Finadium publishes best execution guidelines

or better rates compared with the market average without fully comprehending the reasons behind the results.

Mˇ|cá]|^ ~æ&c[¦• å} ' ˇ^}&^ •ˇ&@ ¦^•ˇ|c• æ}å æ~~^&c ¦^cˇ¦}•, ^¢]|æå}^å Gæ|]^¦, æ• å}åáçååˇæ| {æ}åæc^• ~¦[{ à^}^,&åæ| owners' boards may place restrictions on programmes such as what proportion of securities can be loaned out. Another common scenario which causes mismanaged expectations is the confusion between collateral returns and returns from the intrinsic value of the loan itself.

The Finadium methodology for identifying best execution in securities lending recognises the unstandardised attributes of this market and provides a means for evaluating risk versus return.

"It has been said many times that securities lending and collateral management need the same level of supervi

BNY Mellon launches Solvency II solution

Citi to provide securities lending to AGF

Interview: Chris Poikonen

Data analysis   Country focus: Indonesia   Industry training

D   a L   P :

Di ci lined, T an a en , Re ea able

BlackRock sees securities lending lift revenue

‰I}ç^•c{^}c æåçі•[¦ˆ, æå{î}і•cⅼæcâ[} -^^• æ}å securities lending revenue of \$1.9 billion in third ˘˘æⅼc^¦ 2011 î}&¦^æ•^å \$155 {â‖â[}, [¦ }î}^]^¦&^}c, ~¦[{ \$1.8 àâ‖â[} î} c@â¦å ˘˘æⅼc^¦ 2010. V@^ î}&¦^æ•^ î} -^^• ¦^'^&c^å *¦[¸c@ î} æç^¦-æ*^ ‖[}*-c^¦{ AWM ¸@â&@ î}&¦˘å^å c@^ à^}^,c [~ }^c }^ ¸ à˘•î}^••,]æⅼcⅈæ‖ⅈˆ [~•^c à ̂ æ å^&⌈î}^ in fees from cash management products due to ‖[¸^¦ æç^¦æ*^ AWM,+ ¸¦[c^ B‖æ&\Ü[&\.

Long-term AUM of around \$3.0 trillion de-&¦^æ•^å \$308.3 àâ‖â[} å˘¦â} * c@^ ˘˘æⅼc^¦, ‖æⅈ*^‖ˆ driven by market and foreign exchange declines [~ \$298.7 àâ‖â[}. Cæ•@ {æ}æ*^{^}c AWM [~ \$244.7 àâ‖â[} å^&‖î}^å [}^]^¦&^}c.

Naked short sale ban "diluted" - European parliament

A short selling regulation deal has been reached by the European parliament in a bid to beef up standards and requirements.

Naked CDS trading will be banned if the agree-{^}cі•¦æcâ,^å }^¢c{[}c@æ}å^}c^¦•î}c[~[¦&^, predicted in November 2012. This is considered a major victory by regulators who fought to put an end to sovereign debt speculation by entities that do not own the related bonds.

The sole exception to the proposed naked CDS ban is an option for a national authority to lift it temporarily in cases where its sovereign debt market is no longer functioning properly though the circumstances under which this is allowed are heavily prescriptive.

Also key to strengthening the Commission pro-posal is stepping up reporting requirements. F[¦ ^¢æ{]‖^, •˘]^¦çі•[¦• ¸[˘‖å à ̂ î}~[¦{ ^å of large short positions when this position ac-counts for 0.5 per cent of the issued capital.

The MEPs' wish that naked short sales would no longer be possible for more than one day was however diluted. The hard "locate and re-•^¦ç^¦˘¦|^+, ¸@^¦^à ̂ æ cⅼæå^¦ {˘•c}[c[}⌈ˆ}[-tify from where it plans to borrow the shares in question but must also have a guarantee that it ¸â‖â}å^^å à^ æà‖^c[à[¦¦[¸c@^{, ¸æ• åâ‖˘c^å, requiring the trader to locate and have a "rea-•[}æà‖^^¢]^&c† M

customers fairly and that the churning of a portfolio ought to be disclosed more widely than it is and there ought to be a better spread of the fees earned from such transactions because they accrue to the manager rather than to the â}ç^•c[¦•,+ H^}¦ˆ •æiå. ‰Bˇc âc ¸ [ˇ|å @æç^ à^^} helpful if the FSA could have spent a bit more time talking to participants and giving us some clear conclusions based on a pool of transactions…so we can start thinking about how this]|æˆ• â}c[¸ }æ}&âæ| •cæàâ|âcˆ.+

Apart from banks feeling pressured by Basel III and the capital requirement directive CRD IX, c@^ â}•ˇ¦æ}&^ ~ˇ}å â}åˇ•c¦ˆ â• -æ&â}* ¦^*ˇ-|æcâ[}• ˇ}å^¦ Ù[|ç^}&ˆ II, ¸@â&@ &[ˇ|å {æ\^ c@^•^ c¦æ}•æ&câ[}• ‰ˇ}&[}&[{ â&+ æ&&[¦ââ}* c[the FSA.
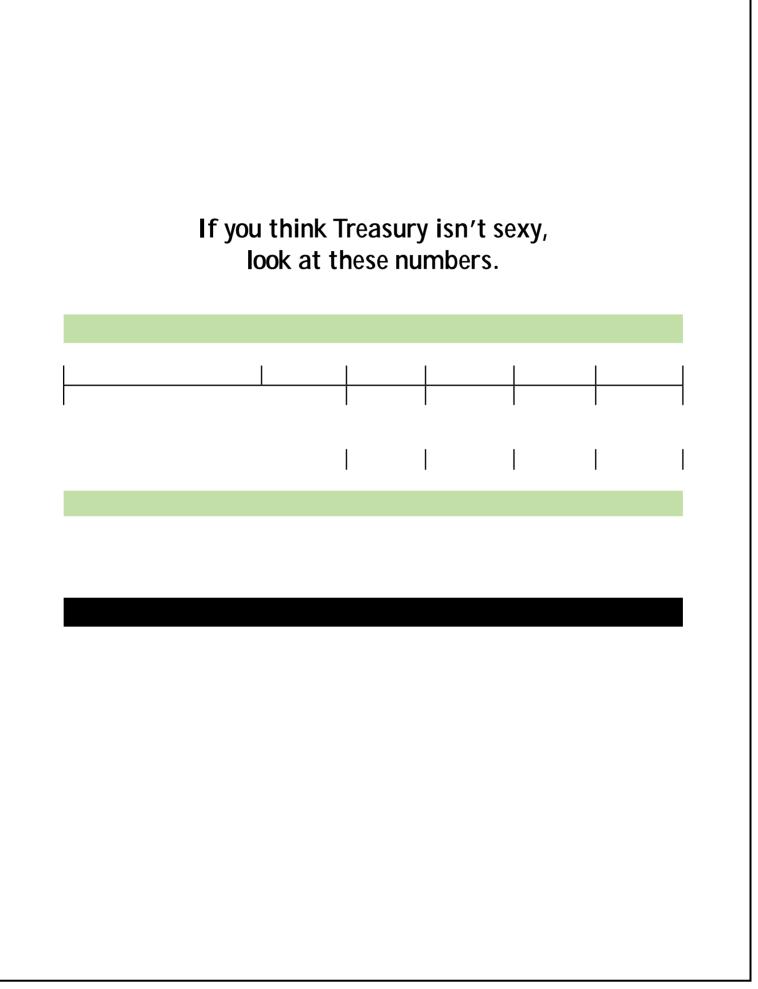
"These rules are being developed in isolation and that silo [mentality] leads to issues not being æåâ¦^••^å, à^&æˇ•^ c@^ˆ -æ|| c@¦[ˇ*@ c@^ *æ]•, àˇcæ|•[ˇ}â}c^}åˆå &[}•^ˇˇ^}&^•,+ H^}¦ˆ •æˆ•, adding that if banks cannot swap riskier pools of assets with pension funds and insurance companies, âc â• }[c &|^æ¦ ¸@^¦^ c@[•^ æ••^c• ¸â|| *[c[relieve pressure on balance sheets.

NSE to deliver securities lending rules in December

Rules on securities lending are expected to be issued in December by management of the Nigerian Ùc[&\ E¢&@æ}*^ (NÙE) â} æ àâå c[{æcˇ¦^ c@^ &æˇ æ\ ˇ M

If you think Treasury isn't sexy, look at these numbers.

As collateral management becomes an even more integral part of the market, J.P. Morgan's senior team speak to SLT about how the market is changing

ANNA REITMAN REPORTS

Fresh off successful technology enhancements c[{ ^^c W.Ù. c¦å-]æ¦cˆ ¦^] [¦^-[¦{ å^æå|â}^•, J.P. M[¦*æ} Y[¦¦å ¸âå^ Ù^&ˇ¦âcâ^• Ù^¦çâ&^• (YÙÙ) is eager to complete market reforms and help &|â^}c• *¦[¸ c@^â¦ c¦â-]æ¦cˆ à ˇ•â}^••. A}å, c@[ˇ*@ the impact of global regulations injects uncercæâ}cˆ, •[{^ c@â}*• æ¦^ &^¦cæâ} . &[¦¦æc^¦æ¦ {æ}agement is going to be a big deal.

In this interview with SLT at October's Risk Mæ}æ*^ {^}c A••[&âæcâ[} (ÜMA) &[}-^¦^}&^ â} Næ]¦^•, F¦[¦âåæ, J.P. M[¦*æ}ç• ¦^]¦^•^}cæcâ̧ç^• at the event talk about the enterprise-wide approach to collateral management taking shape and how it might affect the future of the securities lending market.

collateral management was thrust into the spotlight. She reckons it was good timing.

Sylvester is the Americas head of client management and technical sales for Financing æ}å Mæ¦\^c P¦[å ˇ&c• æ}å, â} c@â• ¦[¦¦^ àæ•^å â} N^¸ Ÿ[¦\, •@^ ¸[¦\• â}]æ¦c}^¦•@â] ¸âc@]¦[å-ˇ&c c^æ {• æ&¦[•• J.P. M[¦*æ}ç• à ˇ•â}^•• |â}^• while maintaining dialogue with clients about industry developments.

‰V[{^, âcq• ¦^æ¦¦ˆ]¦^ccˆ ^¢&âcâ}* , à^&æ ˇ•^ &[¦lateral is the centre of all of the reform requirements. Collateral management has gone from being a sleepy business to being at the fore-~¦[}c [~ â}ç^•c[¦•q æ}å å^æ¦^¦•q {â}å•,+ Ù^¦ç^•ter says.

That is because a number of global regulations pushing for central clearing of most OTC derivatives have made clients have to think about the ~ˇcˇ¦^â â} æ }^¸ ¸æˆ . @[¸ æ¦^ c@^ˆ * [â} * c[ ][•c {æ¦*â} æ}å c[¸@[{ ? Ac |^æ•c, c@[•^ &|â^}c• } [c in total denial.

Sylvester admits that there are varying levels of engagement by swap dealers while Dodd Frank ¦˘¦^ ¸¦âcâ} * &[}câ}ˇ^•,]æ¦câ&ˇ¦æ¦¦ˆ æ• c@^ â{]æ&c of a combination of global regulations remains

@æ:ˆ. Ùcâ¦¦, •@^ •^^• æ} â}&¦^æ•â}* }^^å -¦[{ investor clients to be walked through solutions à^â}* å^ç^¦[¦]^å, c@[ˇ*@ æc c@^ {[{^}c c@^¦^ seems to be little sense of urgency in implementing strategic changes.

"Swap dealers are assessing their own collateral needs going forward. They are focused on @[¸ c@^â¦ ¸}æ}&â}* }^^å• ¸â¦¦ &@æ}*^ â} æ&åâtion to how they will accommodate their client's }^^å•,+ Ù^¦ç^•c^¦ •æˆ•. ‰Y^¦çç^ à^^} ¸[¦\â}* ¸âc@[ˇ¦ à•}^¦•,&âæ¦ [¸¸}^¦• c[@^•] c@^{ ˇ}å^¦-stand how the new collateral requirements will â{]æ&c c@^{. F[¦ ^¢æc{]|^, @[¸ ¸â¦¦ c@^ }^¸ ¸^•|^ æ~^&c c@^â¦]^¦~[¦{æ}&^, c@^â¦ â}-¦æ•c¦ˇ&ture needs and their potential need to hold high ˇˇæ|âcˆ &[¦¦æc^¦æ|?+

It is precisely this need for transformation to post high quality collateral accepted by CCPs that is plaguing some and creating opportunities for others.

Ù^&ˇ¦âcâ^• |^}åâ}* *, c@[ˇ*@ }[câ} c@^ c¦æå^ '[¸¸ is one route broker dealers take to upgrade col-|æc^¦æ¦ æ}å, c@[ˇ*@ âc â• ^æ¦¦ˆ åæ•^*, à^}}^, &âæ¦ owners are looking at the opportunities offered by lending as a consequence of that increasing demand to enhance returns.

I} *^}^¦æ¦, c@^ •^&ˇ¦âcâ^• |^}åâ}* {æ¦\^c @æ• emerged from relative obscurity to become better understood as a liquidity mechanism. But the Lehman crash hangover and accompanying stigma from cash reinvestment portfolios going bad continues.

Ù^¦ç^•c^¦ ^¢¦|æâ}• c@æc]¦^-&¦â•â•, •^&ˇ¦âcâ^• lending in the US became a business with a •â*}â,&æ}c ~[&ˇ• [} *^^]^¦âcâ}* ˆâ^¦å â} ¦^â}ç^•c-ment pools as opposed to exclusively on the â}c¦â}•â& çæ¦ˇ^ [~ c@^ ¦[æ} ¦â c•••~¦~ . •[{^ c@â}* c@æc she notes is a reversing trend.

‰G^ccâ}* à æ&\ c[àæ•â&•, ¦^æ¦¦ˆ ~[&ˇ•â}* [} c@^ value of the loan itself and not deriving the majority of the yield from the reinvestment is a very healthy return to a more sensible business praccâ&^,+ •@^ } [c•^.

Sec lending demand

Ùcâ¦¦, J ˇå ˆ P[¦:^¦, *¦[àæ¦ @^æå [~ •^&ˇ¦âcâ^• |^}åâ}*]¦[å ˇ&c àæ•â}^å â} N^¸ Ÿ[¦\, â• &[}&^¦}^å about the potential for indirect impact of the combination of regulations on the demand side of business.

"The changes you are seeing in securities lending over the last couple of years are really being driven by the demand side as brokers de-lever and take risk off. Many of them are focused on capital and balance sheets to a greater degree . c@^ ˇˇ^•â&â[} à^&[{ ^•, æ¦^ c@^ˆ * [â} * c[@æç^ æ} æ]]^câc^ ~[¦ •^&ˇ¦âcâ^•?+ P[¦:^¦ •æˆ•.

M^æ} ¸@â|^, c@^ ¦^*ˇ¦æc[¦ˆ]• \^^]]â<ˆ} * [}. Dodd Frank alone started with some 300 to 400 rules across a dozen agencies and there are still scores yet to be written. It is hard to c^¦¦, ^¢[æâ}* P[¦:^¦, @[ˇ â•¦^• ¸â¦¦ æ}å ^^c to emerge will affect the industry. This includes

D[åå F¦æ}\, Bæ•^| III, Ù[|ç^}&ˆ II, •@[¦c •^||-ing rules from the European Commission and a myriad of other regulations such as those from Germany and the UK.

Ac c@^ cå{^[¸¦åcå}*, å}, *@cå}* æ{[}* ,ç^ •^]-arate agencies working on the Volcker Rule has been reported by the New York Times.

Even before any mandated regulatory compli-æ}&^, @[¸^ç^¦, P[|:^¦ @æ• åå^}cå,^å æ} å}@^¦^}c duration mismatch. Brokers are looking to put on term trades but some lenders are more com-fortable with shorter durations and the market is still working through this.

N[æà|ˆ, c@^ ^˘˘åcˆ {æ¦\^c• &[}cå}˘^ c[•@[¸ stable balances as the business is more a value c@æ} ç[|˘{^]¦[][•åcå[}, •æˆ• P[|:^¦, c@[˘*@ short selling rules and tax harmonisation re-quires constant monitoring. Despite market jitters and massive volatility over the summer {[}c@•, ^˘˘åcå^• æ¦^ å[å}* [\æˆ.

V@^ àå* •c[¦ˆ å• å} c@^ ,¢^å å}&[{^•]æ&^, ¸@^¦^ changes are taking place amid competing forces.

Y@â¦^•¦[¸â}* *¦[¸c@â} A•åæ@âc• c@^ @^æå¦â}^•, some commentators are pointing to bright spots •˘&@æ• I}å[}^•åæ, ¸@^¦^•c¦[}* ~˘}åæ{^}cæ¦• are prompting economists to forecast a robust economy for the long-term.

I} O&c[à^¦, c@^ Bæ}\ [~I}å[}^•åæ (BI) ˘}¢-pectedly cut interest rates 0.25 basis points to 6.5]^¦&^}c, æ• c@^ &[˘}c¦ˆq• &^}c¦æ¦ àæ}\c˘¦}• {[¦^˘]à^æc æà[˘c c@^ [˘c[[\~[¦â}'æcâ[}.

Ù[~æ¦c@â• ^^æ¦, I}å[}^•åæq• CPI @^æå¦â}^ â}'æ-tion rate has been trending downwards and fell to 4.6 per cent in September compared to the •æ^{[]c@â} 2010. BI ^¢]^&c• â}'æcâ[}c[à^ à^¦[¸¸ç^]^¦&^}c æc c@^^å[~c@â• ^^æ¦æ}å sees it even lower in 2012.

I} æ¦&^}c¦^][¦c, Ùcæ}åæ¦å C@æ¦c^¦^å }c•^• that Indonesia is set to become one of the ¸[¦åq• ~æ•c^•c *[¦¸â}* ^&[}[{â•• . ¸âc@ ˘¦¦ potential of eight to nine per cent from a current 6.5 per cent annual growth in GDP - in part due to a rising middle class and urbanisation.

"We expect Indonesia to enter the club of world's largest economies in 2020 and the top six in 2030,+¸¦âc^ Ùcæ}åæ¦å C@æ¦c^¦^å æ}æ¦^•c•.

I}]æ¦cå&˘¦¦æ¦, c@^ àæ}\ }c•^• c@æc I}å[}^•åæq• large domestic market cushions the economy from external shocks and fosters the develop-{^}c [~ àæ•¦\•, }[}-àæ}\ ¸æ&åæ¦ â}•câˇcâ[}• æ}å ¸æ}&åæ¦ {æ¦\^c•.

I}å[}^•åæ â• c@^ ¸¦¦åq• ¦æ¦*^•c æ¦&@â]^¦æ*[, covering over thousands of islands and kilome-c¦^• æ¦[}* c@^ ^˘˘æc[¦, c@¦[¸â}* ˘¦ &@æ¦¦^}*^• in the development of infrastructure to knit the &[˘}åâˇ{˘- M

¸¦â} ? â&   P   ^   Q   c@^ ¸[¦¦å

60h[per 246ent 246f)42(he 246pulsatioe 2494b Joe 249430y]T0 -1.2 TD[yeaers 426of 426arge 426doinatede 426byf cenrae

10 c[20 ˆ^æ¦•,+ } [c^• Ùcæ}åæ¦å C@æ¦c^¦^å.

Insurance is one of the most developed NBFI sectors with growth driven by two independent segments: the government social security programme and private life insurance.

I} 2010, c@^ ,ç^ • [&åæ¦æ}å]˘à¦å•cæc^-[¸}^å â}•˘¦-ance funds made up 42 per cent of Indonesia's total â}•˘¦æ}&^ æ••^c• â} 2010; c@^ˆ æ¦^ }[}-&[{]^äcäç^, â}ç^•c â} ,ç^å â}&[{^, æ}å æ¦^ *¦[¸â}* •c^æâä¦ˆ[} the back of compulsory annual contributions.

There is an OTC securities lending market in Indo-}^•âæ, @[¸^ç^¦,âcâ• ˘}&¦^æ¦¸@æcc@^•â:^æ}å •&[]^ of this market is. Brokers can enter into bilateral arrangements with approval from the BAPEPAM as long as they use a standardised agreement.

That is where Indonesian Clearing and Guaran-c^^ C[¦][¦æcâ[} (KPEI) &[{^• â}. O]^¦æcâ}* •â}&^ 2002 æ}å c¦æåâ} *•â}&^ 2004, KPEI ¦^&^âç^å æ]˘•@ as a result of regulatory mandates towards market development for growth and infrastructure.

A• c@^ CCP, âc]¦[çâå^• &^}c¦æ¦â•^å •^¦çâ&^• c@¦[˘*@ ^¦^&c¦[}â& &¦^æ¦â}* (^-&¦^æ¦) æ• ¸^¦¦ æ• the standardised agreement to borrowers and ¦^}å^¦•, ¸@â&@ æ¦^ æ¦• [{^{à^¦• [˘c@^&¦^æ¦â}* -æ&â¦âcˆ. C˘¦¦^}c¦ˆ, c@^¦^ æ¦^ 117 &¦^æ¦â}* {^{-à^¦•, [˘¸@â&@ 98 à¦[\^¦• æ}å c@¦^^ &˘•c[åâæ} banks are participants in the SBL market.

Ac c@^ {[{^}c, âc @æ• 118 •c[&\• ^¦â*âà¦^ -[¦ ÙBL

cLending f ts into the securities lend

eSecLending is a full-service global securities lending agent providing customised securities lending solutions for institutional investors worldwide. We are the only independent agent in the market and one of the largest third party providers. Our philosophy applies investment management practices to the securities lending industry. Our differentiated]¦[&^•• ˘cá|á•^• æ c¦æ}•]æ¦^}c, åâ•&å]|â}^å æ}å repeatable auction process to determine our clients' optimal lending strategy and facilitate best execution. Our performance is driven by innovation and validated by client satisfaction and industry recognition. Our people are committed to delivering thoughtful solutions and developing long standing partnership with clients.

With over ten years of experience we are active in 33 markets and have over 100 employees dedicated to securities lending who are located â} [˘¦ [~,&^• â} c@^ WÙ, E˘¦[]^ æ}å A•âæ.

eSecLending pioneered the use of auctions in securities lending. Having auctioned over $2 tril-|â[} â} æ••^c• ~[¦ à^}^,&âæ| [¸}^¦• •â}&^ â}&^]-câ[}, ¸^ @æç^ { [¦^ ^¢]^¦â^}&^ c@æ} æ}ˆ [c@^¦ provider in the industry in structuring optimal securities lending programmes utilising a disciplined and transparent process. We believe in the auction process. We have spent years perfecting the model and investing the knowledge and capital ne to proed the process.
]^c [˘¦ â} â^}c• â}c^¦^•c•,¦•c æ}å … NｊEc c¦ˆ
ddrcess wate we the limlitations (f)030(ar)TØ TjT[diutiotal cdusodital (and)13(hrd)13(hrnd)13(paryd)13(oolted)TJ[lLending)106(programme.g)106Our)70
Lending programmg (or)-4portfoliosg]1-65rmaagddo by
Assete Mmaagdmrent /o Olde Mutual.e Dturing
[˘¦¦^¯â^ò W¦[&^• ¸^ ^c^¦ Nｊ@æ !&^& ¦ä-
Lendininvesmrent
(and)30(anding)5(discǫling)5(a(hrd)30(hain)TJ[anso(peautiotalfunuctio.e)Tj0-2.495 TD[W)1(8 231observddo 38(ate 38mmaye 38conceptso 38(ate 38hado 38be
industry andwe rwe the Lendinngeent tatg
the 15[auction 15[es 166á 15[meanes 15[os 166şseses 15[dem(and)T0 -1.2 TD[be(ohe 54[allocasting 54[assetes 525(o 53[geecyg 54[exclustive 54[for)T0

HazelTree Fund Services has appointed
          as a managing director in its New