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# Providence buys Fund Corporation

Brazilian emerging markets specialist Providence Financial is moving into fund administration in Guernsey, after agreeing to acquire Fund Corporation.

All 10 Fund Corporation employees will join a newly-established Providence Financial Guernsey office.

Fund Corporation was founded in 2007 by the Trust Corporation Group and specialises in fund and investment administration across a range of asset classes and fund structures, particularly in assisting entrepreneurial clients looking to expand their operations with a proactive business partner.

Trust Corporation executive chairman and Fund Corporation director Michael Betley said: "Fund Corporation has worked with Providence Financial for some time and their acquisition of the business is a timely and effective way for them to establish a dedicated presence in Guernsey."

"The transaction will result in Trust Corporation concentrating on its principal business focus since inception 11 years ago, that of handling complex and demanding client matters in the trust arena."

Providence Financial is a global business, headquartered in London, with administrative hubs in Guernsey, Miami and Sao Paulo and significant operations in Brazil.

Paul Everitt, currently managing director of Fund Corporation, will continue to head up the Guernsey operation and will also be responsible for the London office.

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## BNY Mellon acquires final piece of HedgeMark

HedgeMark International will become a part of BNY Mellon's asset servicing business, following the bank's full acquisition of the service provider.

BNY Mellon has had a 35 percent stake in HedgeMark International since 2011. The bank has purchased the remaining 65 percent for an undisclosed sum, after agreeing a deal in February.

HedgeMark provides hedge fund managed accounts and risk analytic services. It will align with BNY Mellon's global risk solutions and alternative investment services units.

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## Euroclear and DTCC team up for collateral

The Boards of Euroclear and The Depository Trust & Clearing Corporation have authorised a joint venture to deliver a collateral processing infrastructure that will integrate both companies' capabilities.

Euroclear and DTCC are industry-owned and governed, and the firms will collaborate with market participants as solutions are developed.

The joint venture will initially focus on launching a margin transit utility (MTU) that will provide straight through processing to the settlement of margin obligations and piloting a collateral management utility (CMU) to address the pressing problem of sub-optimal collateral mobility and allocation at a global level.

The MTU service has already received significant interest from the industry. The MTU will take advantage of development work being undertaken by DTCC and the CMU pilot will use current Euroclear technology.

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## Providence buys Fund Corporation

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Everitt commented: “As a service provider we discovered that we shared our client’s vision of the future. This is an exciting opportunity as Providence Financial is aspirational about growing its Guernsey business.”

“Guernsey has been chosen as the offshore hub for what will become a global integrated financial services platform and we look forward to the impetus that this will provide for the fund administration team.”

Trust Corporation will continue to employ 25 people at its premises in Guernsey.

The deal, agreed in principle, is subject to regulatory approval, and the financial details of the transaction were not disclosed.

## BNY Mellon acquires final piece of HedgeMark

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Andrew Lapkin, CEO of HedgeMark, commented on the acquisition: “We look forward to becoming an even more integral part of BNY Mellon’s investment services business.”

Samir Pandiri, BNY Mellon executive vice president and CEO of asset servicing, added: “HedgeMark’s capabilities will help us deliver improved governance, risk reporting, and transparency to institutions with significant hedge fund investments.”

## Euroclear and DTCC team up for collateral

**Continued from page 1**

When fully operational, the utilities will be integrated to provide a seamless front-to-back collateral processing platform.

The joint venture will operate open architecture services, where DTCC’s and Euroclear’s settlement platforms represent two of many linked settlement locations.

The intention is to extend access to other interested settlement platforms such as central securities depositories, custodians and settlement agents.

Tim Howell, CEO of Euroclear, said: “We are delighted to be partnering with DTCC on this important evolution of the post-trade industry.”

“In bringing together two of the industry’s largest post-trade market infrastructures, we will be addressing sub-optimal collateral mobility and allocation issues by creating the biggest open architecture collateral processing ecosystem, accessible to all market participants across the globe.”

The joint venture is subject to several conditions, including completion of definitive documentation, final approval from the boards and receipt of any necessary regulatory approvals.

## State Street enjoys Q1 2014 securities finance increase

State Street earned $85 million in revenue from securities finance in Q1 2014, an 11.8 percent increase on the last quarter in 2013, thanks to new custody mandates.

The increase, primarily due to higher spreads and volumes, was also 9 percent higher than Q1 2013, primarily due to new business in enhanced custody.

New asset servicing mandates during Q1 2014 totalled $189 billion and net new assets to be managed were $4 billion.

Meanwhile, servicing fees of $1.24 billion in Q1 2014 increased 0.5 percent from the last quarter of 2013, primarily due to stronger global equity markets and net new business, although they were partially offset by lower transaction-related revenue

Compared to Q1 2013, servicing fees increased 5.4 percent, due to stronger global equity markets and net new business.

Joseph Hooley, chairman, president and CEO at State Street, said: “Delivering value to our clients and shareholders is our core mission. We remain focused on our key prioritiese—increasing revenue, controlling expenses, investing in growth opportunities, and optimising our capital structure to create long-term value.”

“We are responding to the challenges presented by low interest rates and conservative investor risk appetite by realigning our staffing to support our goal of positive operating leverage for the full year.”

He added: “Client demand for our products, services, and solutions remains strong. New asset servicing wins totaled $189 billion for the quarter, which included 25 new mandates in alternative investment servicing where we hold a leadership position and see additional opportunities for growth.”

State Street bagged new custody mandates from Etera Mutual Pension Insurance Company and insurance company Ageas UK this year, with Afore SURA, one of the largest pension funds in Mexico, among the new clients signing up to the bank in 2013.

The bank also recruited Lou Maiuri from BNY Mellon, to take over as head of securities finance.

Nicholas Bonn, State Street’s interim securities finance chief, stepped down, but continues to lead its transition management and portfolio solutions businesses.

# ASTINBRIEF



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## New FATCA solution for TMF Global Fund Services clients

TMF Custom House Global Fund Services is offering a new Foreign Account Tax Compliance Act (FATCA) solution.

The solution offers fund clients a solution to FATCA, after Internal Revenue Service (IRS) registration deadlines.

It will advise clients on registration requirements, gathering investor data, reviewing and assessing data, and will provide relevant FATCA tax filings.

Mark Hedderman, CEO of TMF, commented on the new solution: "We are pleased to be ahead of the curve with a comprehensive solution for our client's FATCA requirements, which is a part of our compliance and regulatory reporting service."

TMF will manage the process of data requesting and data input, and fund clients will be assisted in the registration of their funds for FATCA on the IRS portal. Eventually, the fund administrator and client will have an understanding of the reporting required.

Additionally, TMF will report to the relevant authorities, depending on the fund domiciles, and it will manage the fund's compliance with FATCA, including relevant tax authorities.

Dermot Mockler, group head of regulatory affairs, compliance and anti-money laundering at TMF, said: "This is a complete offering for our fund clients, which allows the client to hand-off responsibility for the process to TMF Custom House."

"We are creating a database of information on investors and entities in the investor pool in order for FATCA reporting to be accomplished. We have a pre-existing relationship with each shareholder and are thus in the best position to ask the questions."

"As well as FATCA, the service includes providing assistance with tax transparency in several jurisdictions, including across the EU," added Hedderman.

## TriOptima completes first cross currency compression

TriOptima has eliminated 12,318 trillion yen ($120 billion) notional in JPY/USD cross currency swaps with 12 institutions participating.

This marks the first triReduce cross currency compression cycle.

TriOptima plans on launching a euro and US dollar triReduce cycle with cross currency pairs later in 2014.

Peter Weibel, CEO of triReduce said: "This is another example of our commitment to expanding the catalogue of trade types eligible for triReduce compression."

"As firms focus on reducing notional to save on capital costs and reduce leverage in the new regulatory landscape, we are working with the industry to introduce more opportunities for multilateral compression."

## Swiss bank chooses SIX

SIX Securities Services is to operate the new Swiss money market trading platform as of May 2014.

The Swiss National Bank (SNB) will use the SIX trading platform to execute all monetary policy transactions and to auction confederation bonds and registered money market claims. Repo transactions allow the SNB to manage liquidity and money supply.

Transactions were previously executed on the Eurex platform.

Trading, securities settlement and payment processing will now be available in 13 different currencies on the fully integrated SIX trading platform.

New functionalities and additional market segments are scheduled to be rolled out in autumn 2015, along with plans to enhance the platform's collateral management features.

Urs Rüegsegger, group CEO of SIX, commented: "We are proud to be operating the central Swiss money market trading platform used by the financial institutions and the SNB."

"As part of the Swiss value chain, the SIX money market trading platform constitutes state-of-the-art technology that will help to maintain the Swiss financial system's competitive edge."

## NAB deploys new analytics system

National Australia Bank's (NAB) asset servicing business has deployed a new investment per-

formance and risk analytic system from Eagle Investment Systems, a subsidiary of BNY Mellon, to help clients manage their investments.

By adopting Eagle Performance as its single platform, NAB hopes to reduce the risk and costs associated with managing multiple performance measurement systems as well as manual processes.

It also distinguishes NAB's middle office from other global custodians that provide middle office via their legacy custody/administration platforms.

Christine Bartlett, executive general manager of NAB's asset servicing business, commented: "We can now provide our clients with custom calculations and the level of detail necessary today to make the most informed investment decisions. This is just one benefit of our longstanding partnership with BNY Mellon."

John Legrand, managing director and head of Asia-Pacific and Europe, Middle East and Africa at Eagle Performance, said: "The business need for real-time data and the ability to create custom calculations continues to drive investment managers to implement new performance measurement solutions."

"Hindering these requirements are manual processes and older legacy systems that cannot offer the level of detail and the different views of performance calculations without adding unwanted complexity and risk."

"Accordingly, many financial institutions turn to providers, like Eagle, to provide integrated solutions with the most up-to-date functionality and adherence to regulation to help manage their risk, streamline their operations and help service its clients," added Legrand.

## AUC and AUA increase at BNY Mellon

Assets under custody and/or administration at BNY Mellon amounted to $27.9 trillion at the end of March, an increase of 6 percent compared to 2013 and 1 percent over the previous quarter.

Both increases were primarily driven by higher market values, according to the bank.

BNY Mellon's investment services fees totalled $1.7 billion, an increase of 3 percent year-over-year and 1 percent sequentially. Higher asset servicing fees driven by higher market values, net new business and organic growth, as well as higher clearing services and depositary receipts revenue, were behind the year-over-year increase.

The sequential 1 percent increase is a result of higher asset servicing fees primarily driven by organic growth, higher securities lending revenue and net new business.

Both increases were partially offset by the impact of the continued net run-off of high margin securitisations in corporate trust and higher money market fee waivers, according to BNY Mellon.

"Investment management and investment services fees increased 3 percent and we managed our expenses well, resulting in pre-tax earnings growth of 12 percent year over year," commented BNY Mellon chairman and CEO Gerald Hassell.

"Our performance benefited from strength in clearing services, the eighteenth consecutive quarter of positive long-term inflows in investment management and the growing contribution from our global collateral services and electronic foreign exchange initiatives."

## Citi adds Bulgaria to network

Citi has significantly expanded its direct custody and clearing network.

The bank has expanded its services to clients in Bulgaria. As a result, its direct custody and clearing network now covers 62 markets globally and 35 markets across Europe, the Middle East and Africa.

"The opening of Bulgaria delivers a clear statement of intent about Citi's commitment to the custody business both in Central and Eastern Europe and in all of our existing markets. We're excited to expand our network to 62 proprietary markets globally," said Lee Waite, Citi's global head of direct custody and clearing.

Stefan Felstein, Citi country officer for Bulgaria, added: "Citi has a long-standing presence in Bulgaria and this new business compliments the existing wide range of products that Citi Bulgaria delivers to customers on a daily basis."

Citi's direct custody and clearing network provides clearing and settlement services for the trading and investing activities of broker-dealers, and sub-custody services to banks on a global scale.

## First Derivatives launches Delta Tools

First Derivatives has launched Delta Tools for Calypso software, designed to manage and control the platform used widely by financial institutions for cross asset trading, risk and processing.

The suite of monitoring, testing and application management tools enable clients to automate and streamline the implementation, rollout and on-going management of Calypso applications and their operating environments.

Delta Tools will allow the user to track and manage configuration settings to minimise deployment risk, perform data synchronisation and ensure all systems and processes are running optimally.

Further tools can execute stress tests and performance checks to identify processing thresholds and where coding or configuration changes may affect system performance.

Keith O'Brien, head of Calypso practice at First Derivatives, commented: "Not only are application managers and desk owners looking to ensure that mission-critical systems like Calypso are running optimally, so too are regulators and internal audit—and they also want proof."

"It is only through tools and automation that the required consistency and accuracy they want can be achieved. That is why we developed Delta Tools for Calypso to provide the visibility and control they need."

## BNP Paribas acquires Spanish depository bank

BNP Paribas Securities Services has acquired Banco Popular's depository banking business. The transaction is expected to close in early summer 2014, subject to regulatory approval.

Banco Popular is one of Spain's largest depository banks with €13 billion in assets held under depository, including investment funds, pension funds and SICAVs (French open-ended collective investment schemes) managed by Allianz Popular and Popular Banca Privada, as well as EPSVs (Basque pension plans).

This acquisition will boost BNP Paribas's expansion of its depository bank business in order to help clients meet the Alternative Investment Fund Managers Directive (AIFMD) and UCITS.

The bank acquired Commerzbank's German depository business in 2013 and recently extended its depository banking network to the Netherlands and Switzerland.

Allianz Popular is one of the biggest asset managers in Spain. It has €13.2 billion in assets under management.

Alvaro Camuñas, head of BNP Paribas in Spain, Portugal and Latin America, said: "This transaction with Banco Popular, one of Spain's leading universal banks, highlights our long-standing commitment to the Spanish market and marks an important milestone in the expansion of our European depository business."

"It will reinforce our local expertise and is part of our strategy to provide market-leading solutions for our AIFMD and UCITS clients in Europe and around the world."

## Significant rise in cross-border funds processing

There has been a significant rise in cross-border funds processing, according to the European Fund and Asset Management Association (EFAMA) and SWIFT.

EFAMA and SWIFT collaborated to create report on fund orders received by transfer agents, in the cross-border fund centres of Luxembourg and Ireland in 2013.

They found that total order volumes increased by 21 percent in 2013, bringing the total volume processed by the 31 survey participants to 29.5 million orders since 2012.

The report, Fund Processing Standardisation, presents figures on total volume increases and automation rates on a generic basis and in Ireland and Luxembourg in 2012 and 2013.

Thirty one transfer agents in Ireland and Luxembourg took part in the survey, which represented

more than 80 percent of incoming third-party investment fund order volumes in both markets.

In Ireland, the total automation rate rose to 85.6 percent in Q4 2013 (+0.3 percentage point compared to Q4 2012), thanks to a rise in the use of ISO standards (+1.6 percentage point to 20.9 percent), according to the report.

The total automation rate in Luxembourg increased to 75.3 percent in Q4 2013 (+1.6 percentage points compared to Q4 2012), again reflecting a rise in the use of ISO standards, which gained +1.2 percentage points to stand at 57.7 percent.

"The regular monitoring of the progress highlights the fund industry's commitment to become more efficient to the benefit of its clients," said Peter De Proft, director general of EFAMA.

Fabian Vandenreydt, head of markets management at Innotribe and the SWIFT Institute, added: "We applaud the continuous progress towards ISO adoption along with the substantial increase in funds order volumes. It is clearly moving in the right direction."

## Broadscope releases FATCA paper

Broadscope Fund Administrators, an independent private equity fund administration firm, has released a whitepaper outlining key recommendations for private equity firms developing strategies to comply with the US Foreign Account Tax Compliance Act (FATCA).

The paper, FATCA Compliance for Private Equity Funds: Navigating the Clutter, outlines the responsibilities of both foreign and domestic private equity funds and suggests measures that should be considered in developing an effective FATCA compliance programme.

Robert Aufenanger, founder and managing member of Broadscope, said: "FATCA goes into effect 1 July and there is still considerable uncertainty in the market."

"Private equity firms that have yet to develop a FATCA compliance programme need to make it a priority, as lack of compliance could have serious consequences for their funds and their investors."

## SIX does Oslo deal

SIX Securities Services has completed its acquisition of Oslo Clearing.

SIX initially agreed to buy Oslo Clearing from Oslo Børs for 180 million Norwegian krone in December 2012.

Thomas Zeeb, CEO of SIX, said: "Taking on Oslo Clearing is a key part of our internationalisation strategy and highly complementary to our existing business."

Oslo Clearing currently carries out central counterparty (CCP) clearing of financial derivatives, equities and securities lending products. It will become a part of securities services, the post-trade division of SIX.

Bente Landsnes, CEO of Oslo Børs VPS, commented: "The market needs larger and more robust European clearing corporations, and for Oslo Clearing collaboration with SIX x-clear will represent an exciting continuation of the technology and expertise they have built up over several years."

"The merged company will be a long-term high quality partner for clearing of equities and derivatives in Norway and in the Nordics."

Oslo Clearing will maintain its planned implementation of CPP interoperability for equities clearing with LCH.Clearnet.

## Broadridge extols centralisation

Margin compression, the drive for cost reduction and increasing regulatory pressures are forcing banks to seek ways to reduce trade execution expenses and gain transparency, according to a paper by Broadridge.

The capital markets industry viewpoint whitepaper, entitled Key Challenges and Best Practices in Trade Expense Management, found that the most sophisticated banks have moved toward a more centralised management of their expenses across business units and asset classes.

This has allowed them to gain a more holistic view of their trade operations and promote greater efficiency in order to provide accurate data-driven insights to lower costs, negotiate favourable vendor agreements and better allocate and forecast expenses to create more accurate profit and loss reports and budgets.

While almost all those surveyed for the paper agreed on the need for a more centralised and automated approach, very few banks have achieved it due to the challenges of creating a core utility linking various business functions and locations, as well as the need for invoice transparency, data and fee accuracy and regulatory compliance.

Terence Faherty, head of product strategy for Broadridge's revenue and expense management solutions, commented: "There is a compelling business need and bottom line impact for banks to assess their current trade expense management practices."

"Many of the challenges the industry faces around fee schedules are not new; however, there are increased complexities and regulatory pressures. We expect these trends to continue and will result in the need for an automated and centralised expense management utility that can provide a more holistic and data-driven view of the organisation."

"This approach will allow for improved accuracy and transparency that can drive greater efficiencies and cost reductions."

## SmartStream Technologies and SEI create new platform

SmartStream Technologies and asset manager SEI have collaborated to create a new platform for SEI's wealth management clients to manage their cash, transactions and securities positions all at once.

The platform is based on SmartStream's TLM Reconciliations Premium solution.

SEI will also deploy SmartStream TLM SmartRecs, which will work with TLM Reconciliations Premium. It will provide record setting onboarding of new reconciliations data.

TLM SmartRecs also enables business users to map and construct reconciliations directly in line with their clients' requirements.

Ria Walsh, executive vice president of SEI Private Trust Company, said: "SEI is looking forward to achieving significant quality and efficiency gains through the deployment of TLM Reconciliations Premium."

"Additionally, we look forward to leveraging the TLM SmartRecs solution with a goal of broadening our current use of the solution for financial reconciliation."

"This relationship typifies the type of synergistic relationship we strive for in every long-term deployment; working together to develop the exact solution our customers need," added Philippe Chambadal, CEO at SmartStream.

## Northern Trust sees big QDLP opportunity in China

Northern Trust is offering a helping hand for specialist fund administration out of Beijing to help Asia Pacific investments go further.

Northern Trust is extending its services in China to take advantage of Shanghai's pilot qualified domestic land partner (QDLP) programme. QDLP is a new vehicle for hedge funds that aim to engage in cross border business.

Based in Northern Trust's Beijing office, the bank will work with hedge funds looking to take advantage of the QDLP programme, which will enable them to manage funds onshore and invest them abroad.

Michael Wu, country manager for Northern Trust, commented on the QDLP: "The Shanghai QDLP programme will offer attractive opportunities to international hedge funds and domestic players alike."

Northern Trust will advise and guide hedge fund managers on investments using its market expertise and solutions.

Peter Sanchez, Northern Trust's head fund services, said: "We are now able to support our hedge fund clients looking to take advantage of the new possibilities for investment offered by the Shanghai QDLP programme."

Northern Trust has seven offices across the Asia Pacific. The Beijing office opened in 2010 following approval from the China Banking Regulatory Commission.

## HedgeGuard opens Dublin office

HedgeGuard, a hedge fund, family office and asset management technology provider, has opened its Dublin office, following a successful London launch in January.

The Dublin office, located in the well-known Silicon Docks area, is in the centre of a technology hotspot. Loïc Baumann, HedgeGuard's chief technical officer, who is relocating to Dublin from the fund's headquarters in Paris, will head up operations.

Baumann has a background in financial technology and is a software architect and a Microsoft development technologies specialist.

Baumann said: "I am delighted to be spearheading the establishment of an office in Dublin. It has great potential both in terms of clients, who are increasingly basing themselves in the Irish market, and the team we can build to support our industry-leading client service and groundbreaking technology."

Imad Warde, CEO and founder of HedgeGuard, commented: "Ireland, and especially Dublin's Silicon docks, is a natural next destination in our expansion, with its world-leading technology industry plus its great academic institutions providing us with an incredible talent pool of well-educated young people."

## Testing technology is essential, says SunGard

A survey undertaken by SunGard Consulting Services has revealed concerns that the testing of day-to-day financial services systems is insufficient to protect against failure.

SunGard's research has found that the smooth implementation of upgrades or new technology is crucial in helping ensure that financial services firms can offer new or improved products and services to their customers, while remaining competitive .

Failure to properly test technology, however, could result in outages and downtime that may lose the firm business and cause reputational damage.

Cost represented the single biggest challenge for survey respondents, followed by insufficient time to meet deadlines, incomplete or ambiguous requirements and insufficient resources.

For 23 percent of respondents, the cost of testing exceeded a quarter of a project's entire budget. Nearly three in five respondents said that budget restrictions impeded the improvement of the testing process system testing often causes disruption to a firm's day-to-day operations.

Of the regulations driving increased focus on system testing, Basel III is the most prominent—40 percent of those who saw regulations as a driver cited this international standard as boosting the need for improved system testing.

Aside from general banking requirements, local regulations were the next strongest drivers, including the Single Euro Payments Area (SEPA), Foreign Account Tax Compliance Act (FATCA) and Consumer Protection Code.

Michael O'Connor, project manager for information systems and development, ACCBank, said: "Impending regulatory deadlines present a number of challenges to firms to be in compliance."

"Having a smoothly operating technology infrastructure is crucial to satisfy both regulators and clients. Engaging SunGard to assist us in the testing of our systems ahead of the SEPA deadline has meant that we can be confident that we will meet the needs of both on an ongoing basis."

**Chapman's Eye on the market**

## Each to their own

The idea of the 'perfect storm' is one with which most of us are very familiar—the concept that, at certain times, a unique set of circumstances combine to aggravate a situation with potentially perilous consequences. Those of us working in financial services—and particularly securities services—in the UK are faced with a prime example of it: we are currently working against multiple combined challenges that together are limiting our ability to do business, to live a quality life, and are hampering our chances of succeeding in our chosen line of work.

Examples are myriad but include the ever-encroaching tide of regulation, which reduces our ability to conduct business efficiently; low interest rates, which reduce client profitability; and housing market conditions, which make the cost of living in London prohibitively high.

You can add to that the risk of a socialist government in a year's time (Liberal Democrat/Labour pact after the UK Independence Party takes a 4 to 6 percent of the Conservative vote is my call at this stage) and, for those who live north of the border in Scotland, the uncertainty caused by a narrower-than-expected win for the 'No to Independence' vote later this year, which some commentators have suggested could result in the loss of 30,000 to 40,000 financial services jobs from the country.

It is therefore little wonder that many people are increasingly looking to move overseas for greater opportunities, fresh challenges and, overall, a better quality of life. It is difficult to argue against the idea of cheaper accommodation, travel and the ability to broaden one's mind, while at the same time giving amazing opportunities to the family. I've touched on some of the challenges of doing so in previous columns—being a long way away from increasingly elderly relatives, detachment from corporate HQ and so running the risk of being 'out of sight and out of mind', as well as difficulties in acclimatising to different weather, food, schooling and business practices. To that list you can now add another—that of increasing 'protectionism' by countries, for different reasons, of that country's indigenous workforce.

A prime example of this is in Singapore where banks are being obliged to carry out significant due diligence and prepare watertight justifications for every new foreign candidate they want to hire, ahead of new regulations due out later this year. The new rule—the Fair Consideration Framework, or FCF—which comes into force on 1 August, obliges firms to advertise all jobs under $115,000 to Singaporeans first on a new government-run online 'Jobs Bank' for at least 14 days.

While the rule has not yet been enacted, many firms are starting to operate under it already and I expect that if it is a success, then it will be extended and its impact will be monitored closely by other countries. It will therefore be increasingly important to have a unique, in-demand skill—be it in product sales, profile or management—to maximise your chances of a successful move.

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

**Paul Chapman, managing director, HornbyChapman Ltd**

# Mandate Mangle

**Citi** has been awarded a mandate from Norges Bank Investment Management (NBIM), the organisation responsible for managing the Government Pension Fund Global, to provide global custody and securities lending services to support NBIM's $850 billion investment portfolio globally.

The mandate is believed to be one of the largest of its kind in the industry.

NBIM manages the fund on behalf of Norway's finance ministry, which stands as the formal owner of the fund on behalf of the Norwegian people. The ministry determines the investment strategy, in consultation with NBIM and following discussions in parliament.

The fund is made up of capital from petroleum investments in foreign countries, chosen in order to protect the country's economy from the effects of fluctuating oil prices.

The fund also invests in equities, fixed income and property.

"It's a great privilege to have been selected by Norges Bank Investment Management to provide these services," said Okan Pekin, global head of investor services for Citi.

"By having a global presence combined with in-depth, local expertise, our offering is well positioned to support Norges Bank Investment Management's mission and growth objectives."

Marketfield Asset Management has chosen **State Street** to provide certain services to its Dublin fund.

The fund previously existed in the Cayman Islands, but has been redomiciled to Ireland as a qualified investor alternative investment fund.

The fund will be available in Europe under the Alternative Investment Fund Managers Directive (AIFMD) and is one of the first new alternative investment funds in Ireland.

State Street will provide depository, fund administration, regulatory reporting, risk reporting and liquidity monitoring services to the Dublin fund.

Michael Shaoul, chairman and COO of Marketfield Asset Management, said: "Our decision to redomicile our fund to Europe under the new AIFMD regime was consistent with our mission to provide a liquid transparent portfolio."

Susan Dargan, executive vice president and head of State Street global services in Ireland, added: "We are delighted to provide Marketfield with a comprehensive suite of services to assist them in meeting the requirements of AIFMD."

**BNY Mellon** has taken on a number of agent roles for the Bahamas' $300 million bond issuance.

The bank has been appointed registrar, fiscal agent, paying agent and transfer agent for the bond issuance.

John Rolle, financial secretary of the Bahamian government, commented on the mandate: "We chose to work with BNY Mellon because of their commitment to the Caribbean region and expertise in servicing sovereign debt issuances."

"We are well-positioned to support the Government of the Commonwealth of the Bahamas with this offering, which aims to stimulate economic activity in the region," added Sonia Chaliha, head of sales and relationship management for Latin America and Canada at BNY Mellon Corporate Trust.

As of 31 March 2014, BNY Mellon Corporate Trust was the trustee and/or paying agent for more than 65,000 debt-related issues.

Governments and its agencies, corporations and financial institutions are a handful of the clients that BNY Mellon represents.

To become a corporate trust provider, municipal governments and corporations appoint companies to perform duties including servicing and maintaining the debt issue, processing principal and interest payments for investors, representing investors in defaults, and providing value-added services for complex debt structures.

**Deutsche Bank's Taipei Branch** has been appointed as account operator in Taiwan by Clearstream.

The appointment is part of Clearstream's collaboration with the Taiwanese Central Securities Depository (TDCC), which was formed to develop a direct settlement link for global investors and issuers to access the Taiwanese international bond market, such as renminbi-denominated Formosa bonds.

By opening an account directly with the TDCC, Clearstream becomes the first international central securities depository (ICSD) participant of the TDCC. The settlement link will be operated by Deutsche Bank's Taipei Branch and offers settlement and custody services for foreign currency-denominated bonds including Formosa bonds.

Mark Bosquet, executive director and head of network management for domestic markets at Clearstream, said: "The establishment of our Taiwan account operator relationship with Deutsche Bank is another step towards a more robust and meaningful relationship that we already enjoy with the bank across our joint networks and product offerings."

Part of its global transaction banking division, Deutsche Bank's direct securities services business has approximately €1.5 trillion of assets under custody globally and an operational presence in 33 global markets—14 of which are in Asia. **AST**

As South Africa's world-class Central Securities Depository, we are always asking ourselves what can go wrong? Through our passionate management of risk for the financial markets, Strate is trusted to provide certainty to the post-trade securities environment, ensuring we leave nothing to chance.

*Leaving nothing to chance!*

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# The hunt for capital

## While the focus of Guernsey Funds Forum 2014 was on the raising and allocation of funds, the principal question of whether the pursuit of capital was an art or a science provided an intriguing sub-plot

STEPHEN DURHAM REPORTS

Using interactive voting for the second consecutive year, the Guernsey Funds Forum was opened by asking the 350 delegates present whether they thought the pursuit of capital was an art or a science.

Fifty-nine percent of delegates originally said it was a science, but by the close of the event this had been reversed, with nearly two-thirds of the audience (64 percent) believing the pursuit of capital is an art. This alteration was possibly due to the influence of the two panel sessions on how to raise capital and how to spend it.

Eric Martineau-Fortin of White Star Capital, John Magrath of TwentyFour Asset Management, Christophe de Taurines of Capital and Marketing Group and Ben Edwards of Syntaxis Capital appeared in the first panel session on how to raise capital.

Edwards claimed that the art of raising capital is apparent at the idea stage, while the execution of this is usually carried out in a more scientific way. The remainder of the opening panellists agreed with this mixed view.

In hunting down capital, de Taurines suggested that investing in alternatives is the only way to bridge the funding gap in ageing populations across the globe.

The panel also largely agreed with the 33 percent of the audience's view that pension funds would be most likely to see the biggest growth in alternative investing over the next five years. The sector is predicted to be worth between £34 and £57 trillion by 2020.

The possibility of Google, Amazon and the like entering the highly regulated world of banking was also raised during the panel. The panellists unanimously said that this would be positive for the industry, giving potential investors, which were previously blocked, new opportunities.

One of the panellists even claimed that this change is certain to happen, and banks simply have to learn to adapt to the new landscape. While it was conceded that there would be implications for financial professionals, it was claimed that these new developments could open up channels to smaller funds.

The event's second panel debate featured Antonio Buzaneli of Providence Group, Aldo Beolchini of NextEnergy, Ghalib Chaudhuri of Odyssey Capital, Florence Eid-Oakden of Arabia Monitor and Nick Money-Kyrle of Steadfast Capital.

Fiona Le Poidevin, chief executive of Guernsey Finance, the promotional agency for the island's finance industry, commented: "It was interesting to hear the panellists' views on the different regions they are operating and investing in including the US, Brazil, the Middle East, India, the Far East, Africa and Germany. Themes that arose included political stability, risk appetite and cultural aspects, while [Beolchini] said the key to success was ensuring you are a specialist in your asset class."

The audience, voting on the best opportunities for the export of UK innovation, were split, with 33 percent saying the Far East and 33 percent going for the Middle East.

This discussion led Beolchini to claim that the pursuit of capital is mostly an art as, despite constant technological developments, relationships remain at the core of the business.

Le Poidevin continued: "It was surprising to see how the answer to the art or science question varied from start to finish, particularly as the panellists brought different interpretations of how they perceived the pursuit of capital—the science of considered and well-researched investment in asset classes but based on the art of recruiting specialists in their fields and responding to investor demands."

As a respite from the central question the keynote presentation on frontier markets, by respected economist Jim O'Neill, turned the audience's attention towards more inflammatory issues.

Le Poidevin commented: "[O'Neill] is a leading voice on the landscape of the global economy so when he says 'greed and fear are really close cousins' when it comes to investing, people are going to take notice. It was also interesting to hear his thoughts on global stability and his observation that bad regulation had caused the crisis and yet those regulators were still in place now, while there had been a significant shake-up of the banking world."

After the second round of votes were tallied it was clear that, whether it was Guernsey Finance's intention or not, the audience was far more inclined to see the pursuit of capital as an art. **AST**

### Guernsey facts

As of December 2013, Guernsey was home to 824 funds, 103 of which were approved by the Guernsey Financial Services Commission in 2013. These funds amounted to a total net asset value (NAV) of £266 billion, while the growth in value of private equity funds from December 2008 to December 2013 stood at 124 percent. In addition, the country is Alternative Investment Fund Managers Directive-ready, and is home to more non-UK incorporated entities on the London Stock Exchange than any other jurisdiction globally.

# Above and beyond

## A increasing number of alternative funds are being launched after a period of decline, notes Roman Lewszyk of Atlantic Fund Services

MARK DUGDALE REPORTS

### How did Atlantic Fund Services begin?

The history of Atlantic Fund Services as a full service provider began with the founding of Forum Financial Group in 1986 by John Keffer. The company became at that time the largest, privately owned fund service provider in the US, with a major offshore operation in Bermuda.

In 1995, we launched Forum's European branch in Warsaw, which has since developed into one of the largest fund administration and transfer agents in Europe, providing services in Poland, Luxembourg and several other European countries. Citigroup acquired Forum in 2003, integrating its global fund services business.

Starting in 2007, we re-acquired a significant portion of Citigroup's interests in Forum (US) and established Atlantic's US operations, augmenting those operations in 2009 by acquiring Citigroup's (formerly Forum's) Warsaw affiliate.

These two acquisitions, now unified as Atlantic Fund Services, represent the continuation into the present of the corporate culture first defined in the original Forum Financial Group. Atlantic's culture and work ethic is maintained by many of the same individuals who were part of the original Forum, working together again to deliver the same high quality service as they have done over the years.

### What does Atlantic Fund Services aim to do for clients as their third party fund administrator?

We are one the largest independent fund administrators providing services to a significant number of clients in several European countries and the US. Our goal is to provide high-quality, high-touch, highly customised services to clients of different sizes, be it a small closed-end fund or a large one-million plus member pension fund. We offer a one-stop service spanning transfer agency, fund accounting, administration, anti-money laundering/know your customer, distribution, reporting, call centre, and so on.

In Europe, we use our proprietary technology, which offers us a great deal of flexibility in terms of timelines and costs for our clients. We have a large technology development team in Poland together with our centre of excellence, supporting a number of different jurisdictions. Increasingly, we find that clients require support in multiple countries, which we can cater to based on our technology, expertise and supported languages.

We are also very active in the area of distribution support for our clients. We work with about 80 distributors in Europe, providing our own technology for capturing trades and delivering data. Our systems are internet-based and we can receive and deliver data from and to any point in the globe. We are very proud that despite our large-scale business supporting hundreds of funds and more than 1.6 million accounts, we maintain a culture that focuses on our clients and their ultimate satisfaction.

### What sort of funds do you cater for?

We are currently accommodating a large variety of fund types originating from several jurisdictions, such as Luxembourg, Poland, the US and Liechtenstein. In Europe, we provide services for daily-valued UCITS, specialised investment funds, pension funds, insurance unit-linked products, real estate and private equity funds, as well as alternative products. In the US, we support mutual funds, collective trusts, alternative investments, exchange-traded funds, hedge funds and umbrella series funds.

### Is there a particular fund type in Europe that is gaining traction this year as an investment vehicle, and what would you attribute this to?

After a decrease in the number of fund launches over the last several years, we have noticed that a larger number of alternative funds are being launched. The implementation of the Alternative Investment Fund Managers Directive (AIFMD) should help to rebuild the reputation of such products. I don't mean derivatives, but rather the alternative funds investing in land or farms, and the funds that have found a niche with underlying investments as exotic as horses, life-settlement products, reverse mortgages or rights to football players.

The structures that can gain an extra attraction this year might be the re-domiciled funds from offshore locations. Luxembourg, for instance, implemented a new partnership regime last year to accommodate new types of fund managers. We are also expecting an increase in pension funds that can be domiciled in Luxembourg (.e.g, pooling), and insurance products.

### What are your core fund administration solutions and how capable are they of supporting your expansion ambitions?

Right now, we are experiencing very fast growth in several markets. In addition to supporting markets in Luxembourg and Poland, we entered the Czech Republic, Slovakia and Austria this year, and we have plans to enter additional markets very soon. Such a fast pace of international expansion is supported by our flexible yet robust fund administration solutions.

Our main transfer agency platform, GTAS, is capable of supporting multiple products in multiple jurisdictions, and can be quickly deployed to new markets. Our front-end system, called Fund Investor, can support international investors for trading over the internet or delivering contract notes and statements in our own application or, as frequently used by our clients, white-label solutions in specific layouts, languages, and so on.

Another leading solution is our distribution-support system, Fund Agent. The system is used by a large number of distributors in Europe, enabling to open investment accounts and place trades for their clients. The data is refreshed daily, so the distributor and his client has the most up-to-date information at their reach.

We also offer to our international client an anti-money laundering solution called Fund AML. The online system enables users to check any new investor against a comprehensive set of blacklists, and gives flexibility to compliance officers in determining their own risk profiles.

### How are European funds and managers coping with AIFMD, and what role is technology playing?

The implementation of AIFMD can be a big opportunity for asset managers, but also brings with it challenges from the risk perspective. From the fund administration perspective, we have noticed several requests from clients, who would like to receive more and more data in order to control the identified risks. Fortunately, due to our technology, we can provide such information pretty quickly and are able to assist risk committees with their duties. Nevertheless, there will be an increasing demand on risk management software in the future. AST

**Roman Lewszyk**
President and CEO
Atlantic Fund Services Europe


## Luxembourg: The Global Fund Centre

Date: 14 May 2014
Location: London
www.alfi.lu

Take a look at our general brochure which provides readers with an overview of the Luxembourg fund industry including key figures, main reasons why investment fund industry chooses Luxembourg, the three world-leading pillars and many more

## Post-trade Forum 2014

Date: 14–15 May 2014
Location: Germany
finance.flemingeurope.com/post-trade-forum

Tracking the latest regulatory impacts, evaluation of EMIR and Dodd-Frank, recent CCP developments, the Post-trade Forum is one of the most promising choices for collateral, clearing and settlement solutions experts.

## 2014 European Practitioners' Forum on MiFID II

Date: 20-21 May 2014
Location: London
www.infoline.org.uk/FKM62762ASTWL

Specifically timed to follow the publication of the EU Level 1 Jurist Linguist text, attend this unique European Forum and hear experts from across the market place examine the implications of the new Level 1 MiFID II text.

## Industry appointments

**Shrinath Bolloju** has been appointed as the Asia Pacific head of Deutsche Bank's new investor services business, as well as trust and securities services and cash management for financial institutions.

Investor services is a new business encompassing custody and clearing, agency securities lending, and fund services. They were previously run under the direct securities services banner.

Bolloju has been brought in to lead investor services in the Asia Pacific, as will trust and securities services and cash management for financial institutions in the region.

Bolloju will manage the profit and loss of the trust and securities services and cash management for financial institutions business, including product management, business development, local sales and client services for both domestic and cross-border clients, as well as the overall growth of the investor services franchise.

He will report to newly appointed global head of investor services Rafael Moral for that role.

He will also report regionally to Lisa Robins, Asia Pacific head of global transaction banking, and globally to Satvinder Singh, global head of trust and securities services and cash management for financial institutions, for his work in the Asia Pacific in that capacity.

Bolloju previously served as the group COO for Deutsche Bank Group India. He also worked for the corporate trust and agency services and domestic custody business.

Robins commented on Bolloju's new role: "We are delighted to see [him] joining the team. In his last role as COO of Deutsche Bank Group India, he developed the infrastructure and governance framework to support the phenomenal growth of the franchise."

"With Bolloju at the helm of the business, I am confident that we will continue to succeed and expand together with our clients," added Singh.

State Street has gained two new colleagues to serve the asset management sector.

State Street has employed **Andrew Wilson** as head of asset manager sector solutions in the UK and Nordics, and **Jane Mancini** as head of asset manager sector solutions for the Americas.

Wilson will be based in London and will report to Joerg Ambrosius, head of asset manager solutions for Europe, the Middle East and Africa.

Mancini will report to Scott Fitzgerald, head of sector solutions in the Americas.

Wilson previously served as a managing director at Bank of America Merrill Lynch.

He was also head of securities in the Asia Pacific at SWIFT.

Mancini previously led her own pension consulting business. She also has experience from roles with Putnam, Sun Life, MFS and Rydex.

Joseph Antonellis, vice chairman of State Street, said: "Wilson and Mancini bring deep and valuable industry knowledge to our asset manager sector solutions team."

RPMI Railpen has hired a new chief investment risk officer to oversee the Railways Pension Scheme.

The hire is part of RMI Railpen's new investment leadership team, led by investment directors Paul Bishop and Ciaran Barr, who will report to CEO Chris Hitchen.

**Richard Williams** joins from the UK office of BlueCrest Capital Management.

He has more than 20 years experience in institutional investment and previously held a chief investment officer role at Fischer, Francis, Trees and Watts.

Commenting on the role, Williams said: "I have very much enjoyed serving RPMI Railpen over many years as an external asset manager and am now delighted to move in-house."

Chris Hitchen added: "[Williams's] appointment is a key development for the business as we strengthen our internal capabilities to ensure that we can implement our investment ideas in the most efficient, effective way."

Axxsys Consulting has a new head of its Calypso practice.

The appointment of **Ahsan Razvi** comes as part of Axxsys strengthening its sell-side capabilities and investing in its Calyspo practice.

The new head of the Calypso implementation practice, Razvi has more than 30 years of experience in treasury and capital markets, and is a seasoned international professional.

"Axxsys will be assisting and supporting clients from the system selection process through implementation, and post-implementation. Our clients can rely on us to guide them with strong governance processes, and our experience to improve efficiency, reduce costs and streamline Calypso implementations," commented Razvi.

"We aim to provide a solution that best suits clients' current as well as future business needs."

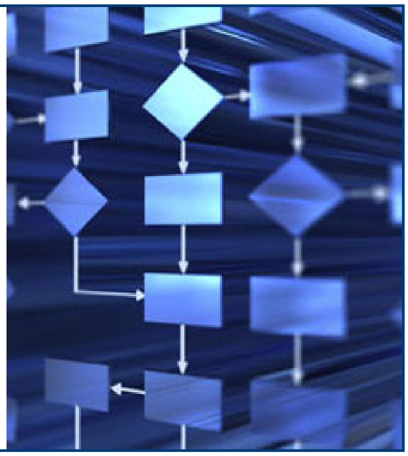
Stephen McDermott, director at Axxsys Consulting, said: "To meet the demand of our clients, we have a dedicated team of experienced and certified consultants, project managers and business analysts, which can provide services both on an advisory basis and working with the clients on implementing solutions."

Business and technology consultancy Capco has appointed **Steve Vinnicombe** as its new UK CEO.

Vinnicombe will be based in London and will focus on regulatory compliance and cost transformation.

As CEO, he has replaced Andrew Tarver, who has founded new venture, Boldrocket. **AST**





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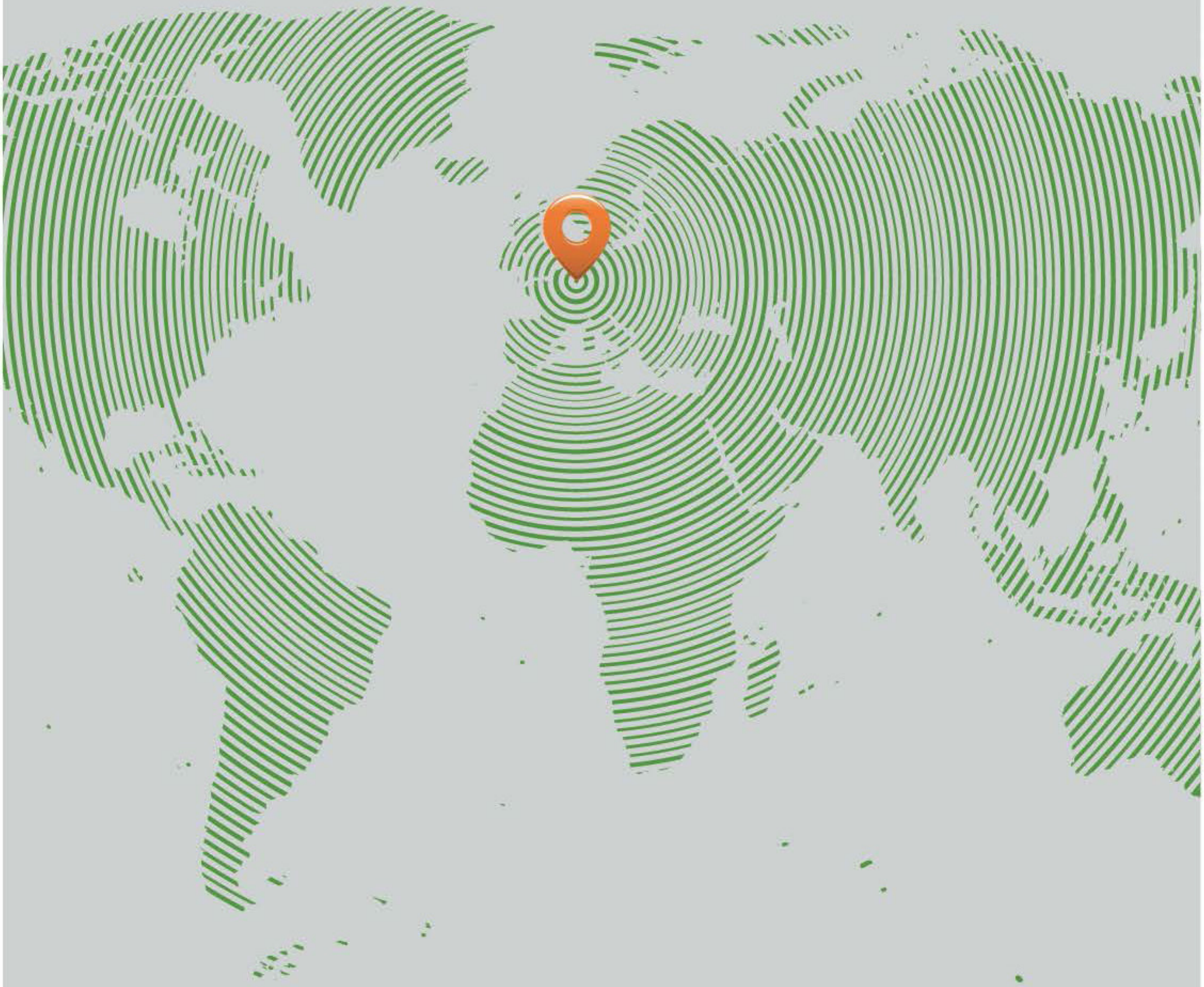

london, may 14th 2014