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Brazilian markets put under one roof

Brazilian central counterparty (CCP) BM&FBovespa has launched BM&FBovespa Clearinghouse to bring greater robustness and competitiveness to the country's financial and capital markets.

The new post-trade infrastructure will act as a single platform for exchange-traded and OTC derivatives, equities and corporate bonds, spot FX, and federal government bonds. Previously, all of these markets used separate clearinghouses.

BM&FBovespa Clearinghouse will also use the Closeout Risk Evaluation (CORE) risk management system.

CORE simulates thousands of possible price trajectories for assets, contracts and collateral in investors' portfolios, through different modeling techniques that complement each other, providing more robust risk calculation.

It assesses the market, liquidity and cash flow risk of multi-market and multi-product portfolios in an integrated manner, encompassing exchange-traded and OTC contracts. It also incorporates the effects of clearing and risk diversification in investors' portfolios, making collateral allocation more efficient, according to BM&FBovespa.

"Sometimes the market goes for several years without any changes."

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E2C goes to Latin America

Citi's Execution to Custody (E2C) solution is being launched in the Latin American market.

A global electronic platform, E2C is automate trade execution, post trade enrichment, clearance and settlement processes in markets and liquidity pools.

Clients using E2C will be able to take advantage of Citi's extensive market access and execution technology as well as Citi's custody network through a single connection that facilitates straight through processing rates.

As E2C provides both execution and settlement services, the transaction lifecycle is streamlined and client expenses are reduced. The solution also connects clients' internal systems in the front, middle and back office, which prevents duplicative entry and reduces the risk of errors.

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SuMI hub to enhance Asia business

SuMI Trust Global Asset Services is completing the enhancement of its Asian business, focusing on London, New York and Tokyo.

SuMI is strengthening its operational and client service teams in all three centres with all asset servicing and client relationship activity for Japanese and Asian clients now being carried out from Tokyo, supported by the operational and administration centre in Dublin.

The Dublin hub provides support to SuMI's existing and prospective fund administration clients, mainly hedge fund managers, and are focused on expanding fund administration in the Asian region.

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ASTINBRIEF

Brazilian markets put under one roof
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"In this case we'll leap forward several years in a single day," commented BM&FBovespa CEO Edemir Pinto.

"The single clearinghouse and CORE represent a revolution in modernity, security and efficiency in central counterparty and risk management services. As was the case with the Brazilian Payment System (SPB), the market will be divided into before and after the new clearinghouse and CORE."

Cícero Vieira, COO of BM&FBovespa, added: "This pioneering project will result in one of the most secure and sophisticated clearing systems in the world. The new clearinghouse will reduce the market's back-office costs and make trade settlement and the allocation of collateral more efficient. It will also bring greater flexibility and reduce time frames for the launch of new products."

The project's first phase will see the migration of the financial and commodity derivatives markets to the new clearinghouse.

E2C goes to Latin America
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Ricardo Hesse, securities services head of Latin America, said: "Citi's global presence makes the E2C offering unique effective, providing unparalleled in-market expertise on regulation, practices, fee and taxes."

"Citi owns and operates its entire value chain in many markets, allowing transparency into transaction statuses and providing an external record of transactions as a validation source against your internal systems."

SuMI hubs to enhance Asia business
Continued from page 1

Global head of sales for the asset servicing activity, Makoto Tamino, said: "We are very pleased to have completed this important phase of our global enhancement."

"We are always looking for ways to enhance the service we provide and we strongly believe this more streamlined approach will significantly benefit our well established and new clients across Japan and Asia as we continue to grow our business in the region."

Oslo Clearing a success for SIX interim figures

SIX Group's interim report for the first half of 2014 shows that from its acquisition in May 2014 to 30 June 2014, Oslo Clearing has contributed $1.2 million in revenue and $440,000 in profit.

Oslo Clearing was acquired from Norway's Oslo Børs VPS Holding and carries out central counterparty clearing of financial derivatives, equities and securities lending products.

Assuming the acquisition of Oslo Clearing had occurred 1 January 2014, SIX management estimate the revenues and profit would have been higher at $2.75 million and $660,000 respectively.

Costs of the acquisition and operations were included in the interim final figures, representing $110 thousand in the six months ending 30 June.

Private cloud solution for Japan's investment managers

Nomura Research Institute (NRI) has launched T-Monolix Arena Private Cloud Service in Japan.

Arena Private is the only available cloud solution for asset managers in the region, designed to host all IT applications and tailored to the specific investment vehicles these firms own.

Part of the NRI T-Star product suite, the technology solution offers more than 100 asset management firms and pension funds complete front-to-back office to support.

The solution provides a seamless connection between investment managers' infrastructures and NRI's industry standard infrastructure service, as well as third party data vendors and business process outsourcing vendors.

Senior managing director of NRI, Katsuhiko Fujita, said: "Arena Private empowers investment management firms to make more strategic decisions and is scalable to fit the needs of a wide range of institutions."

"Through this offering, we are keeping capital expenditures for the asset management firms low, enabling clients to avoid investing a majority of their budget into IT assets, which can be very costly."

EFAMA marks a small rise in UCITS

Net sales of UCITS fell to €22 billion from €43 billion in May due to a decline in net sales of long-term funds and increased net outflows from money market funds, according to the European Fund and Asset Management Association.

Long-term UCITS registered net inflows also had a decrease, moving from €48 billion in May to €37 billion.

Both net sales of bonds and net sales of equity funds fell to €13 billion and €2 billion respectively.

Money market fund registered an increase in net outflows, leaping to €15 billion from €5 billion.

Total non-UCITS net sales reduced slightly to €8 billion and the overall total of net assets of UCITS stood at €7.53 billion, representing a 1.1 percent increase during the month.

Bernard Delbecque, director of economics and research, said: "Net sales of long-time UCITS declined in June on the back of mixed economic data and heightened geopolitical tensions."

Survey says Federal Reserve has too much influence

Results from ConvergEx Group's US Monetary Policy Survey suggest the Federal Reserve is 'behind the curve'.

The survey explored financial industry sentiment about the US Federal Reserve, chairwoman Janet Yellen and US monetary policy heading into the annual economic symposium at Jackson Hole, Wyoming.

Chairwoman Yellen received a 'B' grade from financial professionals, but fewer than half (49 percent) of respondents approved of the job the Federal Reserve is doing.

Fifty-nine percent described the Federal Reserve as being 'behind the curve' with interest rates, while 32 percent said interest rates are where they should be.

Only 38 percent said they are 'confident' or 'very confident' that the Federal Reserve will make the right policy decisions.

A majority of 66 percent said the Federal Reserve has too much influence on capital markets.

Nicholas Colas, ConvergEx Group's chief market strategist, said: "The financial industry likes Yellen, but believes she leads a central bank that is overexposed and behind the curve."

"There's tangible fear among investment professionals about the unwinding quantitative easing and the painful increases in rates that will follow."

"Our survey shows that Yellen is seen as a strong leader, and investors do not want to scrap the structure of the Federal Reserve, but there is real concern about what happens next."

Year-to-date figures show rise for SS&C

SS&C Technologies's Forward Redemption Indicator for August showed notifications of 4.19 percent, up from 3.15 percent in July's figures.

The GlobalOp platform represents approximately 10 percent of the hedge fund industry in the last twelve months, which is up nearly 4 percent year-to-date.

Assets under administration on the GlobalOp platform have trended significantly lower since reaching a high of 19.72 percent in November 2008.

SS&C chairman and CEO Bill Stone said: "Redemption notifications increased by about 1 percent for the month, but remain moderate and in line with activity this time last year."

Next steps for ASEAN

The Association of Southeast Asian Nations (ASEAN) Exchanges are discussing the next collaborative action steps to market and promote ASEAN as one asset class.

Since the 2011 launch, ASEAN Exchanges have delivered on several key milestones such as the ASEAN Trading Link and development of a post-trade solution that serves to provide greater exposure and access to the range of investable companies across ASEAN.

Magnus Bocker, CEO of Singapore Exchange, said: "The collaborative action amongst the ASEAN Exchanges has been a vital force in moving things forward to achieve our goals and this is most evident in the significant progress we have made over a relatively short period of time."

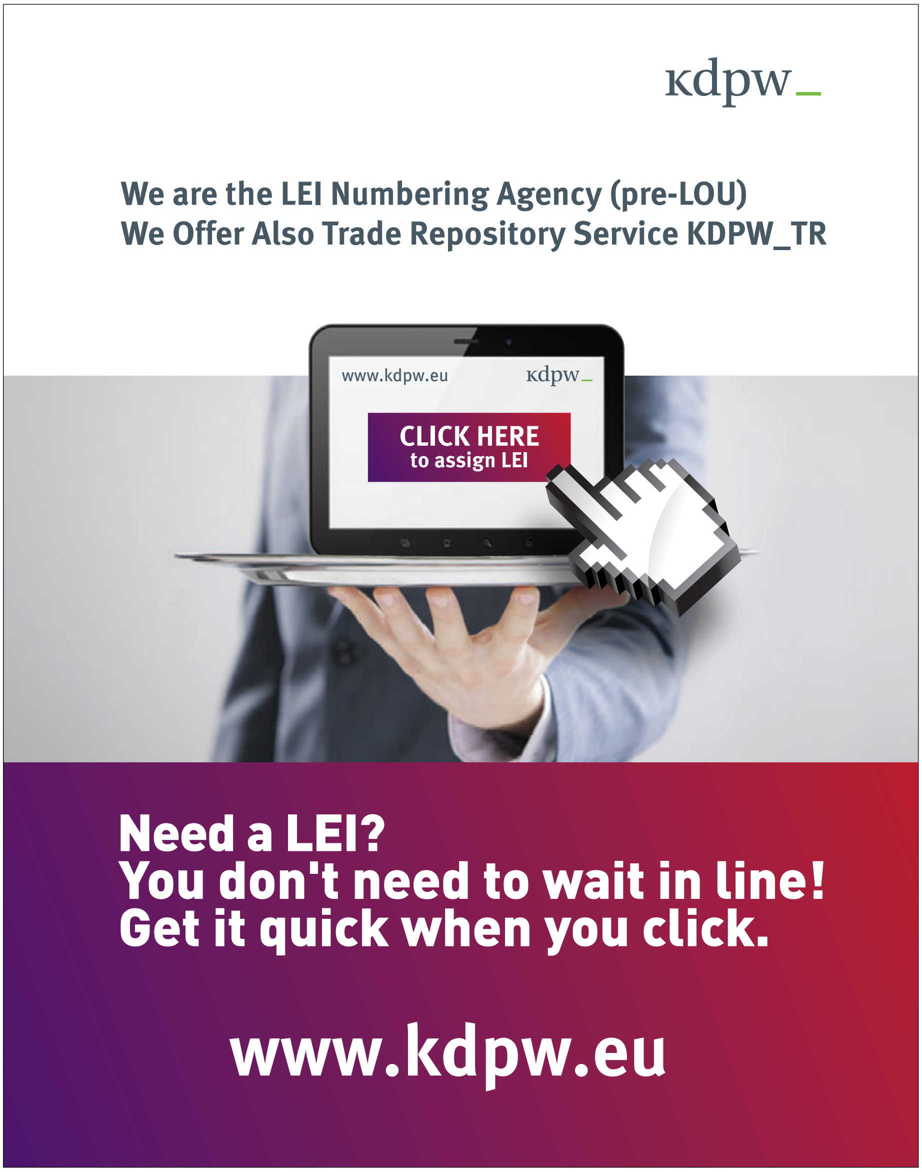
"Since the formalisation of ASEAN Exchanges in April 2011 … we have put in place the ASEAN Trading Link to connect our markets and are able to also now provide streamlined, cost-effective post-trade procedures for cross-border transaction conducted via the ASEAN Trading Link."

"Each of the exchange members has embarked on their own in-market engaging activities with the market players to market and create greater visibility of ASEAN products to investors."

Calastone creates automated Dimension for AUS & NZ

In a move to streamline fund administration for its Australia and New Zealand clients, Dimensional Fund Advisors will extend its reach and implement Calastone's fund transaction network.

Using Calastone's automated system to update the manual processes Dimensional will improve reliability, lift efficiency and decrease risk.



The change comes following a recent interim report of the Murray inquiry into the financial system, which called for a greater focus of efficiency around the operation of superannuation in Australia.

CEO of Dimensional Australia, Glenn Crane, said: “Our business is founded on the principle of delivering great investment outcomes for clients reliably and at a low cost. Using Calastone was an easy decision for us.”

Shannon Bernasconi, managing director of Calastone Australia, said: “Calastone welcomes Dimensional Australia to the network, and looks forward to extending the partnership in both Australia and New Zealand.”

DataX to help Sweden’s AP3 pension fund

Swedish national pension fund AP3 has chosen SuperDerivatives’ DataX for investment analysis and valuation.

AP3 is tasked by the Swedish parliament with generating maximum possible benefit for the income pension system by managing the fund capital in order to deliver strong investment returns at a low level of risk.

The pension fund has two roles, to serve as a buffer when inflows and outflows cause imbalance in the system and promoting the overall financial stability of the system.

DataX provides independent market data for cash and derivative products for currencies, equities, interest rates, credit, energy, commodities and bonds.

AP3 will also use SuperDerivatives’s real-time market data, news and analysis terminal, DGX.

Mattias Bylund, chief risk officer at AP3, said: “As a national pension fund tasked with generating investment returns, accurate market data is vital to making informed trading decisions and precise valuations.”

“SuperDerivatives provides the best guarantee of this, with its history of supplying quality market data for over a decade across a range of financial products and markets.”

Stephen Baker, Europe, Middle East and Africa head of sales and support at SuperDerivatives, said: “Accurate market data represents the crux of informed decision-making and boosts profitability in volatile financial markets.”

“DataX will provide AP3 with the toolkit required to mitigate risk and increase returns as well as enable it to better comply with its mandate of generating the maximum possible benefit for the national pension system through strong returns on investment at a low level of risk.”

DTCC and SWIFT take top spot in TABB ranking

The Depository Trust & Clearing Corporation (DTCC) and SWIFT have been ranked first in the inaugural TABB Group ranking for Q2 2014, with a total comprehensiveness score of 94 percent.

The exclusive, quarterly comprehensiveness ranking of the 14 legal entity identifier (LEI) providers across the world’s financial centres is based on data validity and size and will better identify firms and counterparties engaged in financial transactions.

TABB bases its LEI comprehensiveness on five metrics: validity points (number of entries x total comprehensiveness); total comprehensiveness; regional comprehensiveness; field record completeness; and US record validity.

DTCC/SWIFT took top spot, with WM Datenservice in second and the London Stock Exchange in third.

Sell-side investment needed in OMS

Large and small investment banks and brokers are sacrificing order management system (OMS) functionality in exchange for aggressive cost cutting, SunGard and TABB Group have found.

The report comes from 111 responses from a broad range of brokerage firms and investment banks across North America, Europe and Asia.

Key findings of the report included; at the forefront for all sell-side firms is the desire to consolidate OMS functionality across all asset classes; current OMS functionality for futures, foreign exchange and fixed income exhibited a significant decline in satisfaction when compared to that of cash equities; and for a large number of small firms, current OMS functionality is focused only on equity execution.

Alexander Tabb, partner in TABB Group, said: "To continue proving their worth to the buy side, sell-side firms must recognise the increasingly urgent need for deployment of OMS technology capable of more than simple execution of individual assets."

"Today's more complex environment requires the technological infrastructure for global multi-asset trading, compliance management, and the ability to assess client profitability."

Bob Santella, president of SunGard's brokerage business, said: "Sell-side firms play a valuable role in helping the buy side make sense of market structure complexities and increased regulatory changes."

"But these firms must have the necessary infrastructure to provide greater levels of services that span multiple asset classes and trading strategies, as well as a more flexible OMS architecture through a single point of execution and analysis tools for measuring performance and profitability."

NSD's supervisory board gives the all clear

The National Settlement Depository's (NSD) clearing rules have been approved in a meeting of the supervisory board.

The clearing rules include corrections and amendments connected to peculiarities of clearing and collateral management services provided in respect of repos with the Federal treasury.

A new version of NSD's electronic data interchange (EDI) rules was also approved. The EDI rules include amendments relating to the discontinuance of the Telex system as the information interaction channel for settlement services to NSD customers.

The board also reviewed a report on the NSD's operating results for H1 2014.

Asia alliance for HornbyChapman and AlfaSec

A strategic alliance has been formed between HornbyChapman Limited and AlfaSec Advisors to improve access by asset servicing firms in Asia to experienced industry practitioners.

AlfaSec provides specialist consulting and advisory services in the securities and investment industry, covering strategic planning, product and risk management and network management solutions.

The alliance will bring together the experience of the AlfaSec team in managing securities and asset servicing businesses in Asia with HornbyChapman's resourcing solutions in the industry.

Paul Chapman, managing director of HornbyChapman, said: "We have operated in Asia for over seven years and continue to deepen our coverage of the region."

"The alliance with AlfaSec allows us to collectively leverage our strong relationships in the region and broaden our services to clients—offering both permanent and tactical resourcing solutions from highly experienced talent pools."

The key to your hidden assets...

GOAL is the widely-acknowledged industry leader in providing creative products, services and solutions to automate and optimise the reclamation of withholding tax on cross-border securities dividend income and compensation claims on global securities class actions.

It is now more important than ever that investment advisors, trustees and fund managers are able to demonstrate business integrity, financial transparency and strong corporate governance as an integral part of fulfilling their fiduciary duties to protect the assets in their schemes.

Our research demonstrates that just over 24% of class action claims that could be filed by entitled parties are left unprocessed and unrecovered, despite opinion that institutional investors are legally obliged to instigate such claims on behalf of their clients. Historically, non-participation in U.S. securities class actions has cost investors and funds dearly, for instance between 2000 and 2011 nearly USD18.3 billion in U.S. settlements to which shareholders were entitled were not reclaimed.

Goal Taxback will undertake all the work necessary to recover excess withholding tax suffered on foreign income by utilising our proprietary software together with all the knowledge and expertise gained through years of experience in the business.

Goal's clients include hedge funds, several of the world's largest global custodians, asset managers,

private banks, pension funds, high net-worth individuals, investment banks, prime brokers and fund managers spread widely around the world.

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goal group
accelerating investor returns

AlfaSec managing partner, Giles Elliot, said: "We are delighted to form an alliance with HornbyChapman, and we see huge benefits to securities and asset servicing firms in Asia being able to access a deeper pool of experienced industry talent on a targeted program and project basis."

State Street gets a positive 'A+'

State Street has been given a boosted rating to "A+" by Fitch Ratings, which also revised the firm's rating outlook to stable from positive.

The rating upgrades reflect State Street's improved and more seasoned risk management practices and procedures, which Fitch believes will lead to more significant positive operating leverage in a higher short-term interest rate environment.

Fitch also affirmed the ratings for BNY Mellon and Northern Trust at "AA-", and Browns Brothers Harriman at "A+".

The high ratings for the trust banks are supported by a sound funding profile consisting mainly of core custody deposits, strong capital ratios supporting comparatively low risk balance sheets, and good asset quality metrics.

The three firms' return on equity, amid a low interest rate and low volatility environment, has remained satisfactory from a credit perspective at around 10 percent on average. Fitch's long-term cost of equity assumption for the trust banks is 12 to 15 percent.

Multifonds takes EMIR changes in its stride

Multifonds has incorporated further reporting obligations that have come into force for the European Market Infrastructure Regulation (EMIR).

The changes mean that financial counterparties and non-financial counterparties must report the value of any over-the-counter or exchanged-traded derivatives and the value of the collateral.

Reports must be made after the execution of a trade.

Sern Tham, global head of product strategy for Multifonds, said: "EMIR [changes] impacted our fund accounting product."

"We carried out quite a big chunk of analysis in advance with our clients but overall the impact has not been huge and we have now completed the development to support our customers on this, both on central clearing and collateral. The changes were not that remarkable from our perspective."

India gets first app offering from Deutsche Bank

Deutsche Bank's transaction banking app, Autobahn App Market, is being released for the first time in India.

The cash manager app facilitates straight-through processing of payments and collections for corporates in India, including e-tax payments.

The app also has a dashboard feature that consolidates information that enables clients to gain quick visibility into their account balance positions, payment statuses and key reports.

A new securities portfolio manager app will act as a single access point to a large variety of reports across custody, securities clearing and fund administration. Clients in mutual funds and insurance companies will benefit from the efficient daily workflow.

The Autobahn App Market is the first app-based electronic client offering in the financial services industry, providing access to Deutsche Bank's electronic products, services and intellectual property.

Anjali Mohanty, head of global transaction banking for India at Deutsche Bank, said: "We are pleased to introduce the cash manager and securities portfolio manager apps in India first."

"This clearly demonstrates the importance of this market to the bank and the clients we serve globally. The Autobahn App Market has been developed by exercising great discipline leveraging clients."

"It exemplifies our client-centric product development strategy."

Chapman's Eye on the market

The bigger they are

The concept of 'too big to fail' refers to the belief that certain financial institutions are so large, and so interconnected with the wider economy, that no matter how parlous their financial health they cannot be allowed to fail and thus need to be supported—pretty much at all costs—by the relevant government. Over and above the ultimate pros and cons of such a move—which some might say makes a mockery of the concept of capitalism—the idea is also akin to the principle of moral hazard with its attendant implications for future reckless and profligate behaviour by financial institutions.

While the phrase first came to public notice in the UK during the financial crisis of 2008 onwards, it was initially used in 1984 with respect to the Federal Deposit Insurance Corporation's stance towards Continental Illinois and I still see parallels and relevance in the current environment for the asset servicing industry.

For some time, since the industry consolidation of the mid-1990s and early 2000s, it was generally accepted that a bank could not sell its asset servicing business as it was 'too useful to be sold'—acting as a boringly reliable cash cow, providing a low risk annuity flow of cash which could be usefully employed elsewhere in higher-yielding businesses as well as useful cross-selling opportunities, especially for the universal banks.

A low interest rate environment reinforced this belief and the last time an asset servicing business was allegedly mooted to be for sale—a division of a French bank four or five years ago—the 'powers that be' were advised in no uncertain terms that the division was so integral to the bank overall that it had to be kept in-house.

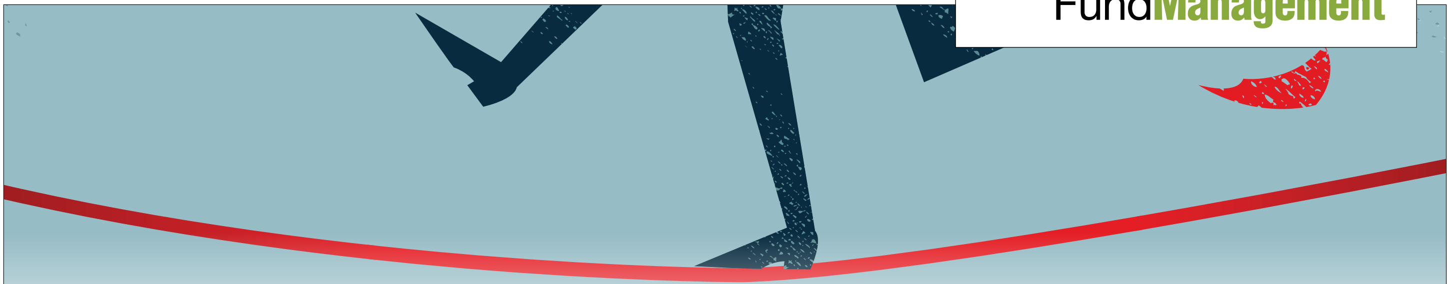
However, despite the fact that interest rates will likely rise shortly, thus helping asset servicing divisions' profitability in one respect, other costs and the risks associated with running a business are rising exponentially. Examples include staff costs, which are increasing, albeit at a slower pace currently than prior to the crisis, but this is changing perceptibly, and there are something like 33 individual pieces of regulation either in place or being enacted shortly, each of which could be business critical to asset servicing clients and hence to our industry itself.

Regulators, especially in the US, are becoming increasingly litigious against banks that will be obliged to head down the risk curve and possibly downsize to core businesses. The increasing cost of compliance itself, just to maintain a 'steady state', only adds to the full cost of staying in business. Finally, increasing capital requirements mean a further drop in profitability, hence the ongoing attractiveness of asset servicing divisions.

I suspect that some serious thinking and detailed analysis is being done in boardrooms of the global banks, especially in the US and Europe, and rumours abound as to who might sell first. As ever, some firms will benefit from this change and some will suffer—perhaps the long-awaited polarisation of the industry will start to become more of a reality. Given the sensitivity of such a sale, I suspect that the first we might hear for definite is when the announcement is actually made.

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

Paul Chapman, managing director, HornbyChapman Ltd



Outsourcing oversight

Securing the right balance of oversight is an important challenge for fund managers today, says Milestone Group's Paul Roberts

CATHERINE VAN DE STOUWE REPORTS

What are the latest issues affecting fund managers?

One area topping the agenda at the moment is how the industry deals with oversight of outsourced functions. As the model for outsourced fund accounting matures, it has become clear that success depends on having an effective mechanism to ensure outsourced functions are properly monitored. At Milestone Group, we have been tackling the issue for some time, but now increasing awareness and regulatory scrutiny are bringing it to the fore.

Outsourcing is nothing new, so why is this a particular issue now?

The concept of outsourcing certain aspects of fund accounting has been around for some time, but the concept of 'oversight' has only really been on the agenda as outsourcing models have matured, particularly in more recent years.

Forward-thinking fund managers, asset owners and trustees have largely led the way in strengthening their processes and controls, but it is still fairly early days in fully recognising the discipline. The reason it is now a wider issue and becoming a concern for many more firms is that regulation appears to be catching up on this issue.

In November 2013, the UK Financial Conduct Authority (FCA) released its thematic review into asset management, which homed in on oversight risk: the impact of errors in valuation and pricing of funds both on individual investors and on the industry as a whole.

What was wrong with the old model of working and how is it changing?

A model in which service providers have taken on responsibility for delivering critical and complex functions, but in reality have been expected to bear sole responsibility for quality, is not fit for purpose in today's complex world.

As a result, a new best practice is emerging. This involves fund managers participating directly in the control framework, providing an effective oversight function that offers a second layer of protection to themselves, and their relevant stakeholders and clients.

What challenges do fund managers and service providers need to address?

The challenge is to secure the right level of oversight. The FCA thematic review highlighted that fund managers are expected to have qualified people in place who understand how instruments are valued. These people should also be able to challenge the data coming back from service providers.

Having the right people in place is one dimension, but it's still an operational challenge. For one thing, firms often engage more than one service provider. With different outsourcing arrangements in place, there will also be different practices, different data sets and different operational procedures to oversee.

Then there are the timeframes involved. If inaccuracies and errors in the net asset value (NAV) calculation are not caught in time, the resulting costs can spiral rapidly. So the pressure is on to review, validate and react to any anomalies within a very short timeframe.

There is a careful balance to be struck. Too little oversight potentially exposes asset managers to significant reputational damage, funds outflows and potential fines. At the other end of the spectrum, 'shadowing' or duplicating outsourced functions is inefficient and so dilutes or negates the benefits from the outsourcing business case.

How have your clients been responding to the challenges?

The basic trick is to treat fund oversight as a core business process, subject to the same operational control principles as any other critical function. This includes automating the process to eliminate undue administrative burdens. Our clients are finding that the best way to achieve this is to give the individuals charged with oversight the right tools in the form of modern and sophisticated fund oversight technology.

The system needs to be able to independently verify the 'actual' NAV and unit price values provided by the outsourced partner, and compare them to an independently predicted or 'expected' NAV or unit price. A sophisticated benchmarking capability to allow for comparison against multiple indices for accurate analysis of mixed portfolios and complex products is also essential.

Critically, the system also requires robust data management capabilities that support collecting and combining multiple service providers and data streams, with the ability to recognise, validate, and present the relevant fund valuation data, while monitoring service-level agreement performance and outlier exceptions.

How has this recent trend affected your business?

Helping firms manage oversight has been a big focus for us since 2012, and our oversight solution has contributed to our strong growth over the last two years.

We're seeing interest continuing to expand, particularly as regulatory scrutiny into fund administration practices accelerates awareness of this critical function, and shows no sign of waning. The FCA in the UK has already declared its intentions and we see regulators in other jurisdictions globally moving down the same path. AST

Paul Roberts
Managing director, EMEA
Milestone Group

Lessons to learn

Failing to monitor and participate in class actions internationally should not happen, says Goal Group's Brian Slade, who takes a look at the case in New Zealand

Securities class actions have developed at a rapid rate outside of the US in recent years, with investors seeking alternative jurisdictions in which to pursue claims. Unlike the judicial powerhouses of the US and Australia, the New Zealand legislature does not currently permit class actions to be pursued in the same way as the US. Yet that by no means implies that New Zealand investors should not actively be seeking participation in global class actions abroad. Greater emphasis must then be placed on the importance of fiduciary duty and the monitoring of opportunities internationally.

In the US, F-cubed actions—which involve a non-US shareholder suing a non-US company, whose stock was purchased on a non-US stock exchange, and who is bringing a case in a US federal court—have effectively been excluded by the US Supreme Court's 2010 ruling in the National Australia Bank case. As a result, securities class actions are no longer solely focused in the US, but group and collective litigations are being filed in multiple legal systems throughout the world.

Therefore, New Zealand investors still need to be aware of securities class actions against US companies (and against foreign companies in which US investors have a substantial interest), as well as other collective redress participation opportunities in other countries. Canada and the Netherlands, for example, have legal systems where there are more developed securities class action and collective redress options available to global investors.

With the typical New Zealander equities portfolio now investing 47 percent in foreign shares, it is clear that there is a duty to monitor and participate in securities class action and collective redress opportunities in various countries around the world. Goal Group's analysis of its class actions knowledge base predicts that by 2020, annual securities class action, groups and collective redress settlements outside of the US will reach $8.3 billion annually. However, it is also estimated that $2.02 billion of global investors' rightful returns will be left unclaimed each year because of non-participation.

With the rise in prominence of neighbouring Australia, it may not be too long before we see New Zealand follow suit and adopt legislation that will allow securities class actions on home soil. In Australia, class action litigation took off when the Federal Court of Australia Act was amended in 1992, and with 22 percent of New Zealand investment in Australia, this is clearly an area in which New Zealand investors can be very active.

Despite the continued prominence of class actions in nearby Australia, New Zealand has so far not followed suit. The absence of clear litigation is the main reason behind this. In 2008, the rules committee issued a draft Class Actions Bill, which was subsequently sent to the secretary for justice in 2009. Despite the draft bill, little political progress has been made.

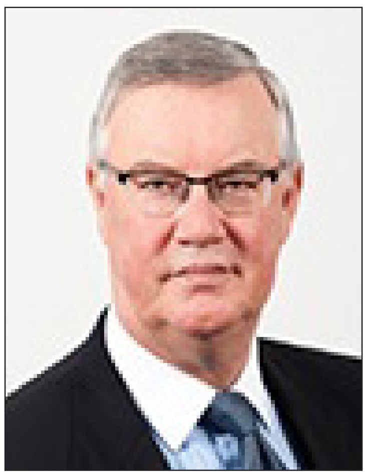
Securities class action litigation in New Zealand seems inevitable in the coming years as most of the expansion features needed are also present in litigation in Australia. Not only do class action laws act as a handbrake to corporate mischief, but a class action allows investors who would never have brought an individual action against a company to seek recovery from alleged wrongdoing. They allow shareholders to compete on a level playing field with corporations that are well funded and supported. A class action process in New Zealand would help to encourage corporate governance best practice.

New Zealanders, nevertheless, do have legislation for a group action by way of representative action under the High Court Rules. Rule 4.24 provides that one or more persons may sue on behalf of, or for the benefit of, all persons "with the same interest in the subject matter of a proceeding", either with the consent of the represented parties or with court approval.

The courts have permitted plaintiffs to use this mechanism to commence class actions. The Court of Appeals ruling in Saunders v Houghton in 2010 highlighted how there is the ability to bring representative proceedings on behalf of a group of plaintiffs, although this can still not be applied to securities class actions. The 2011 Commerce Committee Report issued to the New Zealand House of Representatives, setting forth various proposed reforms as result of the widespread failures of finance companies, underlined the importance of regulating corporate governance rules and increasing New Zealanders' understanding of financial issues.

It is the responsibility of fund managers and advisors to actively pursue opportunities around the world, particularly in the US and Australia, to claim money to which they are entitled. So whilse class action legislation would be beneficial in New Zealand, investors still need to be aware of the opportunities worldwide that are available to them and actively participate in class actions where they hold stocks in those markets. Failure to engage in class actions can leave billions in unclaimed settlements, compromise fiduciary integrity and portfolio returns, and prejudice clients' potential entitlement to legal redress.

Failing to monitor and participate in class actions internationally should not happen, as there are a number of services commercially available that minimise the complexity and cost of effective participation and recovery. **AST**



Brian Slade
Director of sales and relationship management—Australia and New Zealand
Goal Group

Industry appointments

Amanda Cameron has been promoted to managing director and general manager of J. P. Morgan in Luxembourg.

Previously managing director and chief risk officer for investor services for the Asia Pacific and China (APAC), Cameron's new role will focus on management of custody and fund services in Luxembourg.

Cameron will report to Stephanie Miller, global head of fund services and alternative investment services for J.P. Morgan.

She takes over the role from Chris Edge, who left the company six months ago.

LCH.Clearnet has recruited **Marcus Robinson** as head of SwapClear Australia.

Relocating to Sydney, Robinson will support the growing demand for on-the-ground, robust interest rate derivative (IRD) clearing solutions.

Robinson will lead LCH.Clearnet's next phase of expansion in Australia. Previously Robinson was based in LCH.Clearnet's London office as director of SwapClear business change.

Daniel Maguire, global head of SwapClear, said: "Australia is an important component of our geographic expansion strategy in the Asia Pacific region. The relocation of Robinson … reflects our absolute commitment to the region."

"Robinson has been instrumental in our Australian business from the outset and his industry knowledge, experience and leadership skills will be essential to our continued growth. This new phase strengthens our ambitions to deepen relationships long-term with local and international firms to ensure we deliver the best Australian and regional support."

Broadridge Financial Solutions has appointed **Christopher Perry** as president of global sales, marketing and client solutions.

Perry will report to Richard Daly, president and CEO.

He previously served as global managing director of risk for the financial and risk division at Thomson Reuters.

In this role, Perry was the general manager of a global risk segment.

Daly commented on the hire: "Perry's appointment underscores our continued focus on supporting our clients, broadening our solutions capabilities and driving our long-term growth aspirations."

Timothy Gokey, COO of Broadridge, added: "Perry brings a track record in client solutions for global accounts that will also be an asset to both Broadridge and our clients."

To strengthen its technology and operations departments, Deutsche Bank is welcoming **Richard Shannon** and **Scott Marcar** to its senior teams.

Shannon is set to join in October as Americas chief information officer (CIO) and co-head of group for technology and operations (GTO) Americas.

Joining from Goldman Sachs, Shannon will support the bank's compliance and regulatory technology initiatives. He will be based in New York.

Marcar, also joining in October, has been appointed head of IT infrastructure and will be responsible for designing, operating and modernising the bank's infrastructure to drive greater security, stability and cost efficiency.

He joins Deutsche Bank from Royal Bank of Scotland and will be based in London.

Both Shannon and Marcar will report to Kim Hammonds, global CIO and global co-head of GTO.

National Settlement Depository (NSD) has promoted **Alina Akchurina** to managing director.

Akchurina will be responsible for developing the collateral management systems. She will also focus on NSD's triparty services.

She joined NSD in November 2013 as chief of product development department.

Akchurina previously served as head of the trade operations processing centre at Deutsche Bank. **AST**

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