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Wells Fargo litigation finally over

The US District Court for the District of Minnesota has granted final approval of a $62.5 million settlement in a class action against Wells Fargo on behalf of participants in the bank's securities lending programme.

The Miller Law Firm, led by Powell Miller and Sharon Almonrode, and Glancy Binkow, led by Peter Binkow and Kevin Ruf, served as co-lead counsel.

The total settlement amount is among the largest recoveries achieved in a securities lending class action stemming from the 2008 financial crisis.

The settlement was achieved on the courthouse steps the weekend before a jury trial was scheduled to commence.

Previously, in the same court, Wells Fargo prevailed in a six-week jury trial in a case brought by other plaintiffs alleging substantially the same violations against the bank.

Miller stated: "Wells Fargo had prevailed on a similar case just last year, but we were not about to back down. This settlement represents an outstanding result for the pensions and other investors."

"Our success was only possible after years of hard-fought litigation and intense trial preparation."

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BM&FBovespa has bumper July

Brazilian central counterparty (CCP) BM&FBovespa processed 121,284 securities lending deals in July, beating June's total of 108,422 by 12,862.

They were worth $2.5 billion, compared to $2.3 billion in June, the CCP reported.

The Brazilian CCP also launched BM&FBovespa Clearinghouse on 18 August, 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 modelling techniques that complement each other, providing more robust risk calculation.

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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 Oslo Børs VPS Holding and carries out central counterparty clearing of financial derivatives, equities and securities lending products.

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Wells Fargo litigation finally over
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In a statement, Wells Fargo said that its clients suffered minimal losses during the financial crisis, and the bank was focused at all times on serving their interests.

The settlement proceeds will be shared by a class of approximately 100 pension funds, corporations, insurance companies and others that participated in Wells Fargo's securities lending programme from 1 January 2006 to the present day.

The City of Farmington Hills Employees Retirement System, the board of trustees of the Arizona State Carpenters Pension Trust Fund and the Arizona State Carpenters Defined Contribution Trust Fund served as court appointed class representatives.

Binkow commented: "We are pleased to have achieved a significant recovery for the class members and gratified that the court agrees and has approved the settlement."

BM&FBovespa has bumper July
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It assesses the market, liquidity and cash flow risk of mult-imarket 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. 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.

Oslo Clearing a success for SIX interim figures
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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 $110,000 in the six months ending 30 June.

Regulation paramount for Australian firms

Regulatory change has been ranked highest on a list of executive issues for Australian financial services firms, according to a recent report by SunGard Financial Systems.

Almost all of the respondents surveyed (95 percent) considered reputation damage to be their worst fear regarding a compliance failure, compared to just over 50 percent globally.

Nearly half of surveyed respondents described themselves as "highly stressed" by the current pressure of regulatory change, though this rises to 95 percent if including those who are "moderately stressed."

Like their global counterparts, there is little prospect of imminent improvement. While only

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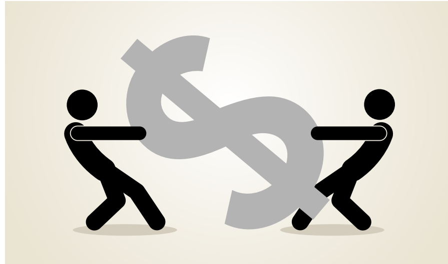

12 percent expect to be highly stressed in two years' time, 88 percent expect to be highly or moderately stressed. This stress is being felt across all businesses and by a wide range of key stakeholders.

Compliance is viewed as a strategic advantage in Australia. Compared to the responses from the global survey, a higher percentage (61 percent) of Australian respondents have adopted the mindset that compliance is a strategic exercise that can support their larger goals.

As a result, 68.3 percent of respondents now see regulatory compliance and oversight as a regular board-level discussion in their organisations.

The report also states that dealing with regulatory requirements is demanding attention from different areas of the business, "potentially disrupting performance".

Almost two-thirds of respondents warned that dealing with regulatory change has distracted their firms from core business activities, compared to half of the global respondents who were interviewed.

Firms may have put measures in place to handle regulatory change, but there is still a significant percentage of firms (32 percent) that do not feel "highly ready" for the coming changes.

Upon further analysis, the sense of being "highly ready" is even lower in areas such as skills, budgets and technology. In fact, more than 20 percent of firms feel that they have very limited readiness in areas such as technology.

Another common theme among the global and Australian respondents is the plan for financial services firms to continue investing in technology in the coming years, with more than 80 percent of companies interviewed expecting an increase in overall technological investment related to regulatory and compliance changes in the next two years.

Sizing up hedge funds

The US is the dominant supplier of reported hedge fund products (38 percent) and assets (53 percent), according to eVestment Sizing's 2013 Hedge Fund and Fund of Hedge Funds (FoHF) Universe report.

The report by eVestment's vice president, Peter Laurelli, highlights the importance of using multiple databases for industry analysis and gives a comprehensive look at the industry in terms of assets under management (AUM) and number of funds.

The UK followed the US with supplying 16 percent of hedge funds and 20 percent of assets.

Laurelli reports that China and Brazil are close behind the US and the UK for hedge funds, with China supplying 7 percent.

The comprehensive look at the reported hedge fund universe has provided further evidence of industry consolidation. While the absolute number of unique hedge funds declined in 2013 from 10,149 to 9247, the size of the reported hedge fund industry increased $248.8 billion to $2.664 trillion.

In this consolidation of hedge funds, firms with hedge fund AUM greater than $1 billion accounted for just over 83 percent of all reported AUM, but only 11.9 percent of all reporting firms.

As a result of the consolidation, and a shift towards large institutions by investors, databases are becoming more populated with large fund information. Laurelli's report shows the number


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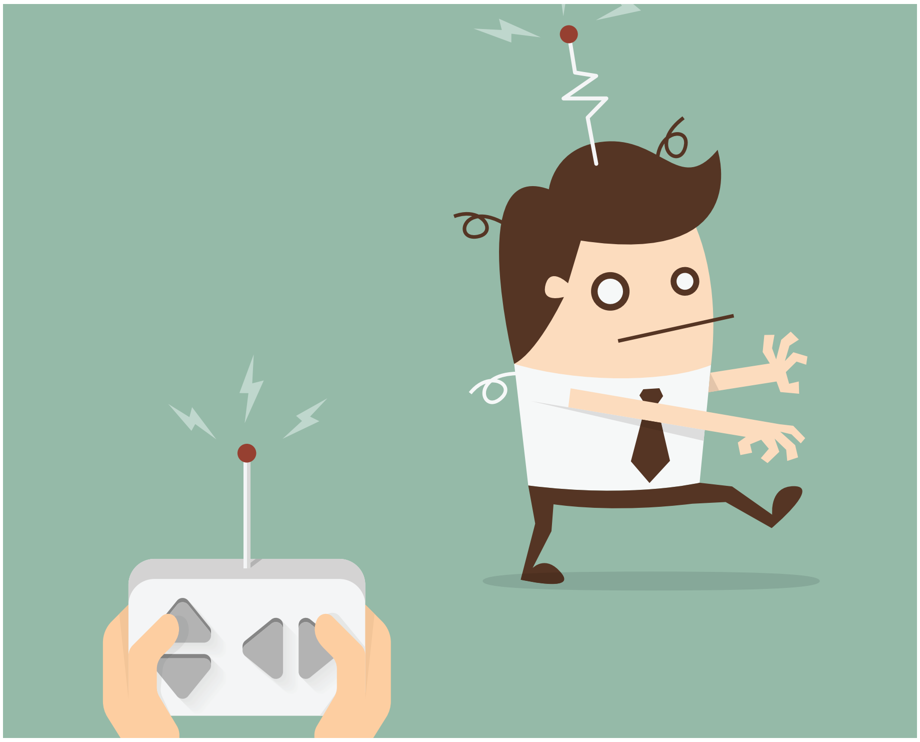
of reporting funds with greater than $1 billion in AUM increased 13 percent and the number of those between $750 million and $1 billion increased 44 percent.

The growth in AUM came from funds with greater than $750 million in AUM, where as AUM smaller than $750 million declined.

There is a marked decline in FoFH with the number of FoFH and the number of those managing FoFH declining by 11 percent. The level of FoFH AUM declined 3 percent

A decline has also been noted in the number of databases funds are reporting to with 64 percent reporting universe supply information to one database and 88 percent of funds reporting to three or less.

The report covers neatly 92,000 hedge funds, commodity trading advisor/managed futures and FoFH products within 10 commercial datasets at the end of 2013, which are then compared to the prior year.



Survey shows 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 explores financial industry sentiment about the 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 949 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 respect to interest rates, while 32 percent say interest rates are where they should be.

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

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

Nicholas Colas, who's 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."

Haircut proposal to come up in November

The G20 countries will use a meeting between leaders in November to finalise rules on 'shadow banking', according to reports.

Repo, securities lending and money market funds have all been described as shadow banking activities, and G20 countries have discussed applying a minimum haircut to securities financing transactions between banks and non-banks globally.

The Financial Stability Board (FSB) proposals over the introduction of a minimum haircut framework for certain securities financing transactions are intended to limit the extent to which financial entities, including non-banks, can use them to obtain leverage.

The FSB and G20 countries hope that a minimum haircut would help to counteract pro-cyclical fluctuations in securities financing, but trade associations and groups have warned that the recommendations on minimum haircut methodology standards and numerical haircut floors could have unintended consequences.

Regulation not a problem for Lombard XBRL

Lombard Risk Management has gained comprehensive support for multiple versions of XBRL taxonomies as the European Banking Authority's requirements continue to be released.

The operational reporting requirements of firms under common reporting and financial reporting regimes are further complicated by the phased introduction of additional reporting challenges including the asset encumbrance reporting.

These changes, and taxonomy adjustments from the regulator to deal with inconsistencies, mean that firms have to cope with the live environment that will include more than one taxonomy.

Lombard Risk's XBRL Reporter solution is designed to use the correct taxonomy when compiling regulatory transmission based on the data being submitted.

James Phillips, Lombard Risk's regulatory strategy director, said: "Reporter can hold many taxonomies as are needed for current or historical resubmission purposes, yet there is no client action required as this is all transparent—the user only needs to select the regulatory submission and the date to which it relates, and the correct XBRL taxonomy will be used."

"It's also worth noting that Lombard Risk is the only supplier in the market with a free-of-charge tool, XBRL Checker, which checks the XBRL produced (whether this is from our system or not) against the taxonomy, and also visualises regulatory XBRL in a readable format."

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

SS&C Technologies's Forward Redemption Indicator for August shows 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 12 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.

Chairman and CEO of SS&C, 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."

SunGard's hottest stocks

The hottest stocks from around the globe for the week beginning 18 August 2014 have been compiled by SunGard's Astec Analytics.

BHP Billiton (BLT.L) is Astec's top pick for the Europe, Middle East and Africa region as it emerged that the mining conglomerate may be considering some type of asset spin-off, causing its shares to lose ground.

This talk has now been proven true—the company announced along with its latest results that it will be divesting assets across five countries in a move that will see numerous aluminum, coal, silver and manganese mines under the banner of a new company, which will be listed in Australia and South Africa.

On the securities lending front, data from Astec suggests that the sell-off in the cash market brought a surge of short covering, as borrowing volumes dropped 16 percent in one day.

Italian automaker Fiat (F.MI) has also been selected by Astec as its planned merger with Chrysler hits a bump in the road, with some shareholders now opposing the tie-up.

Despite this, Fiat's shares made decent gains during the week, while on the borrowing front Astec's data suggests short sellers were perhaps of a similar mind in regards to this outlook, with the number of shares being borrowed falling about 10 percent.

US discount retailer Family Dollar Stores (FDO) is Astec's top pick for the US as it became the target of a cash bid, now known to be a $9.7 billion offer from rival Dollar General, coming just weeks after the company agreed to a merger with Dollar Tree.

Dollar General confirmed, if necessary, they would be willing to pay Dollar Tree a termination fee if FDO's board switched its recommendation.

While the company's share price has held fairly steady after the initial jump on the FDO-Dollar Tree merger at the end of July, data from Astec suggests this latest news has brought about interest from short sellers, with borrowing volumes climbing about 22 percent.

The hot stocks regular, 3D Systems Corp (DDD), is back in Astec's list after it announced the acquisition of American Precision Prototyping and sister company American Precision Machining, a move it hopes will strengthen its manufacturing and aerospace capabilities.

While the news did little to push the DDD's stock in either direction, Astec's data suggests short sellers were optimistic of the company's prospects, with borrowing volumes falling about 10 percent in the week.

Japanese auto components manufacturer NTN Corp (6472) is Astec's top pick for the Asia Pacific region as it became one of the first companies to receive a fine from the Chinese government related to its investigation into pricing practices of the industry—NTN is set to pay $19.4 million.

NTN's share price was already suffering on the back of its latest batch of earnings numbers at the end of July, which has translated to similar sentiment on the short side, with Astec's data showing the number of NTN shares being borrowed climbing about 50 percent in August.

In its first entry in Astec's hot stocks, Aluminum Corporation of China (2600.HK) was also singled out in the Asia Pacific region as trading activity for the week beginning 18 August was dictated by Morgan Stanley report suggesting the stock rally seen since June is unsustainable.

Astec's data suggests short sellers are of a similar opinion to Morgan Stanley, as the growing share price has brought about increased borrowing, which climbed 9 percent in the previous week alone.

London calling Confisio

A new London office has opened up for regulatory and operational solutions firm, Confisio.

The new office will allow the firm to service local and European clients as Confisio continues to grow outside Cyprus.

Confisio provides a wide range of cost effective regulatory and operational services to clients in Europe dealing with the European Market Infrastructure Regulation requirements.

Andreas Roussos, head of sales, will split his time between Cyprus and London to head the new office.

Christodoulos Papadopoulos, CEO of Confisio, said: "Our client base and business have grown significantly and increasingly the bulk of our clients are based not in our home market but elsewhere in Europe, particularly London."

"We want to be closer to these current and future clients as they navigate complex regulatory environments and the need for new tools and services."

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.

State Street gets a positive 'A+'

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

The rating upgrade reflects State Street's improved and more seasoned risk management practices, 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.

New European repo index hits the market

ICAP Information Services and MTS are expanding the RepoFunds Rate indices to include RepoFunds Rate (RFR) Euro, a daily repo index for eurozone sovereign bonds.

RFR Euro is derived from eligible repo transactions that involve sovereign bonds of eurozone countries as collateral. The index is based on centrally cleared, electronically executed one-business day repo transactions executed on BrokerTec, ICAP's global electronic fixed income trading platform, and MTS.

Typically, the traded volume of eligible repo transactions across the two trading platforms is €230 billion per day.

Robert Walton, director of index services at ICAP Information Services, said: "RFR Euro is an important addition to the RepoFunds Rate index family. By providing a broader measure of the cost of financing sovereign bonds from issuers in the eurozone, it complements the existing country-specific RepoFunds Rate indices."

Oliver Clark, head of money market and derivatives product at MTS, said: "Where the three country specific RepoFunds Rate indices provide robust and relevant references for each of these separate sovereign bond markets, the new RFR Euro index gives euro cash investors, treasurers, bond traders and bond investors a benchmark for the whole eurozone, backed by over $200 billion in cleared transactions collateralised with sovereign bonds."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The RepoFunds Rate series of daily euro repo indices were launched in 2012 to measure the cost of funding sovereign. The current indices cover Germany, France and Italy.

Gilt general collateral repo trading gets upgrade

LCH.Clearnet is launching a new product to enhance the central clearing of gilt general collateral repo trades.

Term £GC, developed in conjunction with Euroclear UK & Ireland and the London Money Market Association (LMMA), will reduce the current operational and liquidity risk in managing gilt GC repo transactions.

Market participants and the Bank of England also provided support.

The new product includes a dual netting feature designed to optimise netting opportunities and a delivery by value settlement mechanism at Euroclear UK & Ireland that removes the need for the daily return of cash and collateral for term trades.

Trades in Term £GC will be executed on repo automated trading systems and via voice brokers.

Building on the introduction in April of RepoIQ, the value-at-risk based margin methodology for the fixed income service, LCH.Clearnet also supports a margin offset for Term £GC against trades in specific UK gilts.

LCH.Clearnet plans for Term £GC to replace the existing Sterling GC product and a migration strategy has been agreed with market participants.

Trading liquidity will be moved from Sterling GC into Term £GC in Q4 2014, and any open positions in Sterling GC will be be switched to Term £GC in 2015.

John Trundle, CEO at Euroclear UK & Ireland, said: "[Term £GC] reduces liquidity risks and increases operational efficiencies in the money market. Risk reduction and efficiency in the markets we serve are the core purposes of EUI

so we have been pleased to develop our delivery by value collateral services in this way."

"The new term arrangements, including collateral optimisation and substitution, have enabled the market to move away from the daily roll-over of cash and collateral to an efficient process where the requirements to settle securities are aligned with the maturity of the underlying general collateral transactions."

The introduction of Term £GC "not only benefits the gilt repo market because it reduces risk, it also enhances liquidity management and just as importantly provides a clear financial stability benefit for the whole market," added Ian Mair, chairman of the LMMA.

John Burke, executive director of fixed income at LCH.Clearnet said: "We have worked closely with the gilt repo market to ensure that the design of Term £GC delivers the essential benefits of reduced operational risk and an improvement in how sterling settlement liquidity is managed."

"We would like to thank gilt repo market participants and industry stakeholders who have worked with us to design, test and implement the Term £GC product and for their support in delivering this product to the market."

Confidence is king

With the 19th Annual European Beneficial Owners' Securities Lending Conference in London coming up, PGGM's Roelof van der Struik and Aberdeen Asset Management's Matthew Chessum reveal what's going on with their programmes

MARK DUGDALE REPORTS

How would you describe your 2014 so far—has it been strong for securities finance business?

Roelof van der Struik: Lackluster but not too bad would be what comes to mind. Because of the Alternative Investment Fund Managers Directive (AIFMD) status of our funds, since the beginning of this year we finally have relief at source for French dividend tax, which is good for our clients but of course it hurts lending income. The rules for yield enhancement trades in general seem to be changing, which makes the all-in levels more volatile. As always, there is a lot of talk about a few opportunities in emerging markets.

Matthew Chessum: The revenues that our programme generates from securities lending have so far remained in line with what we achieved in 2013. We have seen very stable balances on our discretionary book with less turnover than in the past few years. We have seen some good specials in the American depository receipt (ADR) market, which have been very profitable for our funds and we have benefitted from stronger demand in some of our Asian-based holdings.

In relation to our exclusive book, we have seen fewer counterparties bidding on our assets in relation to last year but the bids that we have received have been stronger. The auction process remains important to our overall lending strategy as it offers us both transparency and flexibility in relation to route to market.

Where are you seeing the most interest from borrowers, and what would you put this down to?

Chessum: We are seeing particularly high demand for high yield and emerging market corporate debt along with the traditional European equity portfolios. We have seen an uptick in activity in the ADR and global depository receipt (GDR) space, which has generated some significant revenues for the funds this year. The demand for these portfolios is mainly down to more active market making and arbitrage activities.

In the ADR/GDR space, these arbitrage opportunities work well for us as the revenues are often significant and the trades are short lived. This means the stock is on loan for a reduced period of time, which tends to better suit the appetites of our fund managers that are involved in securities lending.

As a beneficial owner, how is securities finance viewed in-house today, compared to just after the financial crisis?

Van der Struik: It depends with who you mean when you say in-house. If you mean in-house as in PGGM as an asset manager, then senti-

> Our requirements are strict, maybe even very strict, but as long as it is difficult for us to calculate and monitor collateral risk in a timely, aggregate and granular manner, this forces us to take the best collateral we can get

Roelof van der Struik, Investment analyst/manager, PGGM

ment has improved as we have shown that we truly run a high value/low volume trouble/risk-free programme.

When you speak with the boards of the pension funds that are our ultimate clients, you see that they are not always as enthusiastic. Regulators are requiring boards to have a clear policy on all investments they oversee so they are very critical of what value securities lending adds and if it is enough to merit their attention.

Chessum: Securities lending is very much viewed as a 'nice to have', but not as an essential part of portfolio management process. Lending has always been a very emotive subject within fund management and this will probably never change. Our fund managers recognise the benefits that securities lending can bring through a well-managed, risk adverse programme, but they are also aware of issues faced by others during the financial crisis.

Therefore, as long as the funds continue to generate meaningful returns in a low risk fashion then securities lending within Aberdeen will continue to be viewed as an attractive proposition.

What effect has the increased importance of collateral had on your securities finance business, and why?

Van der Struik: For our securities lending program, a very limited effect, as we run a high value/low volume programme. On the treasury side, however, the impact has been significant. We have gone from a predominantly unsecured deposit environment to a €10 billion-plus reverse repo book.

Chessum: Collateral needs haven't directly impacted our securities lending programme. As we only lend on behalf of UCITS funds, the re-use of cash collateral for margining purposes is not permissible so we have had no need to change our collateral profile. In addition, we do not currently lend our government bonds as we do not see sufficient revenues from lending them, so the programme has not been impacted.

How strict are your requirements around collateral, and do you anticipate any relaxation?

Van der Struik: Relaxation would not seem to be the right word because that would insinuate that the strict requirements are unnecessary. Risk though doesn't have to be a bad thing as long as you can quantify it and get rewarded for it. Our requirements are strict, maybe even very strict, but as long as it is difficult for us to calculate and monitor collateral risk in a timely, aggregate and granular manner, this forces us to take the best collateral we can get. Examples of blind spots are:

- The frequency of reporting, which is virtually never real time (as I always say, I am not interested in yesterday's newspaper), while collateral can be 'refreshed' many time a day; and
- Also, we want to include the underlying investments of liquidity funds in our total exposure to counterparties, but at the moment can only do this on a weekly basis.

When we have beefed up our capabilities and the industry stops trying to convince us that yesterday's newspaper is good enough, we may be in a position to diversify our collateral requirements.

Chessum: Our collateral profile remains very conservative, but last year we did make it slightly more flexible. We still only receive high-quality government bonds as collateral, but we have expended the number of countries we will now accept. In the medium term, I believe that we will review our collateral policy but we will continue to insist on holding high quality, liquid assets.

We may look at the advantages of lending versus blue chip equities. There are a number of obvious arguments for this such as the positive correlation between the loan and the collateral and their embedded liquidity, but for us to make any changes there would have to be a real benefit either in terms of returns to the funds or further risk reduction.

What is on the horizon for you in terms of regulation, and what steps are you taking to address any issues?

Van der Struik: There is no horizon! Regulation is just starting to kick in (EMIR, shadow banking, money market funds, etc) and there are no signs of the increase slowing down any time soon. Let's just try to help make the regulation relevant.

Chessum: We have finally come out at the other end of the tunnel with regards to regulation but remain cognisant that regulation bears a significant shadow over the lending and financing industry in general (ie, outside of Aberdeen). We spent a lot of time and made a number of internal changes in response to the recent the European Securities Markets Authority guidelines on efficient portfolio management. Aberdeen no longer takes any share of the securities lending fee and the stock lending information in our annual accounts and prospectuses has more information available than ever before. We aim to continue to be completely transparent in relation to securities lending and I believe that our fund accounts and prospectuses show this.

We are keeping a close eye, like everyone, on the developments in regards to the Financial Transaction Tax, but in general, regulatory issues are taking up a lot less of our time than previously over the last two to three years. **SLT**

> Aberdeen no longer takes any share of the securities lending fee and the stock lending information in our annual accounts and prospectuses has more information available than ever before

Matthew Chessum, Investment dealer, Aberdeen Asset Management

Southern comfort

How have Italy, Spain and Portugal rebounded since the financial crisis?

MARK DUGDALE REPORTS

As the EU attempts to deal with the crisis in Ukraine, attention has inexorably turned towards how economic sanctions against Russia and its retaliatory measures could affect European economies. Poland has already asked the European Commission to lodge a formal complaint with the World Trade Organization over a Russian ban on EU food products that has hit the country hard. Poland's total food exports to Russia were reportedly worth approximately $1.5 billion in 2013.

Poland is one European country that did not suffer as poorly as others following the fall of Lehman Brothers and the resulting financial chaos in Europe. Southern eurozone states Italy, Spain and Portugal, each with different economies but a shared currency, needed help dealing with their debts.

With another crisis looming, what are securities borrowing and lending markets saying about how well the trio has recovered?

Securities borrowing and lending figures indicate a negative outlook, according to SunGard's Astec Analytics data. Borrowing levels in fixed income assets across Italy, Spain and Portugal reduced between January 2007 and June 2014, with only Portugal remaining above half of the volume on loan compared with January 2007 (56 percent), while Italy and Spain have collapsed to 45 and 35 percent, respectively.

Portugal showed the most dramatic changes between January 2007 and June 2014 with volumes on loan rising between four and five fold during 2007, before beginning a steady decline through 2008 and 2009. But Astec Analytics analysts say that it is important to note that the Portuguese bond market is less than 10 percent of the Spanish and only 6 percent of the Italian market (as at January 2007).

The Italian and Spanish markets grew in volume in 2008 but Spain declined rapidly entering the second half of the year, coinciding with the run up to the default of Lehman Brothers and its aftermath. Italy managed to maintain balances through 2009 but issues with falling credit ratings and the coining of the PIGS acronym (Portugal, Italy, Greece and Spain) weighed heavily on the countries bonds, according to Astec Analytics analysts. All three countries were well below January 2007 levels by the start of 2010 and largely remained there, falling to the lows being seen in 2014.

Falling interest in borrowing bonds is reflective of deeper underlying problems in the economy and the credit worthiness of their issuers, government and corporate alike, add the Astec Analytics analysts.

John Arnesen, global head of agency lending at BNP Paribas Securities Services, agrees, saying that fixed income demand is driven by Basel III's liquidity coverage ratio and the need to borrow high quality liquid assets.

"The difference between Italy, and its neighbours France, Germany, Austria and the Netherlands, is perhaps that borrowers don't tend to have the same demand to borrow it and then repo it out on the other side, this isn't as liquid as doing it with those other countries. We don't see as much demand for that, even though those instruments would be eligible to be borrowed for those purposes. Italian banks would give you a different story, because obviously a lot of Italian fixed income is very much traded domestically."

Barbara Ferri, head of stock lending at Banca IMI, the investment bank of Intesa Sanpaolo, says that bond volume, at least, bounced back following the crash. She says: "After the financial crisis, the securities lending business on Italian assets has seen a recovery in volumes mainly in bond rather than in stock lending."

Given the spreads available in Europe, the lack of interest in non-core fixed income assets isn't a surprise to Arnesen. "The European governed debt market has limited spread to it. That will change soon and it will widen out."

"But at the moment, with interest rates very low and spreads thin, it's really driven by pure short covering. I thought we would see more demand for Spanish and Italian debt for posting as collateral upgrades. If someone was long in Spain or Italy, we would absolutely expect to see that."

"What would be interesting to see are Italian or Spanish equities being posted as collateral. We see some demand for that and it could be very strategically driven. Those trades tend to be quite bespoke. So if we're structuring something and that's something they want to post, we certainly have no problem with doing it."

Statistics in equity borrowing in Italy, Spain and Portugal between January 2007 and June 2014 tell a different story about volumes, according to Astec Analytics analysts. Portugal is a fraction of the size of Spain or Italy, totalling less than 9 and 7 percent by volume of its European cousins (as at January 2007).

Balances in Portuguese equities being borrowed has grown dramatically since 2007—almost 45 times, although this was from a very low base, say Astec Analytics analysts.

By June of this year, the growth in Portuguese equity borrowing made it a staggering 85 percent larger than its neighbour Spain, which had itself grown 75 percent over the period, while Portugal remained less than 60 percent of the size of the Italian market, which had grown around 375 percent.

Italy's securities lending recovery was mainly due to capital increases or specific corporate action deals, but it did not reach pre-crisis levels, says Ferri.

"The reasons for this partial recovery lie in the fact that Italy is not a relevant trading market for investment banks anymore and that there is an excess supply of Italian assets."

"Furthermore, many international players are restricted taking double risk exposure. This has an impact on all Italian players in securities lending market whose inventories are mainly Italian assets."

Arnesen adds: "The thing with Italy though is that a lot of companies haven't been paying dividends in the last year. If that drives demand, it sort of takes away the value. The flipside of that is whether we are seeing Italian equities being posted as collateral or a desire for them to be posted as collateral? And that actually is increasing."

"For those that can take it, and there's no reason why you couldn't, depending on your risk profile, we're seeing more demand for Italy, and Spain, to be posted as collateral."

Astec Analytics analysts see all three countries' decision to instigate short selling bans over the past four to five years as an indicator of negative interest.

"[They] in fact created volatility in the markets rather than calm them, with Spain and Italy suffering the most due to their inconsistent strategies. Italy varied their short selling rules with little or no notice whilst Spain applied the rules, then suspended them and applied them again a number of times."

Arnesen adds: "Portugal is interesting for two reasons. It's a much smaller market in general. I think the supply available in the market is very modest indeed, more akin to Eastern European markets. And yet if you look at some of the strategies in Portugal, it has much higher utilisation than the other two."

"It's also fairly reflective of the wider situation in Europe. There are some short selling bans on certain Portuguese banks, which are either temporary or they tend to repeat themselves, but again the drivers there are mainly aligned to financial stocks, which I see purely as directional short selling."

Astec Analytics analysts add that with credit ratings and the broader economic outlook looking poor for all three countries, the shares issued in Italy, Spain and Portugal are not acceptable as collateral, and dividend arbitrage opportunities are less common than they were before. as a result, borrowing is seen as mainly for short selling.

"Rising balances in short positions portray a negative sentiment across the market and an expectation that price levels will not be sustained over the long term. They were not alone in this—other countries both in and out of the eurozone suffered in a similar fashion."

With Italy, Spain and Portugal still looking to bounce back, what are local beneficial owners saying about the business they are willing to do?

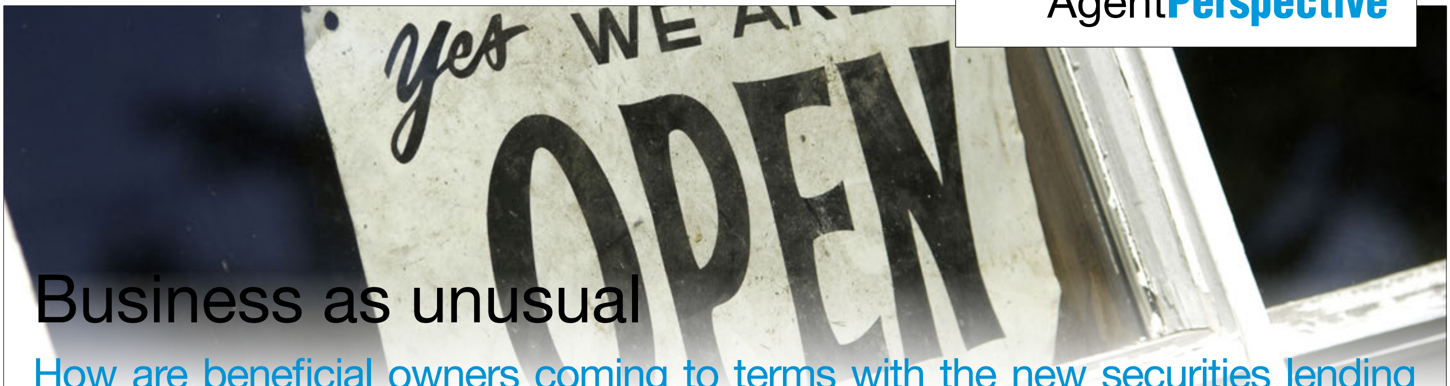
Of Italy, Ferri says: "Pension and hedge funds in Italy are still far to be an active players in the securities lending market due to the limited development of this category of funds."

"In addition, historically Italian players were diffident in entering the securities lending business."

Pension funds are notoriously cautious and slow to come to market, says Arnesen. "I think if there is anywhere left in Europe that still struggles with the concept, it's going to be the pension funds in Spain and Italy."

"Having said that, the asset management sector in both of those countries is very much engaged in securities lending, and increasingly so. We are seeing much more interest coming out of Italy. This makes sense because everyone is suffering from low returns across the board."

"Securities lending is gaining attraction for asset managers, but I think we're still going to have more work to do as an industry with pension funds in both of those markets." **SLT**



Business as unusual

How are beneficial owners coming to terms with the new securities lending environment? Jacqui Waller of Brown Brothers Harriman explains

MARK DUGDALE REPORTS

We've heard a lot about the subdued demand environment—are beneficial owners still interested in lending given the protracted nature of the recovery?

In short, the answer is yes—absolutely. Like any industry, securities lending has cyclical lows. Nevertheless, lending returns over the last six months have been stronger and ultimately, beneficial owners understand that the product has a long-term horizon. While we would acknowledge that demand is currently at a relative low, our clients and those we talk to in the industry recognise lending as an important part of their investment philosophy. Beneficial owners remain engaged because they appreciate the benefits lending can bring in a competitive environment and view it as an important revenue stream.

Having said that, beneficial owners are certainly evaluating lending in a different way today than they were five years ago. They are more aware of the risks and rewards associated with the product and are viewing it as they would any other investment activity. Programme oversight is the most robust it's ever been and beneficial owners are carefully aligning their programme structures and earnings composition with their overall objectives and risk/reward profile.

Importantly, we do see the light at the end of the tunnel with factors pointing to a smoother road ahead—monetary policies have started to normalise, hedge fund assets under management continue to grow and corporate confidence seems to be returning—leading to improved securities lending returns.

How are borrowing strategies and demand drivers changing and what's been the impact on beneficial owners?

The fundamental drivers of demand have not really changed to a great degree from an intrinsic value perspective. Directional and event driven strategies remain in play. Borrowers are, however, becoming more selective in the deployment of their balance sheet as a result of Basel III, and are taking a more strategic approach to the assets they borrow (ie, consideration of collateral options, trade structures and loan durations). The general collateral trade has been most negatively affected as the cumulative effect of tax and regulatory change has driven down profitability. The end result is that industry participants are focusing on prioritising resources towards higher margin activity.

Given the current environment, our clients are assessing special lending opportunities and are more willing to review new revenue opportunities at the individual security level rather than the more traditional method of overall portfolio returns. At the same time, this willingness to engage in new strategies has also meant that our clients are demanding greater degrees of transparency so that they are fluent when discussing with their boards and other stakeholders.

You mention transparency and increased demands from boards. Does transparency mean something different today than it did five years ago, and what are boards looking for?

Even for beneficial owners that have historically been fully engaged in lending, boards of directors and other stakeholders are rightly examining the approach, relative performance, income attribution, and risk management on an ongoing basis. Indeed, this trend is something we have witnessed for other products across the capital markets spectrum and has not just been isolated to lending.

More than ever, boards want transparency into demand drivers, an understanding of the role securities lending plays in the broader capital markets, and sometimes whether it's even a worthwhile activity given the cyclical low we've experienced in the demand environment. Even for the experienced lender, these arguments can be difficult to address if you are not fully informed or unable to access the appropriate information.

At Brown Brothers Harriman, we work very closely with our clients, providing them with timely information that enables them to answer any questions that may arise, and make informed decisions about how they engage in lending. Beneficial owners that understand the nuances of different strategies and some of the more challenging objections will not only be able to address the concerns of others, but will ultimately be more comfortable with their own position and approach to lending.

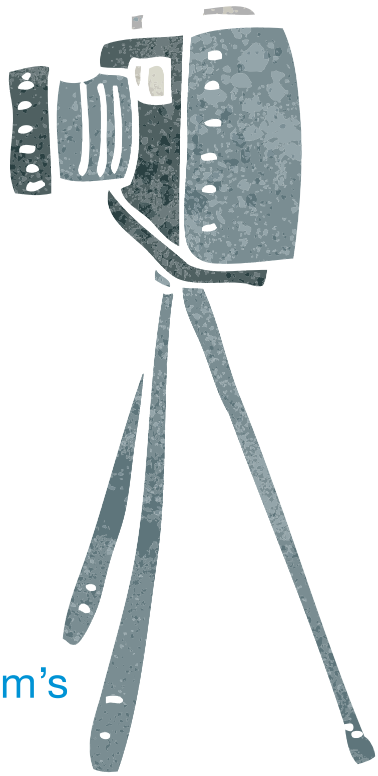
The focus on transparency in the past few years has been all about post-trade reporting. What happens pre-trade and how much does this matter?

The industry has taken great strides in the last few years to improve transparency, but the over-the-counter nature of the market means that it is still an area that presents opportunities for improvement. Agent lenders have developed or enhanced in-house reporting systems and competition among benchmarking providers has increased, all of which have contributed to significant improvements in the post-trade environment.

Looking ahead, we think it is just as important to pay the same level of attention to the pre-trade environment and that greater transparency and pre-trade analytics will play an increasingly important role in the future. For beneficial owners as well as those on the side lines evaluating whether lending is for them, having access to pre-trade information will provide lenders with the necessary tools to effectively assess revenue opportunities and make informed decisions regarding their lending programme.

While the industry has certainly made significant advancements, the increased focus on efficiency, transparency, and income attribution will continue to create exciting opportunities for development over the next few years. **SLT**

Jacqui Waller
Head of relationship management for securities lending, EMEA
Brown Brothers Harriman



Three legs to the tripod

Jonathan Lombardo provides an update on Pirum's work with Eurex and SunGard

MARK DUGDALE REPORTS

SunGard and Pirum recently joined forces to allow mutual clients to deliver their data set to Astec Analytics via Pirum. How has that been working?

Pirum's ability to act as a centralised hub continues to add value to our client base and with the creation of the Market Data Gateway service, Pirum continues to deliver innovative product offerings to the industry.

With our unique real-time service, our clients are able to leverage their Pirum interfaces to connect directly to other vendors such as SunGard. This has the huge benefits to our clients, allowing them the freedom to utilise products such as SunGard's Astec Analytics on a real-time basis, without incurring any cost and time in developing, testing and maintaining separate feeds. From the client perspective, adding a new data feed to SunGard is just a case of flipping a switch at Pirum.

There is a benefit for the data vendor, too. From their perspective, the ability for their clients to connect via Pirum makes it possible for them to subscribe to their enhanced product offerings without any on boarding cost, build or maintenance effort for the new connection.

With the product offering recently being launched initial take up has been extremely positive. We envision that with these enhanced analytics market participants will have the ability to optimise their trading books and increase revenue potential.

Another partnership that Pirum has been involved with is with Eurex Clearing, whose offering, launched 18 months ago, created the first European CCP service for the bilateral securities lending market. Has this partnership venture succeeded and where is the industry on the CCP debate?

While the Eurex offering is only 18 months old, Pirum's partnership with Eurex Clearing began several years prior to this to create our CCP Gateway service and to design the post trade flows for centrally cleared trades. Historically, one of the issues facing central counterparties (CCPs) market penetration was the initial costs of integration and resources required. Recognising this, Eurex Clearing immediately saw that having a partner that could allow participants to connect with minimal resource and technical build would be essential to ensuring market acceptance and quick uptake.

Pirum met this requirement perfectly due to the breadth of our existing client base, existing real-time services and ability to develop and roll out new interfaces with the Eurex Clearing quickly.

In addition to our ability to facilitate connections to Eurex Clearing, Pirum's existing expertise in post-trade automation services allowed us to work in partnership with Eurex Clearing to develop, refine and deliver a comprehensive post-trade life-cycle management solution providing the highest possible level of straight-through processing to our mutual clients.

Eurex Clearings recognition of some of the complexities of existing bilateral trading models in the securities lending markets has helped make its CCP more attractive to potential participants. In addition to this, regulatory requirements, capital and risk-weighted assets have begun to impact present business lines and will continue to add pressure on future revenue growth. Strategic utilisation of a CCP is a key approach to reducing the impact of some of these pressures.

With several clients already live, more actively on boarding and an extremely strong pipeline for 2015, the question of does a CCP work for securities lending has been undeniably answered.

Partnership seems to be a key theme in Pirum's ethos—will this continue to be a strategy that you build on?

Pirum believes that strategic partnerships are critical to the industry to sustain future growth. The growing focus on expense reduction and limited IT budget and resource means that clients are looking hard for ways of connecting to new service providers that are low-touch and quick to implement.

Alongside the Eurex Clearing and SunGard strategic partnerships, Pirum successfully launched its Tri-party RQV offering with both BNY Mellon and J.P. Morgan in 2013, and are currently looking to add access to other triparty agents in order to provide complete coverage.

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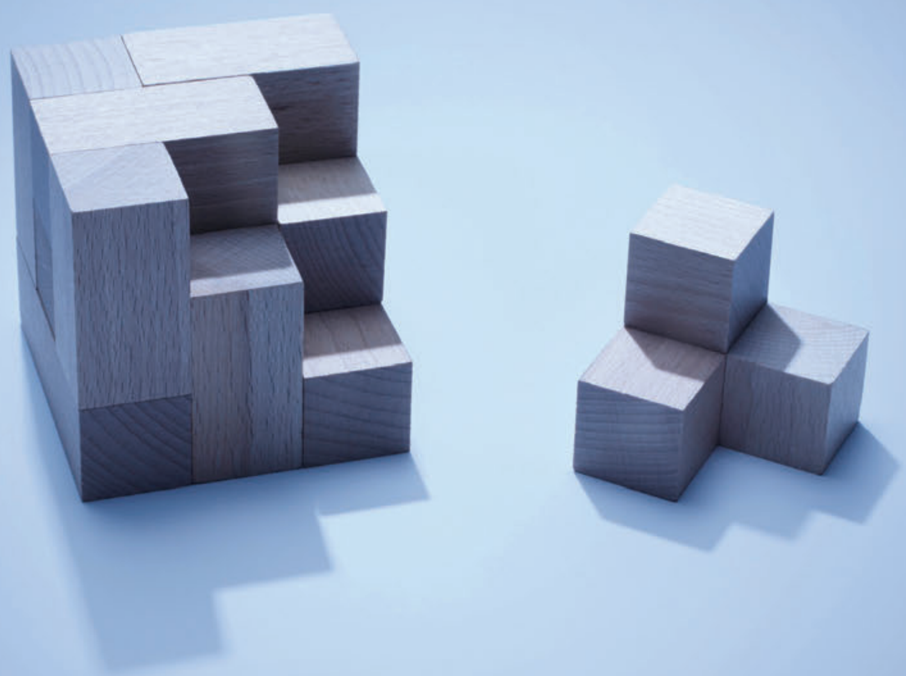


The triparty offering has quickly gained traction and Pirum is presently approaching $50 billion in daily RQV numbers being processed. As part of the full triparty lifecycle management, Pirum has worked in partnership with the agents to post details of underlying collateral back to the client in a variety of ways that supports their business model.

We are eager to explore all partnership opportunities and are presently exploring future possibilities with market vendors with the hope that Pirum will continue to offer cutting edge solutions for our clients. We will have further announcements to make in the coming months.

What do you see as the biggest challenge to the industry?

Regulatory impact will transform securities lending over the next few years. So the challenge here remains significant as it has been over the last few years. Personally, I believe the awareness and review phase is nearly complete and we are seeing the market move on to the analysis, planning and implementation. Businesses are evaluating current models and re-engineering to accommodate newly defined strategies.

We are already seeing early adopters enthusiastically making use of services such as the CCP and triparty gateways to help them comply with upcoming regulation while also giving them a competitive advantage.

Automation, scalability and ease of implementation will be critical to this process and this is where Pirum becomes a key partner in providing solutions.

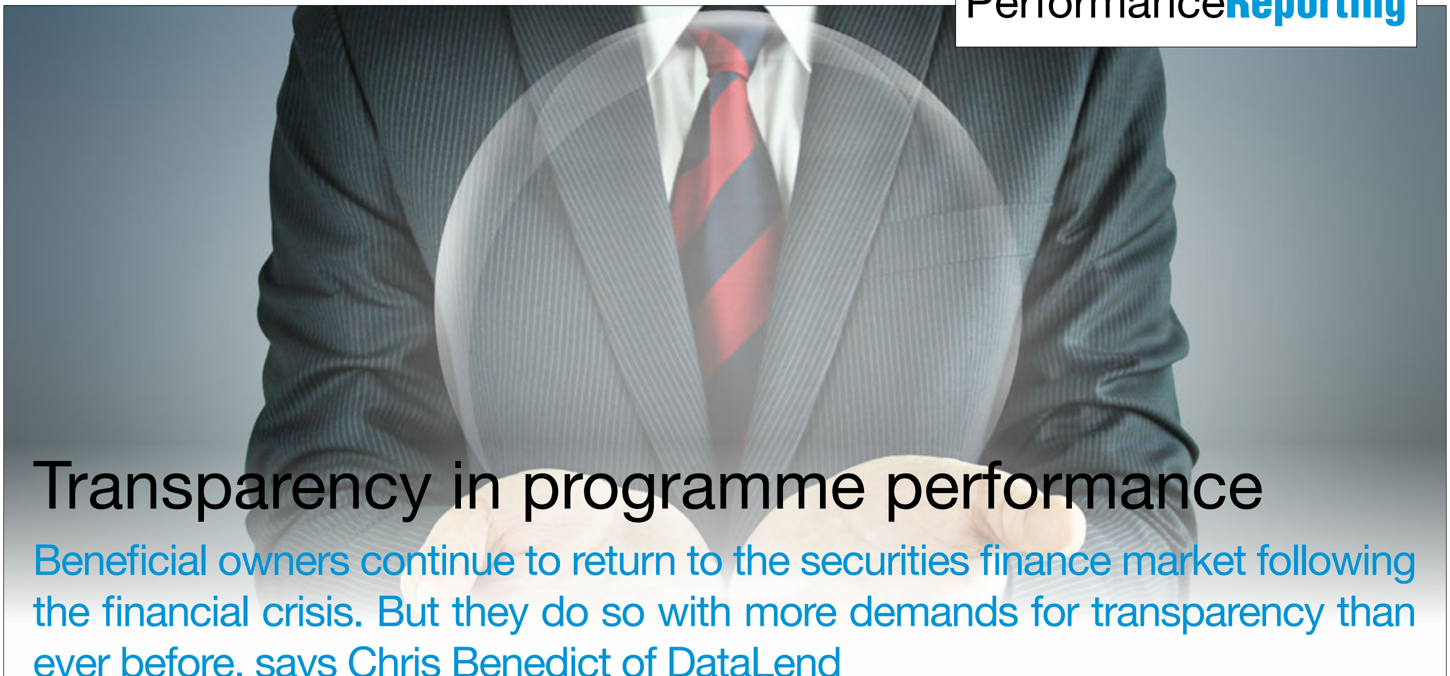
What are the biggest challenges facing organisations like Pirum?

Staying ahead of the curve is critical and being able to analyse and anticipate the services our clients will need not just now but in one to two years is one of the key challenges we deal with on a continuous basis.

One example of this would be our decision to begin working on the CCP Gateway, offering at a time when the securities lending market was still to be convinced of the models benefits. Our early start on this service has allowed us to have our product ready at a time when clients are ready to participate.

Another key challenge is the pressure on client IT resource from high priority regulatory changes, meaning that finding IT resource for other projects is increasingly difficult. Pirum has continued to develop and refine our real-time services over seven years. As a result, we were ideally placed to act as a centralised hub, working in partnership with other vendors to reduce the burden on our mutual clients and allowing them to access third party services through their existing connection with Pirum. We will continue to enhance and improve the connectivity and range of services available with the same minimal impact on the clients IT resource. **SLT**

Jonathan Lombardo
Head of global sales
Pirum Systems



Transparency in programme performance

Beneficial owners continue to return to the securities finance market following the financial crisis. But they do so with more demands for transparency than ever before, says Chris Benedict of DataLend

In the past few years, securities finance has seen the return of many beneficial owners that had suspended their programmes in the aftermath of the 2008 financial crisis. Prior to the crisis, beneficial owners had enjoyed the rewards of additional income from securities finance programmes with very little perceived risk. Now, as beneficial owners return to the market, they do so with risk management and performance benchmarking in mind.

Risk mitigation is manifested in lending restrictions, the types of non-cash collateral a beneficial owner will accept, what kinds of cash reinvestment vehicles they will allow, and the duration and credit quality of the cash reinvestment. Prior to 2008, many beneficial owners left these decisions up to their agent lenders. These days, beneficial owners are more aware of potential risks and are more questioning of not only how securities finance drives revenue, but where those revenues originate.

The increased beneficial owner involvement and scrutiny has led to an evolution in beneficial owner benchmark performance reporting. Beneficial owners want to understand how well their agent lender is doing for them in the securities finance space—not just against the securities finance market as a whole, but against a peer group sample that is as close to their funds as possible. As a result, the need for securities finance reporting engines to find the best possible peer matches for a client across the tens of thousands of funds participating in lending programmes globally is almost as critical as the calculations producing those benchmarks.

Some of these matching criteria are pretty easy to satisfy. Because of tax issues, beneficial owners will want to compare their performance against funds sharing the same fiscal location. Likewise, they want to compare themselves against funds with the same legal structure. For example, a pension plan is likely going to have more conservative holdings and more conservative lending restrictions than, say, a mutual fund. Beyond that, finding a statistically significant peer group match for a client is a considerable task.

It is not enough to simply say a beneficial owner accepts cash or non-cash collateral. The yield on cash reinvestment can vary widely based on what a beneficial owner allows its cash collateral to be reinvested in. For instance, the yield on cash reinvestment in overnight US treasury repo is going to be different than corporate debt. However, cash reinvestment revenue is usually a separate line item within a performance report, allowing agent lenders and beneficial owners to concentrate on performance and revenue from securities finance activities across asset classes, markets and sectors. A far more nebulous challenge exists in the form of determining how different types of non-cash collateral may impact performance metrics.

Lenders will typically charge higher fees to a broker-dealer pledging riskier non-cash collateral. Those extra basis points can add up to quite a difference in revenue figures over time. Understanding how non-cash collateral plays a role in performance is a virtually untapped opportunity in the current state of beneficial owner reporting. Currently, it is difficult for agent lenders to provide granular non-cash collateral reporting at the transaction level. This is usually because collateral data is housed in systems separate from transaction and inventory management platforms. Collateral substitutions by triparty agents are another challenge.

As a result, data providers infer a ‘risk hierarchy’ of non-cash collateral in an effort to differentiate beneficial owner performance. For example, one Irish UCITS fund may only accept highly rated sovereign debt, while another might take riskier A-rated corporate bonds, or even high-grade equities. Because their non-cash collateral risk profiles are so different, comparing their performance against one another might not be ideal as the UCITS fund accepting corporate bonds may tend to outperform the more conservative peer.

As the securities finance industry continues to evolve as a result of technology and regulations, agent lenders should endeavor to incorporate more specific non-cash collateral details at the transaction level. These details could then be stored by data providers over time to create a more accurate collateral profile for each beneficial owner. Instead of having to deduce what a beneficial owner accepts as non-cash collateral, a data provider would have a much more accurate view of what a beneficial owner is actually accepting as non-cash collateral and be able to determine potential differences in fee premiums from one type of non-cash collateral to another. This would result in more accurate peer group matching, better performance benchmarking and additional risk management benefits for beneficial owners and the securities finance industry.

Thankfully, today’s improving technology allows for increasingly accurate and granular securities finance performance metrics, benefiting both agent lenders and their clients. DataLend’s Client Performance Reporting suite can match up and compare similar beneficial owners based on legal structure, fiscal location, securities in inventory, securities on loan and the even loan duration of those securities for the most possible accurate peer group benchmarking. DataLend can then score underlying beneficial owners against their peers across critical metrics such as fees, utilisation, securities lending return to lendable, cash reinvestment and total revenue.

The final piece of the performance reporting puzzle is more specificity into acceptable forms of non-cash collateral. With the demand for high-grade collateral increasing by the day, more insight into the collateralisation of securities finance trades will benefit not only the underlying principals of those trades but also the securities finance industry as a whole.

When agent lenders are able to supply granular non-cash collateral information in their transaction-level reporting, DataLend is poised to integrate it into our performance metrics. **SLT**

Gauging negative investor sentiment

The most in-demand US small cap shares have consistently underperformed over the past five years, says Simon Colvin of Markit Securities Finance

As with the fee charged to borrow a share in the securities lending market, the proportion of shares out on loan in a lending programme provides a good indication of negative investor sentiment. This utilisation number climbs as short seller appetites grow, with the most in-demand shares often seeing more than 90 percent of all inventories out on loan, as is the case in the recently listed El Pollo Loco.

Analysts looking to gauge negative investor sentiment should take heed of this number as it provides insights into names that aren't widely held by institutions that lend their assets. This is particularly useful for small cap names where negative sentiment may be high, but the aggregate short base, as measured by the proportion of shares outstanding, remains low, owing to the fact that short sellers have a small pool of shares to borrow in order to sell short.

Most borrowed consistently underperform

In the US market, the 10 percent of shares that see the greatest securities lending utilisation have consistently lagged behind their peers over the past five years. The cumulative underperformance across this group of shares cumulates to 68 percent over the past five years. On a consistency basis, the number of months when the most in-demand names underperform the market outnumber those when they outperform by a factor of three to one, making it one of the most consistent factors in Markit Research Signal's suite of factors for the US Smallcap universe.

This makes the most shorted group the least well performing of the 10-decile groups when ranking by utilisation by quite a margin. On a monthly basis, the most shorted names have underperformed every peer group by at least 79 basis points (bps).

Pharma currently most targeted

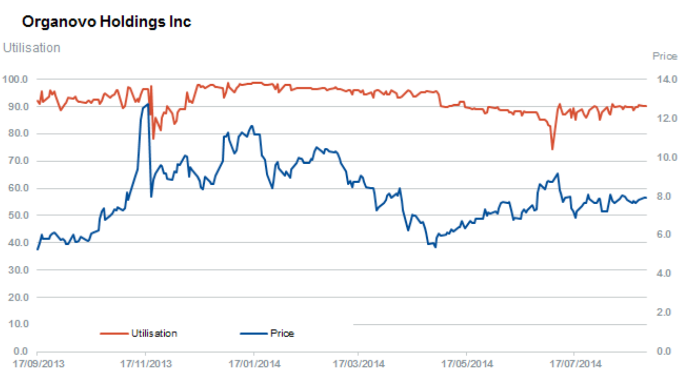
As for the shares currently seeing the greatest demand to borrow from short sellers, we see pharmaceutical and biotechnology companies secure the highest utilisation. These two industry groups make up 61 of the 210 companies in the most in demand group.

Leading the way in the sector is Organovo, which has 90 percent of its lending programme inventory out on loan. So far this year, the company's shares are down by 26 percent. This company is relatively tightly held, with only about 10 percent of its shares currently in lending programmes. This compares to 20 percent on average for the constituents of the S&P, meaning short sellers have a much smaller pool of assets to borrow from in Organovo.

Earning the highest (worst) score in the category are Newlink Genetics and Inovio Pharmaceuticals.

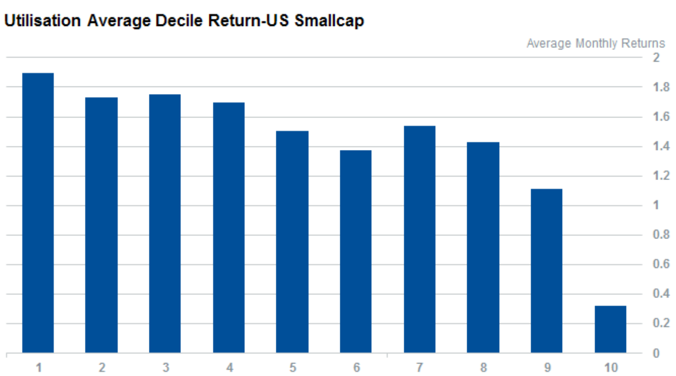
Signal fades in large cap names

While utilisation's ability to uncover underperforming shares among small cap names has been strong over the past five years, the signal hasn't performed as well among larger shares which tend to be more widely held. This could stem from the fact that these large cap shares have plenty of availability. **SLT**



Source: Markit

Simon Colvin
Analyst
Markit Securities Finance



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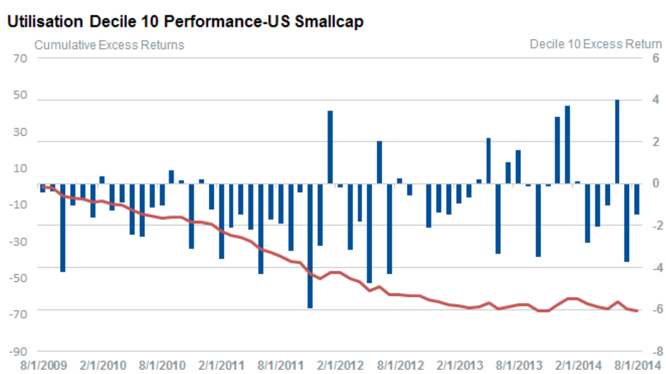

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Date: 16-17 September 2014
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Securities Lending: 2015 Outlook

Date: Securities Lending: 2015 Outlook
Location: 18 November 2014
www.securitieslendingtimes.com/events

SLT and Citi are hosting the second annual beneficial owners breakfast seminar on Tuesday 18 November at 8.00 am. The event will conclude at 10.00am with coffee and the opportunity to network

RMA Conference on Securities Lending

Date: 13-16 October 2014
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As an active member of the securities lending industry, you should be attending the most important securities lending conference in the US, offering a forward-looking view of the industry.

Industry appointments

Bank of America Merrill Lynch has hired **Jason Kendall** as director and stock loan trader in its Hong Kong office, following the departure of **Eric Champion**.

Kendall will report to Manish Ghia, managing director and head of the stock loan desk.

He previously served as director in securities lending at Credit Suisse in Hong Kong.

Champion has left his role as equity finance director at Bank of America Merrill Lynch, sources have confirmed.

He will take up a securities finance role at a bank in Hong Kong, believed to be Morgan Stanley.

Champion has spent approximately two years in Bank of America Merrill Lynch's prime brokerage group in Hong Kong. He has also held roles at the bank in Tokyo and London.

He has previously worked at Commerzbank and Societe Generale.

Northern Trust's **Barry McCarthy** has joined UBS in Hong Kong. He moved to bank last month to take up an equities trading role.

McCarthy worked as a securities lending trader at Northern Trust in Hong Kong for approximately three years.

McCarthy previously held the same role at Bank of Ireland in Dublin.

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

Perry will report to Richard Daly, who is president and CEO.

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

In this role, Perry was the general manager of a global risk segment including governance, risk, compliance, pricing, and valuation and reference services.

Daly said: "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."

Cantor Fitzgerald Canada has expanded its investment banking group with the appointment of **David Tomljenovic** as managing director.

Tomljenovic will focus on special situations and providing advisory and capital raising services for high growth companies.

He will be based in Toronto and will report to Laurence Rose, president and CEO of Cantor Fitzgerald Canada.

"We are very excited to welcome Tomljenovic to the team as we continue to build our global investment banking capabilities," said Shawn Matthews, CEO of Cantor Fitzgerald & Co.

"[His] deep transactional experience and long-standing relationships will strengthen our ability to service clients in Canada. We expect Tomljenovic to add immediate value to the team, and further demonstrates our ability to attract top tier talent across the globe."

Rose added: "We are looking forward to leveraging Tomljenovic's insight and expertise, along with his well-established network of relationships. His extensive industry experience will allow us to tap into new opportunities and broaden the breadth of services we can offer clients."

Tomljenovic previously served as managing director of investment banking at Beacon Securities. Earlier, he worked as portfolio manager of hedge and equity funds at Sprott Asset Management and as a research analyst covering special situations at Clarus Securities.

National Settlement Depository (NSD) has promoted **Alina Akchurina** to managing director at the central securities depository.

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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 trade operations processing centre at Deutsche Bank.

NSD also added **Svyatoslav Berezin** as managing director and information security officer. **SLT**


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