gave us the confidence to select them as our long-term partner."

Tim Green, general manager for the buy side at Misys, said: "The agreement with a financial powerhouse such as LGIM reinforces the market-leading capabilities of our fixed income portfolio and risk management platform. Our vision and strategy for global asset managers is to continue to deliver additional value to the front office by integrating risk analytics and pre-trade compliance into the investment management process to provide significant competitive advantages to our customers."

Complementing its position in the derivatives space, the latest version of Misys Sophis VALUE addresses the needs of global fixed income and LDI managers and will help LGIM to achieve greater efficiency and growth through the use of the platform.

Apex opens Jersey branch

Apex Fund Services has opened an office in Jersey.

Jersey, together with other Channel Island jurisdictions, has experienced significant growth in its fund servicing industry. The sector is valued at approximately $350 billion in Jersey, with more than 1300 regulated funds.

Apex has itself experienced a significant increase in the level of interest being demonstrated by fund managers in Jersey, a trend that Apex expects to continue.

Jersey quickly took an opt-in approach to the Alternative Investment Fund Managers Directive, giving global managers and investors reassurance and confidence about the regulatory controls that exist in the jurisdiction.

Following the opening of Apex Jersey, the new office will provide alternative fund structures for clients as well as act as a springboard for Apex's advanced private equity services.

Apex Jersey is managed by Andrew Mason, who has more than 30 years of experience of Jersey's financial sector. He specialises in corporate and fund structures and has held a number of high profile directorships sitting on boards as the general partner of private equity, real estate and mezzanine structures.

Peter Hughes, chief executive and founder of Apex Fund Services, said: "Different jurisdictions around the world are becoming increasingly specialised and recognised for specific services. At Apex our responsibility is to seek out and provide fund managers with the most suitable and cost effective solution for their funds anywhere around the world."

"With the levels of interest being shown in Jersey, Apex's latest office will be a key part of our global network and will ensure that the growing advantages of using Jersey's flexible and full range of structures and corresponding regulatory approaches can be capitalised on by our clients."

Mason said: "Jersey's fund services sector is at the forefront of developing close relationships with counterparts in all of the world's major centres including London, China, India, and the Gulf Region, to deliver structured products and specialist vehicles that meet a whole range of financial and investment objectives."

"This makes Jersey an obvious fit within the Apex global network and I look forward to bringing significant value to the services Apex offers its clients."

A good year for State Street

State Street's chairman has said that its results for 2014 show that the business remains strong despite the difficult financial climate.

State Street currently have $27.43 trillion in assets under custody and administration and $2.35 trillion in assets under management. The company employs 29,430 people worldwide.

Joseph Hooley, chairman, president and CEO, said: "Our fourth quarter and full-year results reflect the strength of the core business and our continued focus on our key priorities to deliver value for our clients and shareholders. [Last year] was a very good year for State Street despite both the ongoing headwinds created by the low rate environment and the increasing regulatory cost and complexity. Importantly, for the full year, we grew our core asset servicing and asset management fees by almost 10 percent compared to 2012."

New asset servicing mandates during Q4 2013 totalled $392 billion and net new assets to be managed were $5 billion.

Operating-basis other expenses increased 16.3 percent to $292 million in Q4, primarily due to higher securities processing costs, professional services fees and sales promotion costs.

The results show that securities finance revenue of $76 million in Q4 2013 increased 2.7 percent from Q3 2013 and Q4 2012, respectively.

Net income available to common shareholders of the company grew from $531 million in Q3 2013 to $545 million in Q4.

With reference to projections, the company cited adverse changes in the regulatory capital ratios under the US Dodd-Frank Act as a potentially limiting factor.

Labuan enters MOU with INCEIF

The Labuan International Business and Financial Centre (LIBFC) and INCEIF, the Global University of Islamic Finance, have signed a memorandum of understanding to establish a collaborative framework towards raising awareness on Islamic wealth management.

The research topics proposed will cover key components of Islamic wealth management including shariah-compliant wealth acquisition, risk management, Islamic wealth preservation and wealth distribution.

According to Saiful Bahari Baharom, CEO of Labuan IBFC: "This strategic partnership will benefit both Labuan IBFC and INCEIF in terms of pooling our resources to conduct more research into understanding shariah issues in wealth management. We hope to feature the findings from this research into an annual journal focusing on wealth management."

Daud Vicary Abdullah, president and CEO of INCEIF, said that the university is honoured to add another important industry partner to its growing pool of strategic collaborations.

Duad said: "This collaboration with Labuan IBFC is a perfect fit for INCEIF as we both share a vision to develop and promote knowledge in Islamic finance particularly in Islamic wealth management. As the only university in the world to focus exclusively on Islamic finance education and research, INCEIF has become a preferred partner and place of study for many."

MMoU gains 100th signatory

The Indonesian Financial Services Authority is the 100th signatory to the International Organization of Securities Commissions's multilateral memorandum of understanding on cooperation and exchange of information.

The MMoU is the instrument used by IOSCO to combat cross-border financial services misconduct.

Securities regulators use the MMoU to share essential investigative material, such as beneficial ownership information, and securities and derivatives transaction records, including bank and brokerage records.

The MMoU sets out specific requirements for the exchange of information, ensuring that no domestic banking secrecy, blocking law or regulation prevents the provision of enforcement information among securities regulators.

There are 125 eligible IOSCO members, and the 100th signing marks a watershed for the association. Established in 2002, the MMoU is the cornerstone of IOSCO's efforts to eradicate potential safe havens for wrongdoers.

As long as jurisdictions remain outside of the international enforcement regime of the MMoU, they create gaps in IOSCO's global enforcement network.

Greg Medcraft, chair of the IOSCO board, said: "The MMoU is the foundation on which IOSCO's proud record of regulatory cooperation is based. It is a vital instrument supporting our global objectives of confident and informed investors, fair, efficient and transparent markets and reducing systemic risk. The fact we now have 100 signatories is, therefore, a significant milestone for IOSCO. I particularly welcome recent signatories from the Asia-Pacific region—Indonesia and Bangladesh."

The chairman of Indonesia Financial Services Authority, Muliaman Hadad, said: "IFSA viewed this moment as a milestone in Indonesia FSA's commitment to mutual assistance and the exchange of information for the purpose of enforcing compliance with the laws and regulations of the relevant jurisdictions, emphasising the role of securities regulators to assist each other."

IOSCO has taken significant steps to encourage its members to introduce the measures needed to become a signatory to the MMoU.

The growing number of signatories in recent years has contributed to a sharp increase in cross-border cooperation among IOSCO members, enabling regulators to investigate a growing number of inside traders, fraudsters and other offenders.

Markit launches global ETF platform

Markit has integrated its suite of exchange-traded fund products into a new web platform that delivers capabilities required for navigating the ETF business.

Mark Schaedel, managing director and global head of equity and index data services at Markit, said: "Until now, ETF investors looking for global exposure have had blind spots due to a lack of cost effective exposure to previously inaccessible asset classes."

"The integration of our analytics into the new ETF platform helps customers navigate this fragmented market that spans over 5000 global ETFs, issued by more than 200 providers and which trade across 60 exchanges using a single view with a powerful analytics toolset layered on top."

Markit customers can use the platform to gain greater transparency across the global ETF market. It combines the complete referential dataset spanning 5100 ETFs, full daily portfolio holdings data, announced and forecasted dividends, and more than 1300 analytical daily and historical calculations addressing the performance, liquidity, risk and benchmark tracking metrics from the launch date of each ETF.

The integrated suite enables customers to screen the global ETF marketplace and perform detailed comparative analysis at the constituent level.

Alter Domus receives seal of approval

Alter Domus has become the first service provider to be authorised by the Luxembourg Financial Regulator to act as a professional depository.

The firm provides administration services to alternative investment funds and multinational corporations internationally.

Alter Domus has launched a depository service to support its clients in meeting the new requirement for funds captured under the Alternative Investment Fund Managers Directive (AIFMD) to appoint an independent depository.

CEO Laurent Vanderweyen said: "This is a natural evolution of our product offering, allowing us to provide a complete solution to private equity and real estate firms globally. We provide our clients with a vertically integrated approach, from outsourced fund administration to management of local companies, to which the depository function is now added."

Fabrice Buchheit, head of depository services, said: "This approval demonstrates the quality and ability of Alter Domus in being able to provide this service, meeting the high level of professionalism expected by the Luxembourg Financial Regulator and the new requirements set by [AIFMD]."

Alter Domus will provide full depository services to private equity and real estate clients. Subject to regulatory approval from the Financial Conduct Authority, the firm also plans to launch depository services in the UK.

RCAP diversifies beyond transfer agency

RCS Capital Corporation is to purchase J.P. Turner & Company, an independent brokerage and investment banking firm, and its affiliated investment advisory company, J.P. Turner & Company Capital Management.

Following the acquisition, J.P. Turner will help to further diversify RCAP's revenue base, which presently is derived from its wholesale distribution business, investment banking and capital markets services activities, investment management work, and transaction management and transfer agency lines of business.

William Kahane, CEO of RCAP, said: "J.P. Turner offers its investor clients a compelling mix of leading-edge technology, access to incisive third-party research, and top performing non-proprietary investment products."

Goldman Sachs securities services falls

Securities services net revenues at Goldman Sachs for 2013 were significantly lower compared with Q4 2012. In a statement, the firm attributed the fall to the sale of its hedge fund administration business in 2012, for $494 million.

During the quarter, equities operated in an environment generally characterised by an increase in global equity prices, while volatility levels remained low.

Securities services revenue was $1.37 billion in 2013, a drop from the $1.99 billion seen in 2012, and a fall of 31 percent.

For just Q4 2013, revenue for the division was $337 million. This was a slight drop of $3 million from the previous quarter, but a steeper fall of $481 million, or 58.8 percent, year-on-year.

Chapman's Eye on the market

Living the dream

When many of us were young, raised as we were in the mid-1960s and 1970s, we were brought up to believe that our life would follow a fairly standard and idyllic pattern—school, university, career, marriage, children, and finally, a comfortable retirement, with perhaps a house abroad and zero financial worries.

Our careers would have had an ongoing, uninterrupted trajectory from fun times as eager juniors through hard working, lucrative managerial years in our forties, before easing back in our 'senior advisor' fifties and finally packing the golf clubs and heading into the sunset. Our jobs would be rewarding and we would be paid commensurately with what we were worth, with due managerial acknowledgement for our efforts.

How different those plans, and our world, look today. With the continuing supply/demand mismatch in terms of candidates versus jobs, highly qualified people—and their valuable talents—are left unused and unable at times to even secure an interview through no fault of their own, with the attendant loss of self-confidence that can easily spiral downwards.

Rather than have a home base with a minimal commute and hence being able to spend more time with their family, people are obliged to either commute inordinately long distances, stay away during the week or even move abroad in order to give their families a chance of the quality of life they had come to believe was theirs by right. Financial pressures mean that marriages and plans to start families are being delayed, and stress is adding to the overall dilution in quality of life.

Partly due to a combination of global financial crises, growing use of technology and a tardiness in keeping pace with change, many professionals in their forties and fifties are earning no more—which, with inflation, means less—than they were doing a decade ago. Cold comfort perhaps, but if you feel that the above mismatch in expectations/reality applies to you, then you are no means alone in this industry.

What's the answer? Well, thankfully, everyone is different, but I'd suggest the best thing is—if you choose to remain in the industry of course—to keep a sense of perspective in that even at lower levels people in financial services are relatively well remunerated, working conditions very comfortable, and if belts are tightened, a reasonable quality of life can be had. When the market improves—and plenty of indicators are pointing that way—talent will be able to find a home more easily, and while the 'golden days' we were promised may never actually materialise, some semblance of normal service may be resumed.

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

Paul Chapman, managing director, HornbyChapman Ltd

BNY Mellon will provide custody and investment accounting for Somerfield Pension Scheme-managed assets worth £800 million.

The mandate extends BNY Mellon's existing relationship with the scheme's parent, The Co-operative Group, for which it already acts as custodian for the £7.4 billion Co-operative Group Pension Scheme and the £625 million Britannia Pension Scheme.

Insurance company Ageas UK has selected **State Street** to provide global custody and investment accounting services for $4.5 billion of its assets.

Ageas UK provides personal, commercial and protection insurance solutions under nine brands.

State Street is contracted to provide services to three of Ageas UK's underlying legal entities, Ageas Insurance, Ageas Protect and Tesco Underwriting.

Societe Generale Securities Services (SGSS) in Ireland has been mandated by Ocean Dial Asset Management Limited to provide custody and trustee services to its Irish UCITS fund.

The fund said that it chose SGSS due to its recognised UCITS expertise and its knowledge of the Indian market through its joint venture with the State Bank of India, SBI-SG Global Securities Services, Private Limited.

The joint venture will provide local sub-custody services to the fund, which invests predominantly in Indian securities. SGSS in Ireland provides a full range of administration, trustee and custody services to an international client base of UCITS and non-UCITS mutual and alternative funds, either domiciled in Ireland or in other jurisdictions.

Its offering also includes middle office services for OTC products, share class hedging, private equity and securities lending—though the Ocean Dial mandate does not include these services.

Ocean Dial Asset Management Limited was established in London in 2005 and is regulated by the Financial Conduct Authority. The firm specialises in investing in India.

SGSS in Italy has been appointed by Franklin Templeton Strategic Allocation Funds to act as its Italian paying agent.

It was retained for its recognised expertise and ability to provide personalised services tailored to the specific needs of its clients, alongside a wide network of placing agents.

SGSS in Italy offers a range of securities services, including settlement, custody and trustee services, fund administration, liquidity management and transfer agent services.

Franklin Templeton Strategic Allocation Funds is a range of Luxembourg-registered SICAV funds distributed in Italy by Franklin Templeton Investments, a global investment manager headquartered in San Mateo, California.

Franklin Templeton Investments offers investment services to clients in over 150 countries and, as of November 2013, the group has over $870 billion of assets under management.

After implementing the passport of its Luxembourg management company in France, J.P. Morgan Asset Management has chosen **BNP Paribas Securities Services** as depository bank and fund administrator for its first France-domiciled fund based on this model.

To distribute funds in France with French institutional investors, the management company already relies on BNP Paribas's capacity, through a dedicated fund hosting product, to offer overall solutions "featuring local expertise and proven experience in risk management", said a statement.

The passport is a new way for the bank to assist management companies in their international distribution.

"France is the first country where we have set up this passport, which was established by the UCITS IV directive, in order to offer our clients products constituted under local law featuring integrated management and a French custodian", said Jon Griffin, managing director of J.P. Morgan Asset Management Europe.

"We obtained AMF approval for a first fund constituted under French law and managed on the basis of this model for an institutional client and we can now offer tailored services to other clients, both institutional and distributors," said Karine Szenberg, managing director of J.P. Morgan Asset Management in France.

The project is part of J.P. Morgan Asset Management's development strategy in France. The Paris office achieved inflows of $1.28 billion into long-term products in 2012 and $1.2 billion in 2013.

HSBC has been appointed sub custodian to Harvest Global Investments's renminbi qualified foreign institutional investor exchange-traded fund tracking CSI300 Index, which is the first Luxembourg domiciled RQFII UCITS listed on London Stock Exchange.

Harvest is a Chinese asset manager with more than $49 billion in assets under management.

This mandate is the latest in a string of announcements since the beginning of the year.

HSBC became the first custodian bank to service a RQFII fund in London when the China Securities Services Regulatory Commission granted a licence to enter China's domestic securities market to asset manager Ashmore Group under a pilot scheme. HSBC facilitated the company's application for a licence.

It was also appointed custodian bank for the CSOP Source FTSE China A50 UCITS ETF. The fund, which listed on 9 January, is the first ETF to be listed on the UK stock market using investment quota approved under the RQFII pilot scheme.

HSBC will provide a full range of securities services to the ETF including trusteeship, global custody, fund accounting and transfer agency as well as acting as RQFII custodian.

Cian Burke, global co-head of HSBC securities services, said: "We are delighted to be providing sub custodian services to Harvest's first London-listed ETF. This mandate further demonstrates HSBC's understanding of the China market which gives us the capability to connect global investors to developing opportunities in China."

"The rapid internationalisation of the renminbi, and the opening up of China's capital markets to foreign institutional investors, plays to HSBC's strengths as a leading custodian bank with a global footprint and a substantial presence in China. We see significant demand for ETF products tracking physical China 'A' shares in Europe, and expect listings to expand to other major cities in Europe in the near future."

John Lewis Partnership Pensions Trust has appointed **Amaces** to benchmark and monitor custody and foreign exchange services provided to it by J.P. Morgan.

Amaces has developed a set of diagnostic products that allow clients to achieve and sustain optimum performance from their custodian banks and fund administrators

The firm has a client base of more than 80 global institutions managing £5 trillion in assets, enabling Amaces to provide benchmark comparisons by peer group and across the industry on service levels and value for money.

J.P. Morgan was mandated to provide custody and related services to John Lewis Partnership Pensions Trust in 2010.

The mandate covers custody, accounting, performance measurement, FX, compliance, cash sweep and securities lending services to John Lewis Partnership Pensions Trust, which has in excess of £2 billion in total assets under management. **AST**

The case in Italy

All parties should acknowledge cross-border opportunities in legislatures such as Italy and reclaim damages to which they are legally entitled, says Tania Dupoy of Goal Group

A class action is a lawsuit filed or defended by an individual acting on behalf of a group. It has been possible for class actions to be brought in Italy since January 2010. Article 140-bis of Italy's 'Codice del Consumo' (Consumer Code) provides a broad scope for class actions in the Italian legal system, however, for the purposes of this comment piece I shall discuss securities class actions.

Securities class actions trends are globalising rapidly and moving away from their original home, the US. Italy has developed legislation to meet the demand of its citizens and to account for the fact that US federal courts have banned F-cubed actions (when a non-US shareholder, whose stock was purchased on a non-US exchange, sues a non-US company within the US). Analysis has shown that the typical European share portfolio has become strongly international.

The average weighting is currently at 60 percent in domestic shares and 40 percent in cross-border shares. These weightings have highlighted to European shareholders (and responsible fiduciaries) that they could be left out of securities class actions in the US or in any other cross-border legislature unless they take an active role in a lawsuit. Although Article 140-bis does not state this exactly, Italian and European Commission rules could reasonably allow residents from other jurisdictions to bring an action within Italy's courts.

Our research at Goal Group shows that between 2000 and 2012, European investors' non-participation in US securities class actions has resulted in over $4 billion being left unreclaimed by the relevant parties. We have also predicted that non-US settlements will rise to $8.3 billion annually by 2020, yet $2.02 billion of investors' rightful returns will still be left unreclaimed each year. Investors and fiduciaries must be vigilant when monitoring their ability to participate in relevant securities class actions internationally.

In reference to securities class actions in particular, Article 140-bis protects "the homogenous rights to compensation for the prejudice suffered by the same consumers and users as a consequence of unfair business practice or unfair competition". It allows class members to progress a lawsuit in which investors can collectively sue to recoup losses suffered as a result of fraudulent corporate behaviour or mismanagement.

Although there is no minimum threshold of plaintiffs required to process a class action, those who seek to join it must opt-in. Certification orders are reported to the Ministry of Economy for mention on its website, and in the initial stage of a class action, the judge will declare the appropriate forms of advertisement in order to publicise the filing to other potential class members. The judge also outlines the criteria, that would need to be met to join. In Italy, no other class actions may be filed for the same facts and against the same defendant after the expiration of the criteria for joining set by the judge.

In a securities class action, the outcome of the leading plaintiff's case will apply to all who joined. The leading plaintiff bears the litigation costs relating to a class action, however, they may ask for 'joining fees' from class members who decide that they would like to be included in the action. Following a successful claim, the defendant is ordered to pay the final amounts to the class members as well as the lead plaintiff's legal costs.

Any level of non-participation in a securities class action presents fiduciaries with a major legal headache. Experience in the US shows they may be sued if they do not monitor and ensure participation in relevant securities class actions. All parties should acknowledge cross-border opportunities in legislatures such as Italy and reclaim damages to which they are legally entitled. With cross-border developments in mind, keeping track of opportunities and the claims process can be daunting. However, there are now specialist service providers that can automate the complex process of class action participation across international legislatures at a relatively low cost. **AST**

Tania Dupoy
Sales and relationship manager
Goal Group

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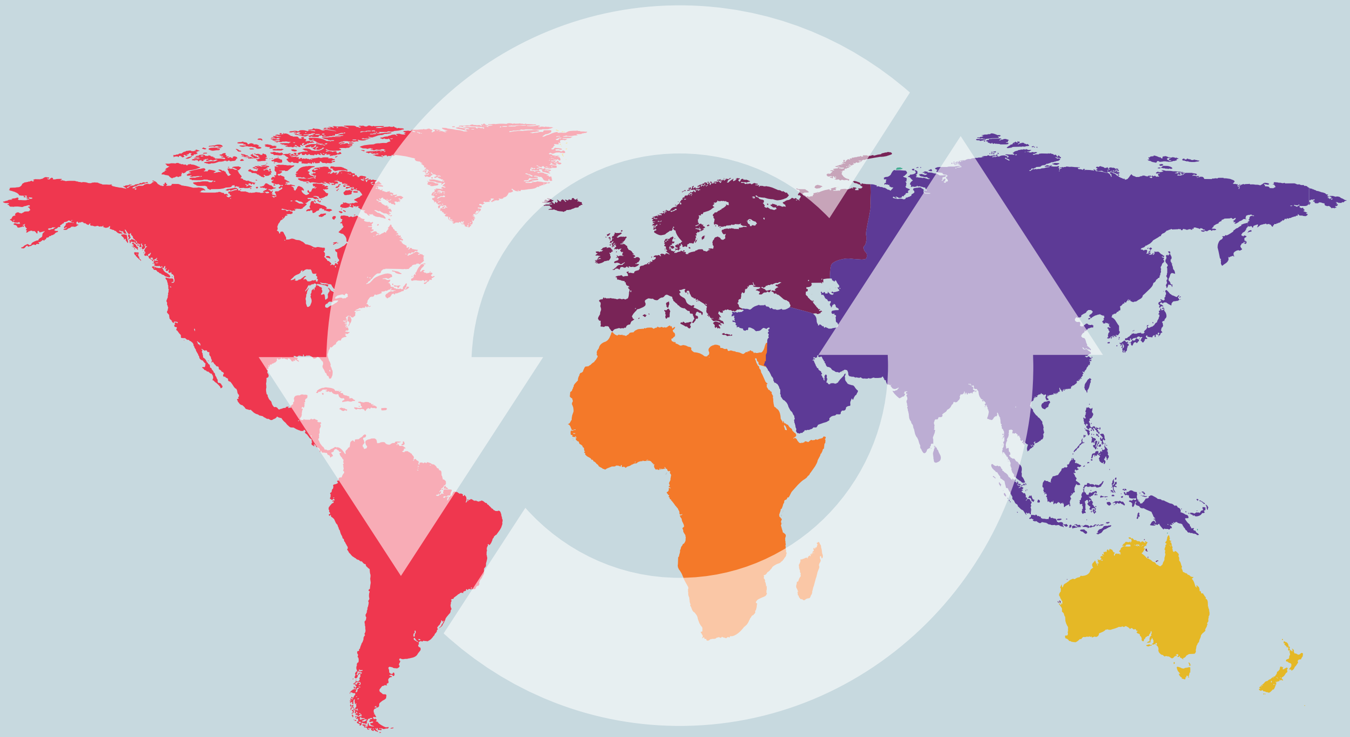

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Expansion drive

David Young, president of Gemini Hedge Fund Services, explains the thinking behind distributing the administrator's services on a more broad base

DANIEL JACKSON REPORTS

Why is Gemini Hedge Fund Services being lunched and what gap are you hoping to fill in the fund administration market?

Gemini Hedge Fund Services has a long history of administration experience, much of this has been centered around alternative strategies inside a mutual fund structure. The hedge fund administration unit has existed for more than a decade, and we are now focusing on distributing these services on a more broad base to alternative managers.

What is unique about Gemini Hedge is our ability to leverage the expertise of a true daily net asset value administrator. For a long time, we have seen hedge funds assimilating to a mutual fund experience, and that's what we are taking advantage of; the daily process that exists in a mutual fund administrator such as Gemini. We have the expertise that hedge fund managers are looking to work with. The technology that we are able to provide to managers allows them to tie together order management, their prime broker and their administration, all in one platform. With Gemini Hedge, they are able to see in real time profit and loss and risk, and that is tied to the underlying books and records of the funds, which is unique from a fund administration viewpoint. I think the other thing that Gemini Hedge has to offer is the fact that we focus on a lot of different areas of distribution for a fund manager. We have the ability to build a mutual fund. Gemini Hedge is one of the only administrators that has key account managers that work to introduce our fund managers to various platforms to make sure that the investors have the opportunity to work with our fund managers.

Why are more hedge funds adopting mutual fund administration?

This is happening because of investor demand. Investors would like to see an environment more like that of a mutual fund, with more frequent liquidity, more transparent reporting, as well as the desire to see more attributes of the portfolio including the true NAV of the fund.

With consolidation increasingly commonplace, what can smaller fund administrators do to stand out from the competition?

Smaller fund administrators need to have the ability to provide enhanced services and reporting for managers. Not all managers want the ability to provide data to their investors as frequently as in a mutual fund environment, but for those that do, the ability to provide that enhanced, transparent reporting is an area that a smaller administrator can try to focus on.

Do you think that the recent spate of mergers and acquisitions have been positive for the industry?

Yes, because it opens up more areas of the market for mid-tier administrators such as Gemini Hedge. We provide an administration offering that is the next generation of service. With consolidation, there is a better opportunity for Gemini Hedge to be included in the proposal process with alternative managers.

Will Gemini be looking to do business in Europe?

I certainly think that's an area of growth for us. I'm not sure if that will happen this year, but I think that is something we will explore in the future. AST

Industry appointments

Calastone has appointed former SunGard chief executive **Cristóbal Conde** as a non-executive director.

Conde will take a seat on the main Calastone board and has also purchased a minority stake in the privately held business.

Having spent 28 years at SunGard, Conde stepped down from SunGard in May 2011. At the time of his departure, the firm had revenues of $5.6 billion.

Conde co-founded a software business, Devon Systems, in 1983 serving the derivatives markets globally. After SunGard acquired it in 1987, Conde ran his business as a division of SunGard, and was subsequently promoted to run the entire SunGard business.

Halfway through his 12-year tenure leading SunGard, he took it private in 2005 in a $11.3 billion transaction.

National Australia Bank is making two new senior appointments in its asset servicing business.

NAB's asset servicing unit is the largest custodian in the Australian market with $540 billion in assets under custody and administration for Australian investors.

Lachlan Allardice has been appointed to the role of head of funds management and sub custody. In this role, Lachlan will have responsibility for all fund manager and insurance relationships as well as NAB's existing sub custody client relationships.

Allardice has more than 15 years experience in the asset servicing industry, the past five of which include senior sales and relationship management roles with Australia and New Zealand Banking Group and J.P. Morgan.

Anthony Jamour is expanding the remit of his current relationship management role at NAB Asset Servicing with his appointment to the role of head of funds management and insurance. He will have responsibility for the significant portfolio of fund management and insurance clients in that region.

Jamour has 20 years experience in the asset servicing industry, having worked for BNP Paribas, AMP and Westpac prior to joining NAB five years ago.

Jamour and Allardice will work closely together as NAB continues to strengthen its capabilities in funds management and insurance sectors through enhancement of the product and service offering to its clients.

Global transaction banking solution provider Fundtech has hired **Peter Reynolds** as managing director for sales in Europe, the Middle East and Africa.

As the head of EMEA sales, Reynolds will be responsible for driving regional strategy and managing local teams. He will report to Chris Zingo, global head of sales.

Michael McGovern has left Citi for Brown Brothers Harriman (BBH), where he will be managing director, chief information officer and head of systems.

McGovern will be responsible for the management and leadership of the firm's technology strategy, application development, and systems infrastructure across all business lines.

He will be based in New York and reports to BBH partner and global head of technology, Taylor Bodman.

McGovern joins BBH from Citi Transaction Services where he spent the last 10 years serving as managing director and global technology head of securities and fund services.

Former Omgeo president and CEO **Marianne Brown** has joined SunGard as COO of its financial systems business.

Before joining Omgeo in 2006, Brown was the CEO of the Securities Industry Automation Corporation (SIAC), a wholly owned subsidiary of the NYSE Euronext Group, where she was responsible for the delivery of all trading and regulatory solutions for the New York Stock Exchange. **AST**

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Published by Black Knight Media Ltd
Provident House, 6-20 Burrell Row,
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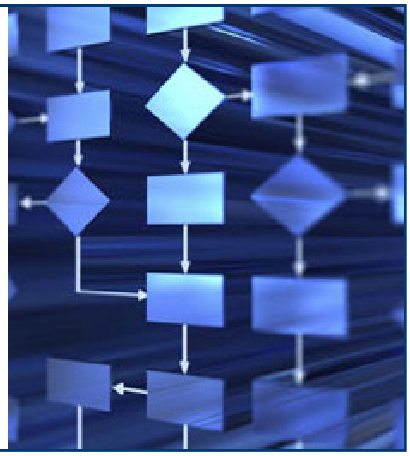

AST RECRUITMENT

LOOKING FOR YOUR NEXT ROLE?

OUR AUDIENCE, YOUR TARGET

Fixed Income - Repo

Recruiter: Alexander Ash
Salary: 70,000 - 80,000
Location: London

A leading bank is looking for a Senior Hybrid Business analyst/ Project manager who has strong product knowledge within Repos and functional knowledge within Collateral, Clearing and Securities

Business Analyst–Securities Lending

Recruiter: Alexander Ash
Salary: £75,000 - £85,000 + benefits + bonus
Location: London

Business Analyst–Securities Lending, Collateral & Clearing Change Management The commercial/investment banking arm of a global bank are expanding their change management team and have a fantastic opportunity for a fixed income business analyst to provide strategic analysis for major change projects for the business

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Recruiter: Bruin
Salary: On application
Location: London

A fantastic opportunity has opened up at one of the most prestigious asset management firms in the world. They are looking for the perfect candidate to join the Global Audit Team as an Associate Internal Auditor