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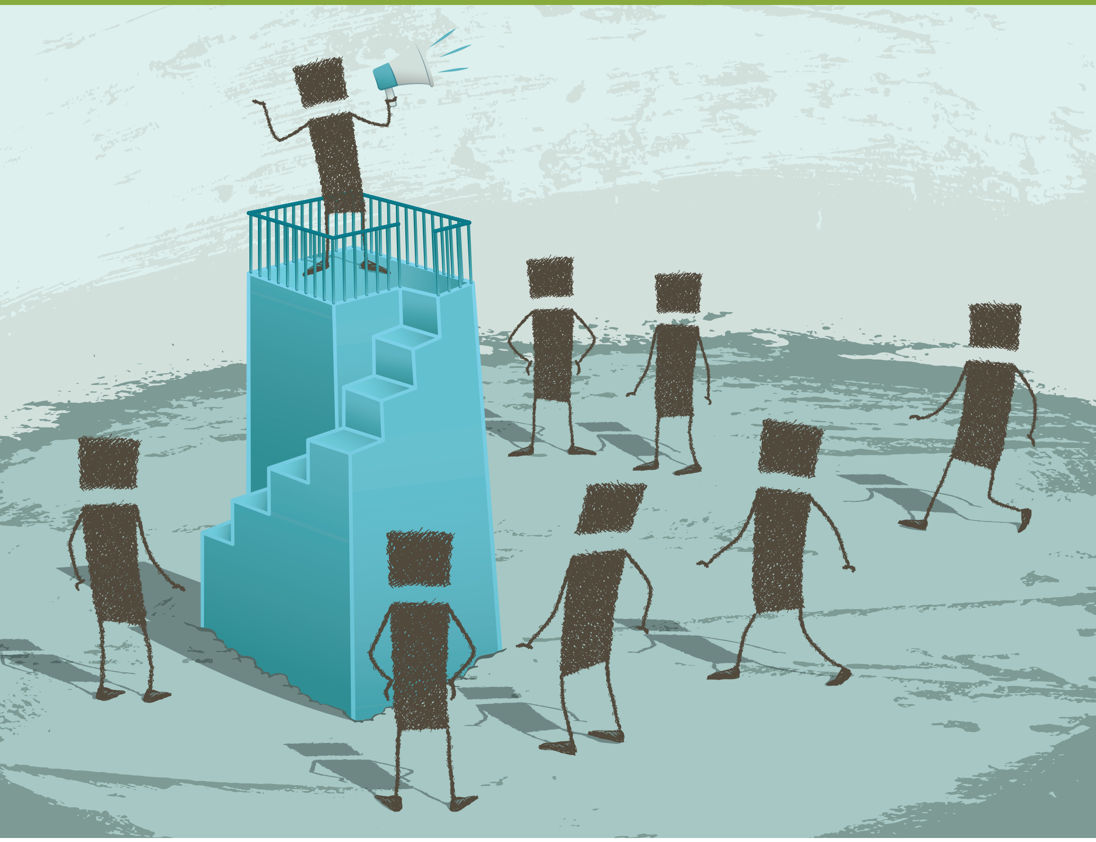

Are you ready for AIFMD?

With the deadline for the implementation of the Alternative Investment Fund Managers Directive (AIFMD) passing yesterday, many fund managers were still not adequately prepared.

A number of alternative investment fund managers have yet to obtain their AIFMD licence and appoint a depository, even though, whether they had their authorisations or not, all had to comply by the deadline.

Jean Devambez, head of solutions for asset and fund services at BNP Paribas, commented: "Some locations in Europe have the advantage of a strong history of depositary banking for UCITS and other non-alternative investment funds."

"Others are certainly catching up but the effort to prepare all stakeholders in these locations is necessarily greater. In some locations, Belgium and Italy for example, the directive was transposed only recently, leaving less time for the industry to adapt."

While the alternative funds industry did not grind to a halt on 22 July, banks such as BNP Paribas have been encouraging and helping clients to be prepared so they can continue their activity with no delays.

Devambez continued: "Managers that submitted their application six to eight weeks ago and are awaiting the processing of their application have already begun complying."

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BNY Mellon to bag real estate fund finance business

BNY Mellon has entered an agreement with Deutsche Asset & Wealth Management (DeAWM), for $47.6 billion in assets.

The parties have agreed that will outsource its real estate fund finance, fund accounting, asset management accounting, and client and financial reporting functions to BNY Mellon.

Samir Pandiri, executive vice president and CEO of asset servicing at BNY Mellon, said: "This strategic relationship will enable BNY Mellon to further build a more integrated real estate accounting, operations, and client reporting offering that leverages DeAWM's global presence."

Some 80 members of DeAWM global real estate fund finance team will transfer to BNY Mellon and become part of its alternative investment services organisation, under the agreement.

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BNP Paribas Securities extends DNA solution

BNP Paribas Securities Services is extending its interactive reporting solution, Data Navigation Analysis (DNA), to its agency clients.

DNA is a data visualisation solution designed to enhance access to information for financial organisations across the investment cycle and will help expose insights and trends in large volumes of data.

The platform gives BNP Paribas's agency lending clients, including central banks, asset managers and asset owners, complete and flexible oversight and control over their lending activity.

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Are you ready for AIFMD?

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"Some managers that needed to conduct a step-change to their business models to comply and are just now putting the finishing touches on their applications are likely still in the midst of this step-change in their day to day businesses."

Several providers have been given the go-ahead to launch depository services in the late run-up to the 22 July deadline.

The UK Financial Conduct Authority (FCA) has licensed SS&C Technologies Holdings's Depository Lite service.

SS&C will help managers comply with aspects of the AIFMD that will include functions related to asset verification, cash flow monitoring and oversight services, with chairman and CEO Bill Stone commenting: "We've seen strong interest in our Depositary 'Lite' service and signed up several fund managers to date."

Ipes Depositary, Alter Domus, Heritage Depositary Company and BNY Mellon are also among the firms to recently receive FCA approval in the UK.

Ipes currently acts for 118 alternative investment funds, representing $49 billion in commitments for 25 private equity clients. Managing director Ben Cook said that his firm looks forward to "building long lasting" depository relationships with existing clients and new ones.

Alter Domus, meanwhile, now offers depository services in the UK, Luxembourg and Guernsey, following its latest licence approval.

Przemyslaw Koger, the firm's UK head of depositary services, said: "Structures of alternative investment funds are often complex and the ownership of assets is normally established by looking through the chain of ownership of several investment vehicles often based in various jurisdictions."

"Therefore, appointing a firm experienced in the real estate and private equity industry like Alter Domus to act as a depository will be decisive in responding to the new challenges set by the directive."

Of Heritage's approval, Mark Huntley, head of Heritage Fund Services, said the firm has a "strong reputation" for being a leading provider to alternative funds, adding "FCA approval of our depository services is another important step for the business, and will allow us to continue our growth and development strategy across Europe".

BNY Mellon is now authorised as an AIFMD depository in six European markets: the UK, Ireland, Belgium, Germany, the Netherlands and Luxembourg.

Peter Craft, head of trustee and depository services for Europe, the Middle East and Africa (EMEA) at BNY Mellon, said: "AIFMD has been a major focus for BNY Mellon over the past 18 months … We are already servicing a number of large global fund managers—who have been approved by the FCA as alternative investment funds managers, with BNY Mellon as their nominated depository—under the terms of the directive. [By 22 July], we will have been able to on board the vast majority of our 70-plus alternative investment fund clients."

Hani Kablawi, EMEA head of asset servicing at BNY Mellon, added: "We were among the first out of the blocks to establish the prime broker agreements stipulated by AIFMD and to roll-out enhanced systems enabling the required functionality around oversight, monitoring and reconciliation."

"We were also at the forefront when it came to building the feeds—from more than 20 external data providers—needed to take in the data that will allow us to discharge our duties as an AIFMD depository."

BNY Mellon to bag real estate fund finance business

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Pierre Cherki, head of alternatives and real assets for DeAWM, said: "This partnership will enable us to improve operational efficiency by leveraging the global footprint and resources of the company."

Frank La Salla, CEO of BNY Mellon's alternative investment services business, added: "DeAWM is at the forefront of innovation and service delivery as sophisticated real estate managers seek out the broader capabilities of a full-service fund administrator."

It is anticipated that the agreement will be signed before the end of the year.

BNP Paribas Securities extends DNA solution

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Clients will be able to access DNA through BNP Paribas's NeoLink web portal.

Head of agency lending at BNP Paribas Securities Services, John Arnesen, said: "The objective was to provide our clients with an interactive tool that would enhance transparency and improve reporting. DNA does this by providing them with a consolidated view of their securities lending programmes."

"Providing high-end data on performance is crucial in today's financial markets and we are pleased to offer our securities financing clients state-of-the-art technology and data visualisation tools."

Y-o-Y growth for Clearstream

The overall value of assets under custody held on behalf of Clearstream's customers registered an increase of 6 percent to €12.3 trillion in June 2014 (compared to €11.6 trillion in June 2013).

Securities held under custody in Clearstream's international business as international central securities depository (ICSD) increased 5 percent from €6.2 trillion in June 2013 to €6.5 trillion in June 2014.

The German CSD securities increased 6 percent from €5.4 trillion in June 2013 to €5.8 trillion in June 2014.

Year-to-date in June 2014, the combined value of assets under custody in the German CSD and global ICSD business increased 5 percent compared to the same period in 2013.

Also in June 2014, 3.6 million ICSD settlement transactions were processed, a 7 percent increase over June 2013 (3.4 million). Of all international transactions, 86 percent were OTC transactions and 14 percent were registered as stock exchange transactions.

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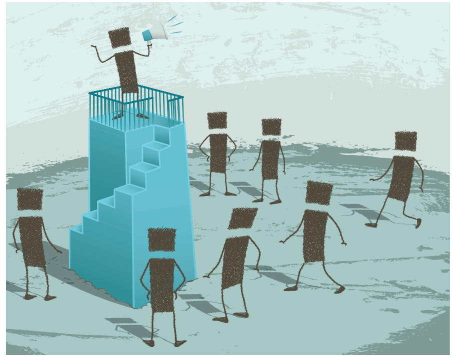


On the German domestic market, CSD settlement transactions in June 2014 reached 6.3 million, 3 percent less than in June 2013 (6.5 million). Of these transactions, 56 percent were stock exchange deals and 44 percent were OTC transactions.

Year-to-date June 2014, the number of settlement transactions (OTC and stock exchange combined) processed for the German domestic CSD and global ICSD business combined increased 3 percent compared to the same period in 2013.

The monthly average outstanding for Clearstream's global securities financing services reached €626.9 billion in June 2014.

The combined services, which include triparty repo, securities lending and collateral management, collectively experienced an increase of 8 percent over June 2013, when the figure stood at €581.9 billion.

StatPro's Elite with Nasqaq

StatPro Group has joined Nasdaq's elite index data partner programme.

The index will give customers of StatPro Revolution, StatPro's cloud based portfolio analysis service, access to the complete suite of more than 41,000 indexes offered by Nasdaq.

The StatPro Revolution app store will feature the Nasdaq indexes to allow clients the opportunity to buy benchmark data on a per portfolio basis at a lower cost.

Justin Wheatley, CEO of StatPro, said they are "excited" to be partnering with Nasdaq.

He added: "For the first time, asset managers of any size will be able to perform sophisticated attribution analysis by buying index data on a per portfolio basis."

"For investors, the high integrity of the Nasdaq brand means that they can be confident that any comparison between a fund manager's portfolio and the Nasdaq indexes will be as good, if not better, than any alternative index provider. For asset managers, the combination of brand, quality and price point makes this an unbeatable combination."

Oliver Albers, vice president of sales for index and data at Nasdaq, said: "Partnering with StatPro Revolution to offer the Nasdaq Global Index Family is an exciting opportunity for both companies that creates unsurpassed value for the buy-side community."

"The combination of StatPro's cloud-based analytics platform and Nasdaq's deep global index content enables investment managers of all sizes to conduct sophisticated portfolio attribution analysis at an affordable price."

SGX moves liquidity hub into Hong Kong

Singapore Exchange (SGX) has launched its liquidity hub at Hong Kong Exchanges and Clearing Limited's (HKEx) data centre.

The launch follows the signing of a memorandum of understanding by both parties in December 2013. HKEx and SGX agreed to "enhance connectivity through points of presence".

CSC Futures, Direct Access International Futures, Frontier Research and Technology, Kim Eng Futures Limited and Marigold International Securities, have already signed up to SGX's liquidity hub in Hong Kong.

SGX CEO Magnus Böcker commented: "SGX's customers in Hong Kong can now look forward to benefit from this liquidity hub as it offers them a way to access the world's biggest offshore market for Asian equity futures at SGX."

HKEx chief executive Charles Li added: "We welcome SGX to the hosting services ecosystem at our data centre. We will continue to explore ways we can cooperate in areas of common interest."

Markit complies with IOSCO benchmarks

Markit has confirmed that it will administer its benchmarks in compliance with the International Organization of Securities Commissions (IOSCO) final report on Principles for Financial Benchmarks.

The IOSCO principles aim to create an overarching framework for benchmarks used in financial markets to be implemented by benchmark administrators and submitters as a way of promoting the reliability of benchmark determinations and to address benchmark governance, quality and accountability mechanisms.

Markit is expecting to administer its benchmarks in compliance with the principles by the end of 2014 and will focus on transparency, controls, governance and conflicts of interest management.

Armins Rusis, managing director and co-head of information at Markit, said: "Markit fully supports the IOSCO principles and evolving regulations regarding benchmark administration, which are consistent with the objectivity, transparency and governance by which Markit has always sought to administer its indices and underscores their independence and objectivity."

"Our new compliance framework will help our customers and contributors to efficiently and comprehensively adhere to the IOSCO requirements. After extensive consultation with customers, we intend to apply the same approach to our custom index business which provides customers with indices of their own design."

Asset manager operations under pressure

Asset managers and asset servicers are struggling to manage pressure on the middle and back office operation, according to global study by Aite Group and SunGard.

As business diversification into new products, instruments and territories and increasing regulation continues to transform the industry, firms are challenged to achieve operational effectiveness while meeting new demands on data, risk management and reporting.

The study showed a split has emerged across the industry between approaches to compliance and long-term strategic improvements to data management, with 62 percent of firms asking for "better support for data aggregation" over the next 12 to 18 months.

Denise Valentine, senior analyst at Aite Group, said: "As the details of regulation continue to be fleshed out and new requirements take effect, the resources of most asset managers and servicers are still consumed by compliance."

"But many firms who put technology purchases on hold during the financial crisis are now resuming enhancements to their fund accounting systems and associated middle- and back-office solutions, with the desire to become more efficient, automated, accurate and service-oriented."

"Given the many changes to market and industry infrastructure in recent years, it is hardly surprising that organisations are still grappling with core operational issues. The improvement of efficiency and automation is an on going process that, as challenges continue and new lessons are learned, will need to constantly evolve."

Doug Morgan, president of SunGard's institutional asset management business, added: "This research finds that tackling this complexity requires a new approach to data management for asset managers and servicers."

"Data is the lifeblood of fund administration processes and needs to be both accurate and readily available. Yet, as this research also shows, it is all too often generated by multiple, disparate systems. By integrating their operations to create a single, robust ecosystem, asset managers and servicers can make more meaningful, efficient use of data."

"In turn, this will allow them to ease the mounting pressure on their operations—putting them in a stronger position to manage the forces of a global, diversified business model to become operationally more effective."

The findings are based on a survey of 58 senior executives at institutional asset management and asset servicing firms across North America, Latin America, Europe, Africa and Asia-Pacific.

Euroclear moves Rathbones along

Rathbone Brothers has chosen Euroclear UK & Ireland (EUI) to help progress its automating fund settlement process.

EUI provides end-to-end services for the settlement of fund units and applicable cash movements to the entire Rathbones distributor community.

John Trundle, CEO of EUI, said: "Rathbones is smart to move to automated transactions settlement with us. EUI's delivery-versus-payment settlement means that cash movements related to subscriptions and redemptions are reflected on the register typically two hours after the notional units have exchanged hands electronically."

"By linking cash and unit settlement, firms can greatly improve their daily treasury operations; cash from proceeds is usually available between 6am and 8am on the intended settlement date and available for the entire business day. Rathbones avoids the risks, costs and reconciliation complications of manual cash processing when payments are decoupled from the unit movements."

Andrew Butcher, COO at Rathbones, said: "EUI's service for unit trusts makes perfect sense for us. It is fully scalable as we can integrate the processes with our UK equity settlements."

"We are custodian for £22 billion of client assets, so having the benefit of full registry reconciliation transparency which automated settlement affords, plus easier cash management through the CREST cash memorandum account, will prove highly beneficial to our operations teams."

SimCorp releases regulatory updater for fund managers

SimCorp is launching its Legal Rule Set Service for fund managers.

Swiss & Global Asset Management has piloted the service that allows it to comply with regulation and to be notified of changes.

The software is initially set for asset managers in Germany, Luxembourg and Switzerland, with plans to expand the system globally.

Users of the system will receive immediate notification of any new rules or changes that require system upgrades, as well as frequent regression tests to ensure compliance with legal rule sets.

Carsten Kunkel, head of legal practices at SimCorp Central Europe, said: "So far, we already cover more than 400 legal investment restrictions and the number is growing."

"With our well-equipped Regulatory Center of Excellence, we are ready to serve our clients for any future update to come."

Fundtech opens on Broadway

Fundtech has opened its new global corporate headquarters in New York City.

The new office is in the heart of the financial district on Broadway.

Reuven Ben Menachem, CEO of Fundtech, commented on the new office: "We are very excited to move our global headquarters to lower Manhattan."

The new modern space is designed to serve Fundtech's customers and growing staff. The office will function as a venue for forums, board meetings and leadership events.

"The new office is conveniently located for many of our North American-based customers but also provides a wonderful venue to host our many hundreds of international bank and corporate customers," added Menachem.

"The new office is not only a reflection of Fundtech's phenomenal success of the past, but also of our rapid growth trajectory for the future."

Traiana's kill switch engages

Traiana is extending the scope of its CreditLink service to include a kill switch capability for single dealer platforms in foreign exchange (FX) trading.

The kill switch adds to the existing limit monitoring capabilities of CreditLink and will ensure that the risks associated with algorithmic and high frequency trading can be managed in real time.

Citi's platform, Velocity, is the first single dealer to support the new capability.

Jill Sigelbaum, head of FX at Traiana, said: "The expansion of CreditLink's kill switch to single dealer platforms improves risk management controls in the FX markets, bringing the bank trading portals into line with the capabilities we've built with the Electronic Communication Networks."

"By enabling prime brokers and their clients to monitor risk in real-time and take swift actions, the market will be further insulated from technology risks and the losses they can rapidly create."

Bapi Maitra, global head of FX institutional e-commerce sales at Citi, said: "We at Citi have been very focused on enabling industry-wide solutions to reduce systemic risk and promote transparency."

"The implementation of Traiana's real-time risk management capability, including its kill switch, is a vital step in that direction. We are excited to partner with Traiana to take a leading role on these initiatives, and to provide best-in-class risk control solutions for our clients."

GFI signs up for Torstone's Inferno

Torstone Technology's latest client, GFI Group, has signed a multi-year contract for the use of Torstone's Inferno back-office technology for reconciliations.

GFI has chosen Torstone's back-office software to improve business agility, management control (given the current regulatory environment) and reduce the total cost of ownership.

Torstone's team and hosted solution speeds up the onboarding of new clients, allowing GFI to see its own data in Inferno for reconciliations within a matter of weeks.

"Working with an agile technology firm such as Torstone means that we'll be using the latest technology. In addition, their hosting service and upgrade process mean that they will keep us on the latest version so that we don't need to go through painful and costly upgrades," commented Prash Naik, GFI managing director finance & operations for Europe, the Middle East and Africa.

Unlike other reconcilers on the market, which tend to be generic, Inferno reconciliation is tailored to reconciling positions, cash and trades.

"Switching your back office technology isn't as daunting as you'd first think," said Brian Collings, Torstone's CEO.

"Our modular, flexible technology means that we can quickly and easily take on a new client's transaction processing at the level and timescale that suits them."

Moving to the (Vi)Valdi tune

Mitsubishi UFJ Morgan Stanley Securities is expanding its use of SunGard's Valdi to help achieve greater operational efficient through an integrated software and services approach.

The integrated approach will cover needs ranging from connectivity to trading screens and downstream system interfacing.

The system also provides multi-market trading with a single multi-asset trading terminal for both derivatives instruments based on Japanese government bonds and interest rate futures products in a fully managed and secure environment.

Running Valdi will optimise operational costs and free up resources through outsourcing to allow the firm to concentrate on business and growth.

A spokesperson for Mistibishi said: "SunGard's Valdi offers a cost-effective and efficient way for our traders and clients to access the TFX and JPX systems in a seamless, stable and secure manner."

"SunGard has demonstrated strong expertise and knowledge of the Japanese markets, and its focus on reducing total cost of ownership led us to select Valdi to help Mitsubishi UFJ Morgan Stanley Securities gain a new competitive advantage in the marketplace."

Bruno Abrioux, senior vice president for Japan at SunGard, added: "SunGard's Valdi solutions are helping growing firms like Mitsubishi UFJ Morgan Stanley Securities to implement and leverage the latest technology on their home exchange."

"In a dynamic economic environment subject to technology changes such as Japan's, the ability to offer clients direct access to trading venues in a fully secure and managed fashion will help firms to achieve new competitive advantages and growth."

G'day, Sibos!

Sydney has won the bid to host the world's largest financial conference, Sibos, in 2018.

The announcement was made by Australia's deputy premier and minister for trade and investment, Andrew Stoner.

Stoner said: "With 74 percent of Australia's finance and insurance industry based in New South Wales (NSW), we are thrilled to host financial leaders from around the world in Sydney in 2018."

"Securing Sibos will see 6000 visitors to Sydney and a $50.7 million boost to the NSW economy." Sibos has been held twice before in Sydney. Once the International Convention Centre (ICC) is completed in 2016, the conference has been able to return.

Stoner said without the new ICC, "Sydney would not have been able to host Sibos".

Alain Raes, chief executive of Asia, Pacific and Africa and Europe, Middle East and Africa at SWIFT, said Sydney was truly a financial hub in the Asia-Pacific region.

He added: "The investment into the financial industry is apparent and Sydney has a global reputation as a city that delivers above and beyond already high expectations."

Sibos 2014 takes place in Boston on 29 September to 2 October. Future Sibos venues include Singapore in 2015, Geneva in 2016 and Toronto in 2017.

Opus moves into Oregan

Opus Fund Services has opened a new office in Portland, Oregon, giving the fund administrator a presence on the West Coast.

Senior vice president Melissa Bockwinkel will lead the new office.

Robin Bedford, CEO of Opus, said: "Our Portland office, complementing our existing San Francisco location, represents a natural expansion into the local fund community."

Bockwinkel commented: "I am pleased to open the Portland office, further increasing our capacity to provide award winning customer service."

Chapman's Eye on the market

Let the games begin

For the past few weeks, I've been working at the Commonwealth Games in my adopted country of Scotland as one of the volunteers (shotgun shooting, as you ask) and I have to say that it was a fascinating experience with a number of parallels—and lessons—both seen and learnt. Given the significant time commitment—some 17 days or so (during which I was still working as normal folks!)—my fellow volunteers mainly comprised students, teachers, and those with extremely understanding employers, those who took their annual holiday as well as numerous retirees.

It was this latter group that was most impressive. Yes, the students had youth and exuberance and the teachers had well-practiced communication skills (even if their audience was somewhat older than that which you are used to), but the slightly older, retired folks brought to bear a superb mix of skills, including empathy, patience, calmness and an air of professionalism that generated great confidence in what they said.

It therefore seems a shame that our industry does not embrace the benefits of age. 'Too experienced' is invariably code for 'too old' and I do believe firms are missing a trick in this respect. Slightly older workers can bring calm to a fevered office, impart precious wisdom to some 'wet behind the ears' newcomers, act as wise counsel to all, and of course have (usually) given up hopes of reaching the highest echelons of power and so should not be considered a 'threat' to younger, more ambitious colleagues.

The event also provided an interesting insight into several aspects of motivation, namely how do you motivate someone who is not beholden to you for their employment, is not receiving any remuneration and who might actually have more experience than you in certain areas? I think the simple answer involves listening, being honest, engendering the idea and target of a 'shared vision', and not putting yourself on a defined pedestal as the 'obvious leader', but wait and hopefully through your actions it will become obvious that you are in that position for a reason.

There were various personality types on show too, many of which we still see in banking today—one example was the 'eternal moaner' who can find vocal fault with any action, inaction or event and can easily imbue the team with negativity and sap their energy. The key to dealing with such a person is to nip the behaviour firmly in the bud, then ignore them and they will soon get the message that their efforts are not welcome. If they don't get it, then tell them again even more firmly.

Finally, volunteering for such a major and complex event with numerous tight deadlines demonstrated the need to actually get things done—always think of the big picture, communicate in advance what you're going to do and then simply get on and do it.

Reading the above, perhaps there might be some lessons which could be applied in your firm—why not give them a go and see what happens, you might well be very pleasantly surprised.

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

Paul Chapman, managing director, HornbyChapman Ltd

Societe Generale Securities Services in Luxembourg has been mandated by Swiss Life Asset Managers to provide custody, fund administration and record-keeping services for a new real estate fund that is currently being created.

Societe Generale already provides Swiss Life Asset Managers with fund administration and securities lending services for French UCITS and domiciliation, custody, fund administration, fund distribution and securities lending services for Luxembourg UCITS.

As at 31 December 2013, Swiss Life Asset Managers managed a total volume of €104.1 billion assets for the Swiss Life Group, including €22.5 billion for external clients in Switzerland, France and Germany.

Pinnacle Capital Management Funds Trust has chosen **Ultimus Funds Solutions** to provide fund accounting, fund administration and transfer agency services for the trust's 1789 Growth and Income Fund.

Pinnacle will look to utilise Ultimus's industry experience to innovate sales and marketing strategies designed to drive the fund's growth.

A key factor in the selection of Ultimus is the firm's distribution expertise, deep industry knowledge and scalable technology solutions.

Bob Dorsey, co-founder and manager director at Ultimus, said his firm is "excited" to partner with Pinnacle and that it has some "innovation opportunities" for the 1789 growth and income fund.

He added: "They're looking at some new distribution and partnership strategies and we're confident our deep experience in the space will help them navigate the process more effectively and efficiently. We look forward to helping them grow the fund and their firm for a long time to come."

CEO of Pinnacle, Joseph Masella, said: "Ultimus has a clear level of expertise that would be invaluable to us as we look to grow our fund."

"We're exploring some unique sales and marketing opportunities and we believe Ultimus will be of great help to us. We really see them as a strategic partner that can help us through this process and beyond."

Blackstone Alternative Asset Management (BAAM) and Legg Mason have selected **State Street** for liquid alternatives fund servicing.

The liquid alternatives, similar to alternative investment strategies, are available through investment vehicles such as mutual funds, exchange-trade funds or close-end funds that provide daily, weekly or biweekly liquidity.

State Street offers reporting, compliance, accounting, custody, settlement and analytics services to liquid alternative fund managers.

Alan Greene, executive vice president at State Street, said liquid alternatives offer both "opportunities and challenges" for asset managers.

He added: "Our fully integrated technology platform takes care of the day-to-day back office functions of collateral management and offers one-stop shopping for reporting, compliance, accounting, custody, settlement and analytics. By taking the operational risk off their shoulders, we can help our clients focus on harnessing value from new sources."

Art Liao, CFO at BAAM, said: "We appreciate State Street's partnership with BAAM for the launch of our first liquid alternative fund."

"The goal of implementing hedge fund strategies within the '40 Act rules in a multi-manager framework of hedge fund managers is extremely complex and underscores the importance of having the right partners making meaningful contributions."

Marble House Capital has recruited **BNY Mellon** to provide custody services and related control functions to a range of portfolio funds and future retail and special alternative investment funds.

Since the implementation of the Alternative Investment Fund Managers Directive (AIFMD) and the introduction of the Germany's Capital Investment Code (KAGB) in July 2013, it has been mandatory for closed-ended alternative investment funds investing in real assets to utilise a custodian.

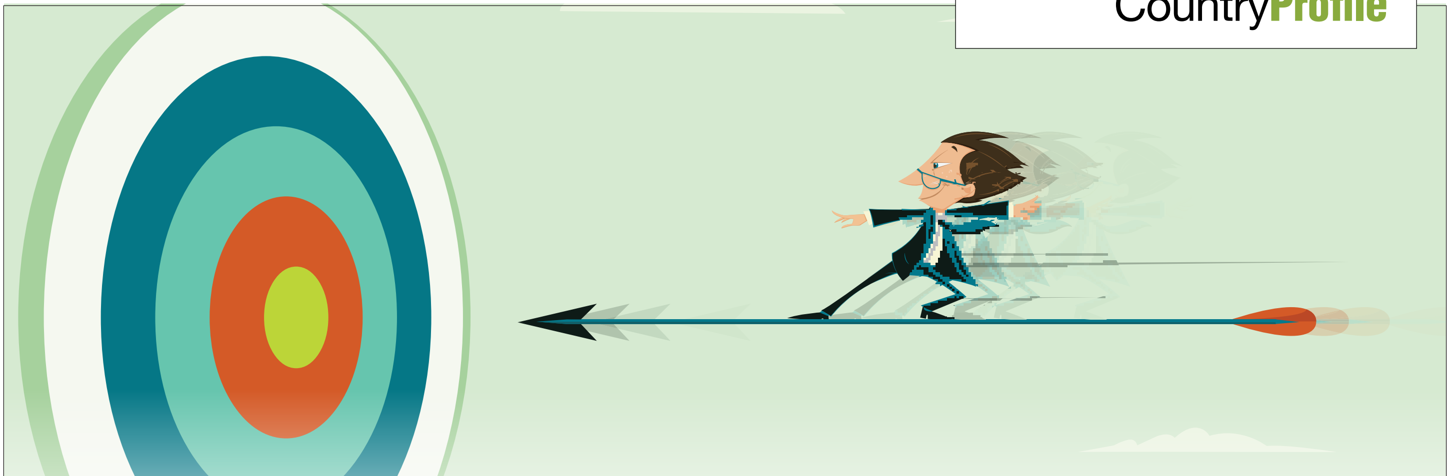
This is the first time BNY Mellon has acted as custodian for closed-end private equity funds in Germany.

Roderich Widenmann, CEO of Marble House Capital, said: "In terms of its global positioning and international expertise in the private equity asset class, BNY Mellon is the ideal partner for us. The increase in transparency and investor protection afforded by appropriate custody of our private equity funds is of key importance within the scope of the new statutory regulations."

"In BNY Mellon, we have found a leading partner for our private equity business on an international scale. We really look forward to working closely with BNY Mellon,"

Thomas Brand, head of investment services at BNY Mellon in Germany, said: "Our arrangement with Marble House Capital will extend our custodian services in Germany in the closed-ended alternative investment segment to include private equity as an asset class for the first time."

"BNY Mellon is already the third-biggest service provider in the alternative investments segment globally. With some $300 billion in private equity assets in custody worldwide, we can put our extensive international experience to good use to benefit Marble House Capital and our other German clients." **AST**



Turning a threat into an opportunity

Canada's 'no surprises' philosophy keeps the country one step ahead of the game

CATHERINE VAN DE STOUWE REPORTS

Few countries can say their market did well during the global financial crisis of 2008. As its neighbours to the south began the rocky road to regain economic growth, Canada was able to retain a stable environment and earn a glittering reputation amongst global investors.

In the aftermath of the crisis there came a regulatory eruption that is still spewing smoke. With the G7 and Financial Stability Board, regulators came together to devise a plan that would create stability and prevent future crashes. As a member of the G7 summit, Canada "is complying and has compliance plans just like Europe has with the European Market Infrastructure Regulation (EMIR)," explains Jean Desgagné, president and CEO of The Canadian Depository for Securities (CDS).

Before the crisis struck, Canada had been in a strong position with no bankruptcies, a point Desgagné believes to be one of the reasons why Canada did so well in the crisis compared to its global peers. But as peers change to align with global and domestic demands, so must Canada.

"With every jurisdiction there is work to do," says Desgagné. "I think we are in a good shape as we interface with our regulators."

"There has been a lot of work by all stakeholders to navigate the environment and come to the right solutions for all involved," adds Alistair Almeida, vice president of business development and relationship management for global financial institutions at CIBC Mellon. "While regulatory goals around the world are often aligned to shared principles—such as strengthening systemic stability and enhancing transparency—the particular requirements prescribed by regulators in Europe or the US do not always perfectly align with the guidance provided here in Canada."

Though strict requirements have been put in place, Almeida says the regulations are there "to further reinforce the market", rather than restrict it.

"Canadian regulators have what Canada's top banking regulator once characterised as a 'no surprises philosophy' … regulators generally request comments from market participants on draft legislation, helping all parties identify and navigate challenges in advance," says Almeida.

Almeida notes that Canadian banks met Basel III requirements "well in advance of the global timeframe". The no surprise philosophy, along with a focus on the importance of "strong balance sheets and healthy capital ratios", will help keep Canada moving forward as changes are made around them.

While there are links between Canada and the rest of the world, the biggest source of trading comes from the US where regulations such as the Dodd-Frank Act and the Foreign Account Tax Compliance Act (FATCA) have had an effect on trading compliancy.

For Desgagné in the depository sector, Dodd-Frank does not directly affect the business of his customers, but they are "very focused" on the steps that are being taken to comply with Dodd-Frank.

"Canadian banks and broker-dealers are putting in a significant amount of time, energy and money on compliancy issues," he says. "Most Canadian participants trade either with a US product, or with US counterparties or with subsidies of US counterparties, so they have to worry about it."

Introduced at the same time as Dodd-Frank, FATCA has created responsibilities that custodians cannot take on themselves. Almeida explains that in the past, custodians could make certain US tax filings on behalf of clients, but now "FATCA requires specific internal client information that we cannot access, as well as certifications that we cannot give on behalf of clients".

However, there are some regulations that could work to Canada's advantage. According to Desgagné, Europe's move into TARGET2-Securities (T2S) could make the clearing industry far easier. "Historically we used to have to forge links between central securities depositaries (CSDs in Canada and CSDs in Europe, but in the future with T2S, getting access to one player in that space will give you access to the market."

"One of the things that would make sense for any clearing firm in the world would be how you would use T2S to cement to links between Europe and your home market. That is something we are thinking about."

Canada is one of the nation's whose soverign debt is triple-A rated, and with its approach to staying aligned with global regulations, the nation will remain a favourite among investors.

With such a strong bond with the US trading markets, there has been some discussion of moving to T+1 settlement. Currently, the US is in the process of debating the move and the current regulatory requirement for Canada is to have "90 percent of trades matched on T+1 by noon". Almeida explains: "We often look to align closely with the US market to support cross-border activity and cross-listed shares."

The CDS has a strong relationship with the US Depository Trust Company and, as Desgangé says: "Like everyone we are having to build more strength around the edges to comply with new rules." Moving into T+1 with the US would make trade matching an easier feat.

Though Canada shares $1.4 trillion in annual bilateral trade with the US, eyes are looking further out across the horizon and to the east. "We are seeing increased bilateral investment with China and South Korea," says Almeida. "But there is a long way to go before these activities approach the volume of trade we maintain with the US."

While there have been pressures that have arisen from regulatory rules and changes, Canada has taken them in its stride. "I do not expect that will change," says Desgagné, "I think the regulators are going to continue the pressure. We are okay with that and we will keep reacting to that."

He adds: "For us, the reputation that Canada has is well earned and hard earned and we do not want to squander that." **AST**

Sibos 2014

Date: 29 September–2 October 2014
Location: Boston
www.sibos.com/conference/about-conference

The Sibos conference offers you the opportunity to engage with leading financial industry figures to debate the latest developments and trends. This year's conference programme addresses key industry issues in a variety of sessions such as plenaries, big issue debates, keynote addresses, panel discussions and special interest sessions

NeMa Americas 2014

Date: 28–29 October 2014
Location: Miami
www.icbi-events.com/FKP2365ASTWB

NeMa Americas will bring together 150+ CSDs, custodians, brokers and exchanges from across both North and South America to address the critical issues including regulation, cost cutting, risk management and innovative strategies. Do not miss this opportunity to find out from your peers, both on and off the record, how to survive and excel beyond 2014...

RiskMinds Risk & Regulation Forum 2014

Date: 22–25 September 2014
Location: Barcelona
www.riskmindsregulation.com/FKN2423ASTW

The RiskMinds Risk & Regulation Forum is the meeting place for 250+ CROs, global Supervisors, renowned Academics and expert industry Practitioners to meet and discuss the key issues in risk management and financial regulation across the banking, insurance and asset management industries

Industry appointments

Deutsche Bank has appointed **Luc Frieden** as vice chairman, effective 15 September.

As vice chairman, he will advise the management board and will work in the bank's government and regulatory affairs department.

Frieden will be based in London where he will report to Stephan Leithner, member of Deutsche Bank's management board.

He previously served as the minister of justice for the Luxembourg government and the minister of treasury and minister of finance.

Lombard Odier has named **Henry Fischel-Bock** as head of its domestic European private client business, effective 1 January 2015.

Bock will report to Frédéric Rochat, a managing partner of Lombard Odier.

Bock joins from Barclays Wealth where he led the UK and European wealth management business until July 2014.

BNP Paribas has added four professionals to its sales and relationship management team for UK asset managers.

Ken Back, **Anne Leyton**, **Roman Seydoux** and **Claire Misata** have all joined he bank.

Back will serve as head of asset managers and alternative sales for the UK. He has more than 30 years of experience in financial services.

Leyton has been appointed head of the fund manager liaison team.

She has 20 years of experience with asset managers. Leyton previously served as client executive director at Citi.

Seydoux and Misata have both been appointed as global relationship managers for asset managers.

Seydoux has more than 12 years of experience in financial services and joins from BNY Mellon. Misata has six years of experience from working at Northern Trust, where she was responsible for relationships with multinational asset owners.

The Global Legal Entity Identifier Foundation has appointed **Stephan Wolf** as CEO.

Wolf currently holds the position of chief technology officer and is a member of the board at Interactive Data Managed Solutions.

Wolf has experience in establishing data operation and global strategies and has led development strategies.

He also co-founded IS Innovation Software in 1989.

Wolf is expected to assume his role soon. In the interim, board chair Gerard Hartsink will serve as interim CEO.

BNY Mellon has named **Werner Taiber** as its country executive in Germany, effective 1 July.

Taiber will also continue in his role as CEO of the Meriten Investment Management, an investment boutique of BNY Mellon.

He replaces Fred Bromberg, who is leaving Germany to serve in his role as senior client executive in New York, where he will report to Karen Peetz, president of BNY Mellon.

Taiber will be based in Dusseldorf where he will report to Michael Cole Fontayn, chairman of BNY Mellon Europe, Middle East and Africa, and Mitchell Harris, president of the bank's investment management business.

BNY Mellon Investment Management has named Joseph Moran as its head of private bank and registered investment advisor distribution.

The position is relatively new to BNY Mellon and Moran will have responsibility for distributing Dreyfus mutual funds and other BNY Mellon financial services in North America.

Moran has 20 years of financial services distribution experience and joins BNY Mellon from Oppenhiemer where he headed wealth management distribution. **AST**

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