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Pirum boosts SunGard's Astec Analytics intra-day trade data

SunGard' Astec Analytics and Pirum have joined forces to allow mutual clients to deliver their data straight to Astec Analytics via Pirum technology.

The interface, which is available immediately, has been developed in response to constrained information technology budgets dampening securities finance participants' ability to receive useful data quickly.

It will be available to all Astec Analytics and Pirum clients.

"This initiative allows market participants to utilise existing technology for free whilst enjoying the advantages enjoyed by many Astec Analytics clients as the intra-day data market has developed over the last two years," commented a source.

Pirum clients' data will transmitted to Astec Analytics intra-day. Users will benefit from "clean, high quality and accurately matched trade data without any additional development effort or cost on their behalf", added the source.

Intra-day and end-of-day trade data can be delivered in this way, bringing down the technical and expense barriers to entry for any mutual client wanting to join the Astec Analytics service.

"Clients already signed up will provide a significant boost to the European intra-day data that has already been uniquely provided to the market by Astec Analytics for more than a year and the US data for more than two years. This will build further upon the experience and knowledge built up by Astec Analytics in the intraday data space," concluded the source.

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CJEU: it's too early to tell about FTT

The Court of Justice of the EU (CJEU) has dismissed the UK's legal challenge of the Financial Transaction Tax (FTT), ruling that it was premature.

The possible effects that the FTT will have on non-participating EU countries' administrative costs cannot be examined until the tax has been finalised, according to the CJEU.

The UK challenged the implementation of the FTT following the European Commission's and the EU Council's decision to allow 11 EU countries, including Germany, France and Italy, to use 'enhanced cooperation' to push through the tax.

Enhanced cooperation is an extraordinary procedure that EU countries can use if union-wide agreement on a rule or law is impossible.

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Citi lands NBIM mandate

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 its $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.

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Pirum boosts SunGard's Astec Analytics intra-day trade data

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The Pirum/Astec Analytics interface will be demonstrated at the International Securities Lending Association Securities Finance and Collateral Management Conference in Berlin in June.

"Participating in today's securities finance markets requires an increasing level of electronic interconnectivity. This newly established link with SunGard is one component of Pirum's strategy to make it both cost and resource effective for clients to connect their own systems and data to their counterparties, and to market infrastructure providers such as market data providers, triparty agents and central counterparties", commented Rupert Perry, CEO of Pirum.

Last year, SunGard began streaming securities lending transactions data from around the world 24-hours a day and in real time through its Astec Analytics service.

Astec Analytics currently monitors more than 1.9 million securities lending transactions at 110 financial institutions and tracks more than 40,000 unique securities on loan daily.

CJEU: it's too early to tell about FTT

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The FTT—a levy on financial trades—will negatively affect non-participating countries, driving up the cost of taxed trades, argued the UK.

Dismissing the UK's legal challenge, the CJEU said: "It is obvious that the question of the possible effects of the future FTT on the administrative costs of the non-participating member states cannot be examined for as long as the principles of taxation in respect of that tax have not been definitively established as part of the implementation of the enhanced cooperation authorised by the contested decision."

The UK has promised to take further legal action. "The government is determined to continue to ensure that the interests of countries outside of the single currency, but inside the single market, are properly protected," said a UK government spokesperson.

James Walsh of the National Association of Pension Funds (NAPF), said in a statement following the CJEU's ruling against the UK: "The FTT is not the best way to reduce excessive risks or tackle bad behaviour in the markets. In addition, the cost of this tax would undoubtedly be passed on to the millions of private savers and pension scheme members in the UK by the financial institutions and banks that manage their investments."

"The government is right to challenge the tax's legality as it is highly likely that it would affect UK pension schemes and their members. The CJEU is not saying the UK's challenge is wrong, only that it is premature because the details of the tax are not yet clear. By challenging the FTT's legality now, the UK government has protected its right to make a more detailed challenge later, once the full proposal is available."

Securities finance business will be affected if the FTT comes into force in its current form, according to UK professionals and associations.

One commentator has warned that the FTT could have a damaging effect on returns and prevent securities finance participants from making a profit.

Repo markets would be the hardest hit, said the commentator, with an estimated cost of €198 billion to Europe's largest banks. The short average duration of repo transactions make them particularly susceptible to the tax, he explained.

The International Securities Lending Association is also fearful. It has said that the tax could "close down" the securities lending market.

"At has least 65 percent of the European securities lending market would disappear as a result of the FTT."

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It noted that more than €2 billion of revenue would be lost to long-term investors, while close to €500 billion of euro government bonds would be removed from the lending/collateral markets.

A recent Credit Suisse report also revealed that Italy has experienced a 34.2 percent relative decline in active daily trading since it introduced its own FTT a year ago, highlighting the effect that an EU version may have on the underlying cash markets that drive borrowing demand.

A source commented: "If the EU 11 are successful in implementing a tax it would be bad news for securities lending, even if, as with France and Italy, securities finance transactions are exempted."

Citi lands NBIM mandate

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

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.

Euroclear and DTCC announce joint collateral venture

The Boards of Euroclear and The Depository Trust & Clearing Corporation (DTCC) 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.

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.

Swiss central 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 Securities Services 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 Securities Services 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 Group, 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."

SIX Securities Services has also completed its acquisition of Oslo Clearing.

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

Thomas Zeeb, CEO of SIX Securities Services, 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.

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 euro and US dollar triReduce cycles 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."

Northern Trust receives SEC subpoena

Northern Trust has received a subpoena from the US Securities and Exchange Commission (SEC), seeking documents related to the bank's securities lending activities, according to its latest 10Q filing.

A spokesperson from Northern Trust commented: "We believe the securities lending practices under review are appropriate. We will fully cooperate with the SEC to facilitate its review."

Although it is unclear whether the subpoena is related, a number of participants in Northern Trust's securities lending programme have commenced either individual lawsuits or purported class actions in which they claim, among other things, that the bank failed to exercise prudence in the investment management of the collateral received from the borrowers of the securities.

The cases assert various contractual, statutory and common law claims, including claims for breach of fiduciary duty under common law and under the Employee Retirement Income Security Act (ERISA).

Northern Trust has already settled lawsuits over securities lending, with multiple plaintiffs agreeing to withdraw claims.

Meanwhile, Northern Trust's securities lending revenue increased 2 percent in Q1 2014, primarily reflecting higher volumes in the current quarter, according to its most recent financial report.

Banking agencies adopt final ratio

The Federal Reserve, Federal Deposit Insurance Corporation (FDIC) and Office of the euroclear

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Comptroller of the Currency have adopted a final rule to strengthen the leverage ratio standards for the largest, most interconnected banks in the US.

The final rule, which becomes effective on 1 January 2018, applies to US top-tier bank holding companies with more than $700 billion in consolidated total assets or more than $10 trillion in assets under custody (covered BHCs) and their insured depository institution (IDI) subsidiaries.

Under the final supplementary leverage ratio, covered BHCs must maintain a leverage buffer greater than 2 percentage points above the minimum supplementary leverage ratio requirement of 3 percent, for a total of more than 5 percent, to avoid restrictions on capital distributions and discretionary bonus payments.

IDI subsidiaries of covered BHCs must maintain at least a 6 percent supplementary leverage ratio to be considered 'well capitalised' under the agencies' prompt corrective action framework.

The final rule currently applies to eight large US banks that meet the size thresholds and their IDI subsidiaries. The final rule is substantively the same as the rule proposed by the banking agencies in July 2013.

In a statement, Federal Reserve board of governors chair Janet Yellen commented: "The financial crisis showed that some financial companies had grown so large, leveraged, and interconnected that their failure could pose a threat to overall financial stability. [This] action is another step in the Federal Reserve's efforts to address those risks."

"The final rule … would implement enhanced supplementary leverage ratio standards for the largest and most systemic US banking organisations. Under this framework, these banking organisations would have to hold substantially increased levels of high-quality capital as a percentage of their total on- and off-balance sheet exposures to avoid restrictions on capital distributions and discretionary bonus payments." The framework provides incentives to such firms to maintain capital well above regulatory minimums."

Software training in the Bronx

A new software testing centre will bring 150 high-technology jobs to the Bronx in New York—equating to $5 million in wages in its first year alone.

Software consulting company Doran Jones is partnering on the software testing job creation initiative with Per Scholas, a non-profit organisation headquartered in the South Bronx that provides free technology education and job placement to unemployed and underemployed adults.

Per Scholas will train the testers through its eight-week software testing education programme (STEP), and the majority of its graduates will go directly to work in the Urban Development Center, occupied and operated by Doran Jones in the same building. Construction begins this summer.

Industry trends in software testing have created an opportunity to meet growing labour demands, improve quality, reduce overseas costs, and reshore jobs to the US. The UDC model establishes and concentrates high-technology infrastructure, resources, and jobs in low-income urban neighborhoods as a conscious economic development strategy.

Keith Klain, COO of Doran Jones, said: "There is a huge quality gap in the software testing market. This solution provides a talent pipeline to that problem and makes meaningful contributions to our local community, our clients, Per Scholas and, most significantly, the graduates of the training programme."

"This is a blueprint for true Corporate Social Responsibility programmes and further emphasises Doran Jones's core value of investment in our people."

Matt Doran, CEO of Doran Jones, commented: "Our first graduates are already working on engagements at client sites, at a couple of Hedge Funds and at a software house, proving that with the right training and mentoring, they can start adding value almost immediately."

Testing technology 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 and retain a competitive advantage.

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.

BNY Mellon buys remaining 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.

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."

Eurex Repo grows despite fall in outstanding volume

Eurex Repo, which operates the Swiss Franc, Euro Repo and GC Pooling markets, recorded an average outstanding volume of €221.6 billion in all markets in April 2014, down from €224.5 billion in April 2013.

This was due, in part, to the secured money market GC Pooling recording an average outstanding volume of €148.7 billion, down from €154.8 billion in April 2013.

The Euro Repo market, however, grew by 22 percent and reached an average outstanding volume of €43 billion, up from €35.3 billion in April 2013.

The Swiss Franc Repo market achieved an average volume of €29.9 billion.

The international derivatives exchanges of Eurex Group recorded an average daily volume of 8.7 million contracts, also down from 9.8 million in April 2013.

Of those, 6.1 million were Eurex Exchange contracts and 2.6 million contracts were traded at the US-based International Securities Exchange (ISE). In total, 177.2 million contracts were traded, 122.2 million at Eurex Exchange and 54.9 million at the ISE.

In its largest segment, equity index derivatives, Eurex Exchange achieved 47.6 million contracts, down from 54.3 million in April 2013.

Futures on the EURO STOXX 50 Index stood at 18.6 million contracts and 17.1 million on the index options.

Futures on the DAX index totalled 2.1 million contracts while the DAX options reached another 2.6 million contracts.

The equity derivatives (equity options and single stock futures) segment at Eurex Exchange recorded 39.9 million contracts, down from 56.6 million in April 2013.

Equity options totalled 14.8 million contracts and single stock futures equalled another 25.1 million contracts.

OneChicago experiences slight volume dip

Equity finance exchange OneChicago saw volume of 556,385 in April, a 2 percent decrease compared to the previous year.

Of that, open interest stood at 521,685 contracts, with 46 percent of April month-end open interest in OCX.NoDivRisk products.

Some 540,624 exchange futures for physicals and blocks were traded in April, representing $2.9 billion in notional value.

Other highlights include an average April block trade size of 426 (equivalent to 42,600 shares), while security futures year-to-date volume increased 21 percent over 2013.

OCC announces cleared contract volumes

OCC's total cleared contract volume in April reached 360,854,580 contracts, which is 4 percent less than the previous April with one less trading day.

Year-to-date cleared contract volume stood at 1,469,337,112 contracts, up 6 percent so far for 2014. Average daily volume for 2013 was also up 6 percent with 17,918,745 contracts traded.

OCC's securities lending central counterparty activity was down 22 percent in new loans from April 2013, with 95,152 transactions in the month.

Year-to-date stock loan activity was down 6 percent from the previous year with 385,940 new loan transactions so far in 2014. The average daily loan value at OCC in April was $94,392,698,578.

Exchange-listed options trading volume was 355,803,000 contracts in April, a 4 percent decrease compared to April 2013.

Average daily options trading volume for the month was 16,943,000 contracts, 0.43 percent more than the same period last year. Year-to-date total options volume grew 6 percent over the same period last year with 1,446,102,568 contracts changing hands.

Futures cleared by OCC reached 5,051,580 contracts in April, down 4 percent from April 2013. OCC's average daily cleared futures volume for April was 240,551 contracts, 1 percent more than the previous April.

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OCC's year-to-date cleared futures volume is up 25 percent with 23,234,544 contracts traded so far in 2014.

Deutsche Bank nabs pension fund mandate

South Carolina Retirement Systems has mandated Deutsche Bank as its first third-party securities lending agent, according to reports.

The South Carolina Retirement System Investment Commission reportedly approved COO Greg Ryberg's recommendation to install Deutsche Bank at a recent meeting concerning the $27 billion pension fund.

BNY Mellon is the pension fund's custodian, having renewed its mandate at the end of last year. The bank has acted as its custodian since 2007.

The bank previously handled all securities lending activities for the pension fund.

In its 2012 to 2013 Annual Investment Report, the pension fund revealed that, under BNY Mellon's leadership, the gross securities lending revenue for the fiscal year was $2.5 million, an increase from $1.4 million in the prior year.

A Deutsche Bank spokesperson declined to comment.

Mixed results for funds in April

Aggregate hedge fund performance was positive in April but equity strategies, which have taken in the vast majority of investor flows in 2014, were negative for the second consecutive month, according to eVestment's April 2014 Hedge Fund Performance Report.

The industry rose 0.16 percent during the month and is up 1.35 percent year-to-date (YTD), on pace for an annualised return of only 4.12 percent for the year.

Equity strategies produced their second consecutive month of aggregate losses in April. Exposure to emerging markets, particularly China and Eastern Europe, were partly to blame for the decline, but funds also appeared caught by the sell-off in the biotechnology and technology sectors.

In the same period equity losses were concentrated within smaller funds. Funds with over $1 billion in assets under management (AUM) were up 0.28 percent during the month while those focused on the tech sector faced the largest losses, at more than 4 percent in April.

After facing a spurt of redemptions following fears of a rising rate environment in mid-2013, credit strategies have benefited from a decline in rate markets since the beginning of 2014.

Credit is the best producing primary market exposure for the hedge fund industry in 2014, ahead of volatility, with returns near 3 percent. The universe of credit strategies also happens to be outperforming the S&P 500 for the year.

Securitised credit and MBS-focused funds in particular are among the best performing strategies in 2014 after another strong month in April. MBS-focused funds were up 1.03 percent during the month and 4.37 percent YTD.

Commodity funds have quietly found themselves among the leaders of the industry in 2014 after good aggregate returns in April. Strong natural gas, grains and metals markets have all helped push returns near 2 percent YTD.

Macro strategies declined again in April and are now down 0.06 percent in 2014. As in March, smaller macro strategies were the primary source of losses in April.

Large macro funds were up 0.36 percent during the month, yet aggregate returns are only slightly positive for the year. Smaller macro strategies are down 0.18 percent in 2014.

SunGard's hot stocks: 5 May

Only Twitter and Anhui Conch managed to hold their place at the top of SunGard's Astec Analytics latest hot stocks list, with a number of new entrants making waves.

German car manufacturer BMW AG (BMW.F) is SunGard's top Europe, Middle East and Africa (EMEA) pick for the week beginning 5 May 2014, after its shares experienced a volatile and mostly negative period, despite the company saying it had seen sales edge higher in April.

The true market focus was the week's earnings data, as numbers came in better than expected. Data from SunGard suggests that, while the stock was losing ground in April, short sellers may have been building positions. The number of BMW shares borrowed is up 43 percent over the previous four weeks.

CNH Industrial NV (CNHI.MI) has also been highlighted by SunGard for the EMEA region after it announced it has entered into a new technology licensing and component supply agreement with Sumitomo Construction Machinery.

The agreement will see CNH Industrial begin to manufacture Sumitomo-designed crawler excavators starting in 2016.

Despite this, the company's shares saw a somewhat mixed week, while on the borrowing front SunGard data suggests short selling may have begun to edge higher. The number of shares borrowed climbed almost 10 percent in the week beginning 5 May.

General Electric was SunGard's top North American pick for the same week after the board of French company Alstom officially accepted a binding cash offer for the sale of its energy business.

The deal is expected to go through for $13.5 billion despite objections from the French government. Concerns around this opposition to the deal have now been justified. The French government sent an official letter to General Electric CEO requesting a different and more equitable deal.

From a short selling perspective, data from SunGard suggests General Electric's share price has been gaining ground and since early March borrowing has been declining steadily, with volume of its stock being borrowed now 52 percent lower than 1 March 2014.

Social media firm Twitter (TWTR) has retained its place on SunGard's list for yet another week after it recently reported disappointing earnings.

This caused the shares to gap-down after the overnight announcement and has since seen the stock drop 17 percent.

Data from SunGard shows both borrowing and demand to borrow have been on the rise despite the falling share price with the number of shares borrowed climbing 10 percent.

In the same week, the cost of Twitter's borrowing quadrupled—both numbers are currently the highest the company has seen since it was listed in November 2013.

Australian iron ore developer Aquila Resources (AQA.AX) is SunGard's top pick for the Asia Pacific region, after China's Baosteel teamed up with Australia's Aurizon Holdings to launch a AUD $1.14 billion takeover bid for the company.

Although Aquila's shares ended the week beginning 5 May in the red, the news brought about a surge, with the stock opening about 37 percent higher than it closed on at the end of the previous week.

On the borrowing front, data from SunGard suggests short selling may have been building since the first weeks of April, when the number of shares borrowed climbed 19 percent.

Chinese cement company Anhui Conch Cement Company (0914.HK) has also been selected by SunGard as a hot stock for the Asia Pacific region.

The company's share price has managed to slowly claw back some of the ground it lost in the immediate aftermath of poor results in the previous week and SunGard's data shows borrowing activity has continued to increase at a steady pace, hinting that short sellers may still be betting on further losses for the stock despite the recent fall.

Since 16 April 2014 the number of Anhui shares being borrowed has climbed 9 percent.

Benzi moves into E*Trade

Linda Benzi has moved into E*Trade Financial Corporation as head of securities lending trading. Her aim? To create a cohesive, transparent environment, give the business a fresh perspective, mitigate risk and protect the firm

MARK DUGDALE REPORTS

Why did you join E*Trade?

Securities Lending is one of E*Trade Financial Corporation's influential business lines that senior management felt would be enhanced by moving it from the west coast to the east coast, which is closer to corporate headquarters. This decision created new (usually scarce), securities lending positions.

There were a number of very qualified participants who interviewed for the position. I was fortunate enough to achieve the position because I have not only managed the supply desk at Goldman Sachs after working in various operations roles, but I also have a well-rounded background that includes relationship management, business development, regulatory exposure and market data from my past positions at EquiLend and Data Explorers (which later became Markit Securities Finance).

I have always treasured securities lending as a career, so when a friend encouraged me to look into the head of trading position at E*Trade, I suddenly felt an excitement and passion that I have not felt since I left trading, so I knew had to apply. I am so grateful for the opportunity to return to a world I have always valued and cherished.

Who is a part of your team at E*Trade?

I have an amazing team at E*Trade. Our team has a depth of securities lending experience ranging from 10 to 22 years. Anthony Barros, who has worked at Paloma Securities, Jeffries & Company and RCap Securities, joins me as a director and will manage the desk on a day-to-day basis. We also have experienced and senior industry traders in Anthony Polito, Vincent Molinari, Robert Lynch and Leo Rosenholz, who are all well-known in the industry.

What are doing as head of securities lending trading, and what are you charged with achieving?

My initial goal is to create a cohesive, transparent environment while giving the business a fresh perspective and mitigating risk and protecting the firm. As a team, we are working on solidifying and growing relationships with our counterparties as well as bringing in new relationships.

E*Trade as a whole is very involved in industry initiatives, but I have found that the firm does not have a public voice from a securities lending perspective, so Anthony and I have already reached out to the Risk Management Association and Securities Industry and Financial Markets Association (SIFMA) about participation, and I recently joined the Prime Broker/Securities Lending Committee at SIFMA to keep abreast of changes that affect our industry as well as to contribute to solutions. Our overall goal is to work together and make the business more efficient and automated, as well as deliver an enhanced overall experience for our counterparties and customer base.

What sort of securities lending trading has E*Trade traditionally carried out?

We have a very conservative and focused business model. We will continue to lend E*Trade inventory at optimal levels through our retail base and continue to provide top level service to our counterparties and retail clients by allowing them to short hard to borrow securities. But we are taking a fresh approach to what we have available and have already made progress in increasing the volumes that we have been lending out to the street.

We are also working on offering a more competitive box rate as well as a more efficient, automated method of lending. At some point, we are looking forward to broadening our lending scope to include more exchange-traded funds, Canadian securities, American depository receipts and special situation issues. The fully paid product is something that we have analysed and researched in-depth, and we are hopeful that we will be able to introduce that initiative in the near future, allowing us to continue to be competitive in this space.

What does E*Trade bring to the table for securities lending clients that others do not?

E*Trade was founded on customer advocacy, needs and fairness, and our securities lending product is no different. Our management team is determined to level the playing field for retail investors to ensure best execution for our customers. This principle continues to govern our every decision and underscores the company's commitment to our customers.

Our investors enjoy being empowered. They want the tools to manage their accounts on their terms, which is why we recently launched a completely new brand platform, Type E*. It encapsulates our desire to build deeper relationships with our customers. As a trusted partner in helping retail investors navigate the markets and improve their financial well being, we take our role quite seriously and E*Trade continues in its determination to obtain price improvement for its customers.

We posted positive earnings in Q1, which was our best quarterly financial performance in more than six years. This is a testament to E*Trade's senior management team remaining very committed to the growth in our business and taking the necessary steps to reduce our risk profile while continuing to execute on our strategy and capital plan throughout the year. **SLT**

From L/R: Vincent Molinari, Robert Lynch, Linda Benzi, Leo Rosenholz, Anthony Barros and Anthony Polito

Opportunities a-knockin'

Chris Chanod introduces PrimeOne Solutions, a division of CoreOne Technologies, and discusses where the market is going next

MARK DUGDALE REPORTS

PrimeOne Solutions is a CoreOne Technologies company. Can you tell us a little about the organisation and your primary areas of business?

CoreOne Technologies is the umbrella company, housing three sister companies—VistaOne Solutions, data management and reporting; DeltaOne Solutions, an exchange-traded fund and index data and technology service provider; and PrimeOne Solutions, which I represent, a complete managed service offering including global cash prime brokerage (CashOne), global securities lending (LoanOne), global synthetic prime brokerage (SwapOne), and multi-format client reporting (PrimeReporter).

PrimeOne was founded on the investment thesis that there would be a number of global banks that made it through the financial crisis with a relatively clean balance sheet and an appetite to enter the capital markets space.

Prime finance has proven to be a cornerstone of the capital markets business, specifically pertaining to hedge fund and global asset manager financing. For new entrants, PrimeOne provides a complete managed service increasing time to market and reducing cost and for existing providers an upgraded, efficiently managed platform at a fraction of the cost to run internally.

What is it that you are offering that others are not? Do you see a gap in the market or is it that you feel you can do it better?

We are the only complete vendor solution for prime finance. The financial crisis provided us with the opportunity to lift-out state of the art technology from global investment banks and re-platform it as a managed service.

We don't just sell software: we host, maintain, support and customise it to suit the needs of our diverse client base. Each client has its own branch of code, which is managed by our global team of prime finance veterans.

How did you come to be working at PrimeOne?

I came to PrimeOne through two colleagues of mine from my years at Deutsche Bank: Rob Flatley who is the founder and CEO of CoreOne, and EJ Liotta, who runs PrimeOne. Rob ran global electronic execution at Deutsche and EJ ran product development for prime finance when I was a manager in the client service division. I left Deutsche Bank in 2009 and joined the prime broker sales team at Citigroup. EJ and I had kept in touch, so I knew what they were up to and that they were doing something very interesting and potentially revolutionary in the prime broker space.

In early 2013, EJ and I started talking about me running sales and business development for him. It was perfect timing because it was time for me to stretch my legs working for a smaller company, one where I knew I could leverage my 15 years of experience and bring something dynamic to the many relationships I've developed.

Plus, after 15 years of suits, wearing jeans to work is a nice perk.

How would you describe the markets acceptance of your offerings?

The response to PrimeOne has been extremely positive. New and adolescent prime finance businesses understand this is the fastest and most cost effective solution for the future of their business. The most interesting development over the last 12 months has been the interest from Tier 1 prime brokers looking to upgrade technology and reduce cost.

We continue to expand our addressable market on a regular basis and, as a salesperson, it's a pleasure to work for a firm where the quality of the product and the personnel sell itself.

All the talk in the industry is still about regulation—does this hinder or help your technology sales efforts?

Regulations are still the main driver for increased costs in prime finance and across capital markets. Industry intelligence shows that as much as 80 percent of Tier 1 prime broker budget is allocated to regulatory spending. That number is staggering and leaves minimal investment (if any) for maintenance, support and development of a global prime broker infrastructure.

These trends will continue to lead banks in search of new revenue streams and aggressive cost cutting and that is exactly the value proposition of PrimeOne.

Where do you see the industry moving over the next couple of years and what can we expect to see from PrimeOne Solutions?

There continues to be an industry-wide movement into synthetics. Hedge funds and institutional asset managers are allocating a larger percentage of their portfolios to swaps based on a number of factors: market access, leverage limitations in cash, operational efficiencies of actively traded portfolio swaps, and so on. Banks are also seeing the advantages of swap as it relates to balance sheet efficiency and funding ratios.

Our flagship product, SwapOne, is designed to efficiently handle high volumes from the most sophisticated financing counterparties and we are looking forward to continued success in that space. SLT

Chris Chanod
Global head of business development
PrimeOne Solutions, a division of
CoreOne Technologies

Home is where the advantage is

Technology solutions exist that will give your traders the support they need to deliver, says Jean-Paul Musicco of Trading Apps

FROM SLT SECURITIES FINANCE TECHNOLOGY ANNUAL 2014

In sport, statistically speaking, the home team has an advantage over the visiting team. This is for various reasons: familiar facilities, possibly travel and time change challenges, and most likely, supportive fans. This advantage, for those of you who are not US college football fans, is known as the '12th man'. Football teams allow a maximum of 11 players on the playing field at a time, so referring to a home team's fans as the '12th' man implies that the home team has a potentially helpful role in the game. There has been a significant amount of analysis to support this theory and we all know that the Las Vegas bookmakers live and die by the odds they offer to potential gamblers.

At Trading Apps, we believe that the right type of software can be the 12th man that your business so desperately needs to gain the home-field advantage. As you look at your own business today, you realise that you have lots of different inputs (staff, global regulatory rules, capital, etc) as well as various forms of data, to run your business as efficiently and as profitably as possible. Trade data, historical trade data, specific security data, third party data, disparate data from other systems—the list goes on. Data is the theme of late for the financial services industry, along with the rest of the world.

Coupled with data management, another key component is the trade negotiation component of your counterparty relationships, which if employed correctly for your trading staff, can enable several types of scalable solutions to give your global trading team the extra edge.

Securities finance is still one of the few remaining markets that do not execute a majority of its transactions via a centralised execution platform. And due to the bilateral nature of this business, it is imperative that you employ tools that can handle both structured messages and non-structured messages, such as Bloomberg and email messages, in an optimal way.

Trading Apps has spent the last few years focusing on the non-structured messaging trade component by building complex 'parsers' that are embedded in our Pre-Trade App so that your firm, without forcing your counterparties to change their workflow, can accept all types of messages into a centralised Pre-Trade Manager that is directly linked to your inventory, with a custom set of algorithms.

Present that collective information to your expertly trained traders and let them make the final decision on whether to override the indicative pricing, or let it instantly respond to the counterparty. That is the definition of scalability and efficiency, which is something every trading desk should be looking for in this day and age.

Whether you trade fixed income repo or conduct equity finance, are located in the US or across the globe, you effectively have two types of trades that are a part of your securities finance book: general collateral and specials. One type requires the ability to handle significant volume and the other, specials, requires numerous inputs from various data providers to identify the most accurate price.

So, based on that fact, you would want to employ software solutions that sort through the various types of data and employ analytical tools such as algorithms to give your firm the statistical advantage of the home field.

Regardless of whether you are an agent lender looking to actively lend your client's securities or a global investment bank that has all types of internal and external clients to satisfy, you will be busy optimising your requirements or needs daily.

Typically, it is the finance price threshold known as the fee or the lack of rebate, that dictates where this securities finance transaction lies. General collateral trades are all about scale and volume, but at the right price based on the sensitivity of the market and looking to maximise every basis point. By creating a set of dynamic rules through various algorithms, traders can manage the volume of bilateral and centralised requests via tools such as our Pre-Trade App and our Inventory App, which use centrally located algorithms.

So for this aspect of your business, the negotiating tools and the algorithm provide the scalability and the efficiency of moving lots of product at the right finance price. Finding a scalable solution to trade significant secured funding trades via various distribution channels allows for better metrics on what are historically constrained by limited amounts of balance sheet and unsecured funding. By having software that incorporates the usage of algorithms along with trade negotiation tools, your desk will feel like it has the home field advantage.

Now on to the most profitable part of your trading book and its unique requirements. Specials tend to trade with greater variance in pricing when compared to the general collateral book, and that is due to a lack of transparency, supply and potentially greater inputs that have a direct impact on each trade.

Employing a robust algorithm that aggregates numerous inputs that you deem influential for determining the finance price is essential.

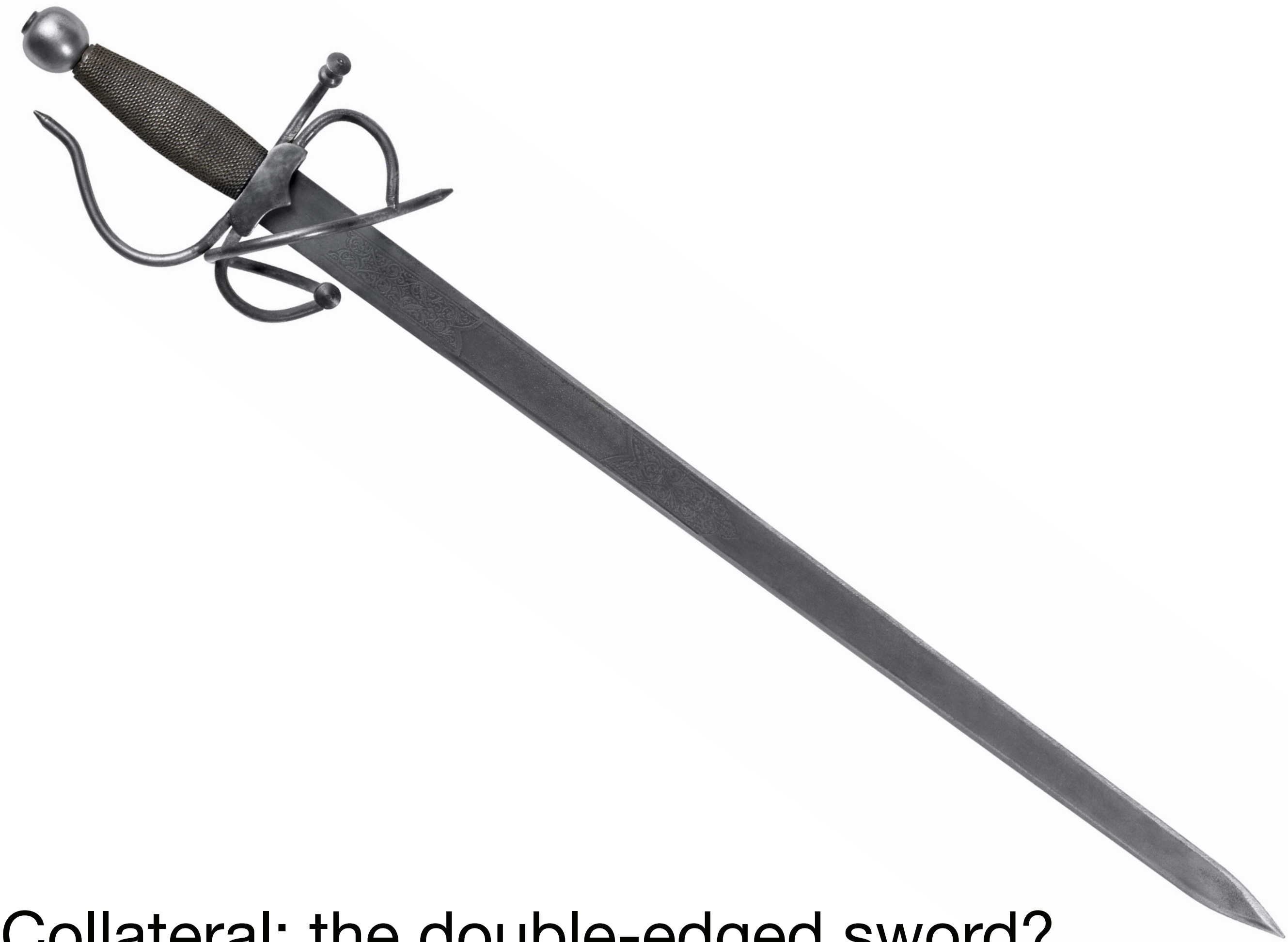
More importantly, displaying those inputs in our Trade Entry App allows traders to respond to counterparties much quicker and with greater certainty that the price offered or bid is determined by quantitative inputs rather than mainly qualitative components that typically do not win the day with your counterparties.

By responding quicker than your peers, who are employing traditional trading tools, and having all of the essential data in a centralised trading tool, the odds are in your favour, just like the home team.

The best quant traders in the world attempt every day to take much of the subjective and qualitative input out of their decision making when managing risk. Securities finance should be no different.

Engage your data and don't let it bog you down by the enormity of it all. Employ sophisticated front-office tools that Trading Apps designs as per your firm's requirements. Let Trading Apps be your firm's '12th man' and create a home field advantage. **SLT**

Jean-Paul Musicco
Managing director
Trading Apps



Collateral: the double-edged sword?

The buy side needs to consider how best to manage collateral in order to prepare for any potential shortage in supply, says Mark Jennis of DTCC

FROM AST REGULATORY HANDBOOK 2014

Collateral is viewed as both a solution to, and trigger of, the massive financial losses that occurred as a result of the financial crisis of 2008.

In response, policymakers around the world have enacted new rules and legislation, including the US Dodd-Frank Act in the US, European Market Infrastructure Regulation (EMIR) and Basel III standards, to increase market stability and resiliency, enhance transparency and reduce risk. As a result, these rapid and significant changes in the financial markets are impacting the management, mobilisation and transformation of collateral.

But despite the regulatory reform of the derivatives markets on both sides of the Atlantic, concerns over an anticipated collateral shortage continue to abound. Phased implementation of mandated clearing for swaps is now underway, while the final agreements over the introduction of operational controls and capital requirements for non-cleared OTC derivatives trades are being made. It is expected that these two initiatives will have the biggest impact on the demand for collateral. As such, market participants, in particular those operating in the buy side, need to consider how best to manage their own collateral in order to prepare for any potential shortage in supply.

So what are the main drivers behind the changes to the collateral market and what opportunities exist for buy-side market participants responding to new regulatory and industry agendas?

To begin with, it is helpful to draw a distinction between what we mean by collateral and what we refer to as collateral management. Collateral is the security provided by one party to another to mitigate counterparty risk for any extension of credit or financial exposure. In financial markets, collateral is broadly interpreted but typically includes cash, securities and, at times, commodities such as gold.

Collateral management, on the other hand, refers to the efficient and effective allocation of collateral to reduce risk and encompasses both supply and demand components. The former includes the reconciliation of deal/trade portfolios and the daily calculation of exposures based on price movements of both the trade/deal itself and any existing collateral, while the latter includes the efficient identification, aggregation, management and allocation of collateral to meet various exposures.

Is there sufficient collateral to meet demand?

As a result of new derivatives legislation, liquidity requirements and regulatory mandates, organisations have attempted to calculate the amount of collateral that will be needed by financial firms. Driving the increase in collateral requirements are new rules that mandate central clearing for the majority of OTC derivatives trading and the introduction of operational controls and capital requirements for non-cleared, OTC derivatives trades. In practice, clearinghouses will have to impose initial margin requirements

as well as reduce or eliminate thresholds for variation margin, which will dramatically increase the demand for high-quality collateral.

The extent of the problem has been highlighted in a number of studies. The Bank of England estimated in September 2012 that the amount of collateral needed to meet requirements posed by new regulations globally could reach as high as $800 billion. A more recent study by the Bank of International Settlements estimated this to be around $4 trillion.

Despite the anticipated increase in demand for collateral, many market participants are either not fully cognisant of their eligible collateral or unable to efficiently mobilise collateral to allocate it against specific exposures. As much as 15 percent of the collateral available to financial institutions is currently left idle, costing the global industry more than €4 billion a year, according to a recent joint study by Clearstream and Accenture.

In addition, many firms are not optimising their collateral, which could create a gap between supply and demand. Optimising collateral not only requires reviewing the eligibility criteria and understanding the terms of the collateral agreement, but also calculating the costs of putting that collateral to different uses and moving the collateral and following its settlement status across the extensive network of depositories and custodian banks.

Margin calls expected to grow

A number of drivers are expected to dramatically increase margin call activity, which will likely have a significant impact on liquidity and risk. Discussions with participants in the OTC derivatives markets indicate that this activity could jump 500-1000 percent. There are a number of factors behind this likely increase:

Regulatory changes: Dodd-Frank and EMIR could require initial margin for both counterparties and a reduction or removal of thresholds for variation margin. The inclusion of initial margin will significantly increase the amount of collateral required, and will create additional margin calls. The removal or reduction of thresholds for variation margin will mean any change in valuation may trigger daily margin calls. In the past, thresholds limited these calls to times of significant changes in underlying valuations.

Regionalisation: The potential creation of multiple regional clearing venues per product may have a splintering effect on collateral, increase the number of margin calls, and alter the mix of acceptable collateral globally. If this occurs, it could also lead to a dramatic rise in collateral requirements as the benefits of offsetting exposures experienced in today's portfolio exposure calculation are removed and margin reverts to being calculated on regional or gross basis.

Clearing fragmentation: With new clearing requirements for OTC derivatives transactions, credit support annexes (CSAs), which have historically covered an entire portfolio of deals with one margin call now may exclude products offered by different clearing houses—which may drive individual daily or even intraday margin calls for each clearinghouse. This clearing fragmentation reduces the historical advantage of calculating margin across a multi-product portfolio. This fragmentation effect may be exacerbated in the US by the regulatory requirement that creates multiple collateral accounts for specific types of underlying transaction being collateralised: security-based swap, non-security based swap, future and option, or cleared/non-cleared (bilateral) activity.

New standard credit support annexes (SCSA): CSAs establish rules that govern the posting of collateral for OTC derivatives. Historically, margin calls have primarily been met in EUR or US dollars. The International Swaps and Derivatives Association's (ISDA) new SCSA looks to encourage better risk mitigation through matching the currency of the collateral with the currency of the underlying trade.

The combined impact of new collateral requirements and margin activity

Regulatory changes are making it difficult for market participants to keep their internal systems and procedures responsive to meet new challenges. Firms are concerned because the increase in collateral requirements, along with the subsequent increase in underlying margin activity, is expected to have an impact on costs and risk in a number of areas including funding costs; operational capabilities and settlement expectations management; and reporting and recordkeeping.

Furthermore, the segregation of accounts required by new regulations, while improving the safekeeping of collateral, will add complexity to the collateral management process that existing technology will find challenging to manage.

Transparency is key

During periods of extreme market stress, the volume and value of margin calls increase exponentially. The inability of firms to seamlessly connect collateral obligations and their ensuing settlements creates opacity in the market. This has the potential to cause destabilising market reactions and impact the decision-making of policymakers responsible for managing the crisis. In response to the need for transparency, regulators are becoming more interested in collateral reporting. This is evident in exposure reporting to trade repositories, margin dispute reporting and recovery and resolution reporting needs.

Solutions to the collateral challenge

There are currently multiple collateral management solutions encompassing anything from portfolio margining to collateral optimisation trying to address the different segments of the collateral challenge. However, the situation requires a solution that can address both the scale and the efficiency of collateral management challenges, as well as the gap between the supply and demand of collateral. Without it, hedging risks will become more expensive, profit margins will continue to be squeezed and investment returns will become more challenging.

The evolving regulatory environment will continue to place significant pressures on financial firms and create multiple challenges for managing collateral.

With margin call activity expected to increase by as much as 1000 percent and given the increasing demand for collateral, this will have a major impact on both liquidity and risk. The operational nightmare scenarios are endlessly identifiable.

In an environment where cost benefit analysis rules the day, the industry is looking to harness market infrastructures to help solve this issue. Firms are growing wary of fragmented approaches that may deliver limited operational cost and risk benefits.

The reality is that collateral challenges will be far more extensive than envisaged to date, and in many cases, fragmented solutions will only address certain parts of the problem.

This will leave firms struggling to cope with the enormity of the situation in years to come.

In conclusion, it is essential that strategic collaborative solutions are employed to leverage the expertise and knowledge of multiple providers as well as address the issue in a more holistic manner.

With this in mind, DTCC is continuing to collaborate with industry partners to develop solutions that address the operational costs and risks associated with the increased demand for collateral. SLT

Mark Jennis
Managing director of strategy and business development
DTCC

Failure to converge

M&A is back with a vengeance in 2014. The flurry of activity has seen a resurgence of deal arbitrage, with mixed success, says Samuel Pierson, an analyst at Markit Securities Finance

After several years of anaemic corporate M&A activity, 2014 looks set to be a strong year for takeovers. Companies have warmed up to large, strategic deals, which fell out of favour after several years of economic uncertainty.

Global deals announced in Q1 were up 54 percent from the same period last year, according to Thomson Reuters. The deal momentum continued in April, with the global deals announced so far this year topping $1.1 trillion.

Resurging arbitrage

The flurry of M&A activity in 2014 has attracted arbitrageurs betting on consummation of the deals. To do so, they will purchase shares of the firm being acquired and short the shares of the acquirer.

Two sectors have seen a large share of recent M&A headlines: pharmaceuticals/biotechnology and cable TV providers. Here we review activity around Comcast Corp's bid for Time Warner Cable Inc and Mallinckrodt PLC's bid for Questcor Pharmaceuticals Inc.

The increased M&A activity has provided opportunities for merger arbitrage trades, but have they been profitable?

Comcast/Time Warner: arbitrage flat

On 13 February, Time Warner Cable (TWC) announced that its board of directors had accepted an offer from Comcast Corp (CMCSA), which valued each share of Time Warner Cable at 2.875 shares of Comcast . As of the close on 13 February, the spread between Comcast's offer price and the current price of Time Warner Cable was $7.46 per share. At the close of 2 May, the spread was at … $7.46.

The unchanged spread belies the likelihood that arbitrageurs have already realised profits on the trade. Figure 1 shows the number of shares short related to the arbitrage (subtracting the CMCSA shares on loan prior to the announcement from the current total) compared with the spread between the offer price and the price of TWC.

There was relatively little activity during the first month following the announcement, however, as the spread started to collapse in late March, the arbitrageurs made their move, increasing the shares related to arbitrage to 27 million on 2 April.

During the first three weeks of April, arbitrageurs covered short positions as the spread continued to fall. Since then, the spread has returned to the level it was at on the day the deal was announced, while shorts in CMCSA are at a 52-week high.

Given that CMCSA is easy to borrow, this trade was easy to put on and had an inexpensive carry.

Questcor pain

Arbitrageurs in the Questcor Pharmaceuticals/Mallinckrodt tie-up have seen the spread between the two companies run away as the Questcor's discount to the price offered by its acquiring rival has tripled in the last month to the highest level since the deal came to light on 7 April.

On that day, Questcor Pharmaceuticals (QCOR) announced that it had accepted an offer from Mallinckrodt PLC (MNK), which valued each share of QCOR at 0.897 shares of MNK, plus $30 in cash. It represented an offer price of $86.5, $18.2 more than the QCOR share price on 4 April. Despite the spread narrowing to $4.1 on the day of the deal coming to light, it has since grown back to $13.18, putting of the recently placed arbitrage trades under water.

The shorting in MNK (see Figure 2) related to the announcement hit 6.5 million shares on 10 April, but has since declined to 4.8 million shares as the spread has moved relentlessly higher on the back of MNK's strong performance.

With MNK's active utilisation at 33 percent, there is plenty of supply to put this trade on, however, the borrow cost has increased since the announcement, adding further pressure on the arbitrageurs.

Exchange-traded products

On the exchange-traded fund (ETF) side, the deal drought that saw many hedge funds turn their backs on merger arbitrage also saw large outflows out of merger arbitrage products.

The outflow out of the asset class saw assets under management fall nearly 40 percent from their peak at the end of 2011.

The recent flurry of activity has seen the four-listed exchange-traded products, which aim to play merger arbitrage strategies snap a seven quarter net outflow streak. The first quarter of the year saw $6.4 million of inflows. This positive mood continued in April when the four funds managed to pull in nearly $4 million of new assets.

While assets managed by merger arbitrage exchange-traded products are still relatively low, their returns can be used to gauge the efficacy of the strategy. In 2013, the two largest funds, the Credit Suisse Merger Arbitrage (CMSA) Liquid Index and the Index IQ ARB Merger Arbitrage (MNA) ETF, returned 7.9 and 6.5 percent, respectively—well below the returns posted by passive index funds.

Year-to-date, the strategy has still to perform, as the CSMA is down -2.0 percent, while the MNA is up 2.6 percent. The relative underperformance is not as bad as last year though, as the markets have largely traded sideways. SLT

Figure 1

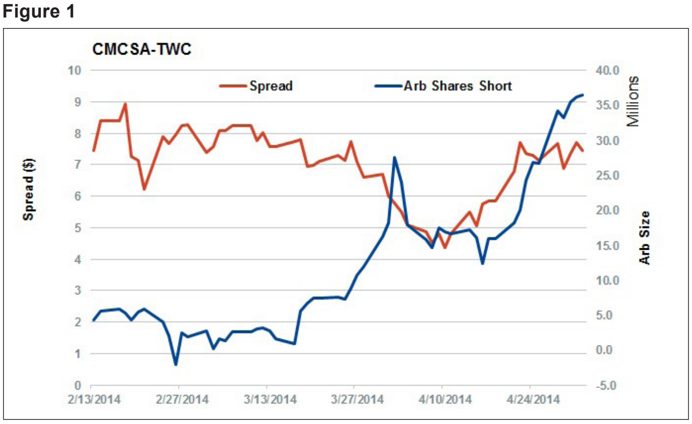
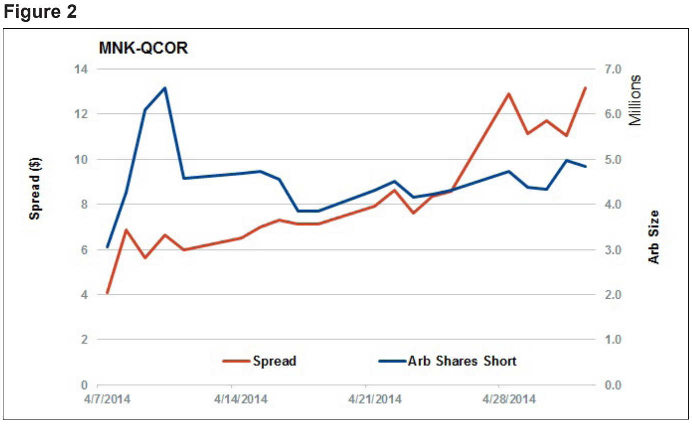


Figure 2



Industry appointments

Shrianth 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.

Frankfurt-based consultancy and software development house Comyno has recruited former securities lending trader **Florian Bruns** to further expand its team of strategic consultants.

Bruns worked in several positions at top tier investment banks in Germany before joining Comyno, gaining extensive knowledge of the securities lending market.

Comyno CEO Markus Büttner commented on the hire of Bruns: "[His] appointment reaffirms Comyno's successful strategy of growth for 2014. With [his] practical expertise, theoretical knowledge and analytical skills, he perfectly complements Comyno's consulting profile."

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 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. **SLT**

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Date: 22-23 May 2014
Location: Austria
www.globalleadingconferences.com

GLC Europe has organised the 3rd Annual Collateral Management Forum to bring together the most sought after people in this industry under one roof on 22 and 23 May 2014, Vienna, Austria. As usual, the event will provide solutions for the most emerging topics and bring together senior C-level executives from the biggest and top European banks, institutions and regulatory bodies.

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Date: 24-25 June 2014
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