

caceis news

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CACEIS, a reliable business partner for today's ever-changing environment



JEAN-FRANÇOIS ABADIE,
CEO, CACEIS

Geopolitical, economic and regulatory stability is key to a flourishing investment industry. However, there will always be events that introduce uncertainty to the geopolitical and economic environments. Ongoing developments on the regulatory front also cause new uncertainty. Nevertheless, by focusing on factors CACEIS can control, we can create stability that helps clients attract investors and grow their business.

Our project to reform the group's legal entity structure, where all CACEIS's European entities become branches of a sole, well-capitalised France-based financial institution, is designed to harmonise and strengthen our service offer in the European market. This ties in with our proven client-centric organisational set-up which enhances client service and support functions. Furthermore, CACEIS is now one of the three pillars in our shareholder's "Premium Client Division", a single gateway for integrated advisory, financing, investment solutions and asset servicing.

Having Crédit Agricole as our shareholder positions us as a financially stable partner for our clients. Our expertise in handling regulatory issues and experience acting as a partner for clients' business development strategies creates a stable platform for continued business growth. In short, with innovative products and services that run on robust IT systems, and competent client-focused staff, CACEIS is committed to reducing uncertainty and fostering a stable environment for your business ☺

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A new position within Crédit Agricole

Crédit Agricole's restructuring is more than internal housekeeping, and CACEIS's position within the new Premium Client Division will hold many advantages.

Crédit Agricole has recently undertaken a comprehensive internal restructuring project as part of "Strategic Ambition 2020", a medium-term plan that seeks to improve operational effectiveness in the group by unlocking new synergies among its entities. The four-year plan aims to further strengthen the position of the group to take on the challenges of doing business in an environment that is in a constant state of flux, both on regulatory and fiscal

fronts, while ensuring continued and stable growth.

Previously within the same division as Credit Agricole's asset management arm, Amundi, CACEIS is now part of the newly created "Premium Client Division" along with Crédit Agricole CIB (the Corporate and Investment Banking arm) and Indosuez Wealth Management (the Private Banking arm). All three entities have been working together to uncover inter-



JOE SALIBA, Deputy CEO, CACEIS

nal synergies that can enhance client service while improving overall efficiencies, increase market share and open additional sources of revenue.

Our goal is to give CACEIS's clients easier access to a broader range of bespoke services such as advisory and financing solutions. Furthermore, we expect to generate further synergies and develop related service offerings by combining our expertise in areas as diverse as CRM data, KYC and AML

information, and risk analysis.

Many business areas stand to gain from such a unified collaboration, with teams of experts in 35 countries, backed by a leading financial group. Our Private Equity and Real Estate divisions, which cover the needs of investment funds throughout their lifecycle, have been collaborating on a number of deals with an impressive success rate, and we look forward to announcing further achievements and successes within the Premium Client Division in the near future ☺



A strong performance for CACEIS's Swiss custody banking operation



PHILIPPE BENS, Senior Country Officer Switzerland

What were the reasons behind CACEIS's decision to apply for a banking license in Switzerland?

Since 2006, CACEIS has operated in Switzerland through its local branch, winning many mandates for administration and management company services. The group obtained a banking license from FINMA in May 2015 and opened CACEIS Bank Switzerland. The new bank strengthened CACEIS's Swiss presence, allowing it to serve the entire Swiss market, and gave clients access to the group's full service range.

CACEIS's bank in Switzerland has been operational for 15 months, servicing Swiss collective investment schemes, providing local and global custody for pension funds, management companies, insurance

companies and banks, as well as acting as paying agent for foreign-registered funds.

How have clients benefitted from the new banking activities?

Adding depositary and custody services to the Swiss market offer gives clients access to a complete range of services based on market-leading IT systems, which are geared to the specific requirements of Ucits, hedge funds and real estate funds.

We provide Swiss managers with a service package that covers the full spectrum of their needs from launch, through daily administration and performance measurement, to investor and regulatory reporting for any type of investment vehicle domiciled in Europe.

Clients also benefit from a fully-integrated execution-to-custody solution covering the middle and back office, seamlessly interfacing execution services in the equity and futures markets together with our clearing and settlement, fund administration and custody systems.

Our regulatory compliance services assist clients in handling incoming regulation such as Emir and Mifid-Mifir, and we have developed services that facilitate listed and OTC derivatives transactions, as well as collateral management.

A multi-jurisdictional partner like CACEIS offers an understanding of international regulations, distribution channels and business practices, providing tailored advice and services to support companies' business development objectives.

By broadening our offer in Switzerland, we strengthen relationships with clients, third-party players and fund associations/working groups, while raising the bar for asset servicing in Switzerland.

What differentiates CACEIS from other Swiss depositaries?

Swiss depositaries are usually part of large asset management houses, insurance companies or retail banks. However, as asset servicing is CACEIS's only focus, we invest

resources directly into enhancing and developing our service range. CACEIS is also one of the few providers delivering integrated services that cover the entire post trade environment. And with interfaces to the principal capital markets we are able to offer attractively priced execution services.

Our middle- and back-office outsourcing services, reduce operational risk and increase operational efficiency, allowing clients to concentrate on generating investor value.

Finally, our knowledgeable teams speak Switzerland's four principal business languages French, German, Italian and English, which ensures a close working relationship.

What is your business development strategy going forward?

CACEIS has an attractive offer for investment companies, pension funds, portfolio managers, insurance companies and banks – whether they be local boutiques or large international firms, and we aim to bring more Swiss clients on board.

Our long held experience in real estate servicing is also a key area where we can support clients looking to increase their market share and reduce their total expense ratio, and we have an extensive package of services designed specifically for real estate companies' needs.

Our principal objective is to develop close partnerships with clients and leverage our international network and expertise to help them achieve their business development goals.

CACEIS is a market leader for third-party fund services in Switzerland

CACEIS acts as paying agent and representative in Switzerland for

240
foreign funds



CACEIS contributes to the successful migration from ESES to the T2S platform with the 3rd wave

On 12 September, the three Central Securities Depositories (CSD) using the ESES platform - Euroclear France, Euroclear Belgium and Euroclear Nederland - migrated to the TARGET2-Securities (T2S) platform in accordance with the plan laid out by the European Central Bank. Since the migration, delivery-versus-payment (DvP) settlements have been performed on the T2S platform.

T2S is the new European securities settlement engine that offers centralised DvP settlement in central bank money across all European securities markets backed by auto-collateralisation mechanisms. It represents a major step forward in the process of building an integrated European financial market. The vast project brings together 23 central securities depositories representing 21 national financial markets, all of which will use the platform by end-2017, following 5 migration waves.

A MULTI-STAGE PAN EUROPEAN PROJECT

The first wave of migration (mid-2015) involved the CSDs in Greece, Malta, Romania, Switzerland and Italy. Wave 2 (March 2016) involved the National Bank of Belgium for government bonds and the CSD in Portugal. Wave 3 brought the ESES community to the T2S engine.

CACEIS, which is established in the main T2S markets, has been involved in the project from the outset and has built an open and scalable model for its clients, with a focus on

service quality and risk management. CACEIS has opted to become a DCP (Directly Connected Participant) in the markets in which it has direct access to the CSD.

INTEGRATING THE ADVANTAGES OF T2S

CACEIS aims to deliver the benefits of T2S to all its clients. We also intend to minimise the impact for clients arising from mandatory and optional changes, such as for Standard Settlement Instructions (SSI). CACEIS relies on a central platform for handling DvP settlement and cus-



DANIEL PASCAUD, Head of Operational Line Custody, CACEIS

tody. This enables clients across all our entities to reap the full benefit of the opportunities arising from T2S, including bespoke configurations to meet the specific requirements of our various client segments.

To ensure the migration's successful completion, CACEIS's IT teams carried out rigorous system tests in conjunction with clients, such as migration rehearsals. A testing environment and test models were provided to enable clients to conduct end-to-end trials.

A comprehensive change management program was also drawn up

for CACEIS's operational teams. It included special internal and external training to ensure that clients receive first-class support and guidance during the transition phase.

Having completed the migration, the team has now switched attention to Wave 4 scheduled for February 2017. The 4th migration phase will involve major markets, such as that served by Clearstream Banking Frankfurt, the German central securities depository. For the coming months, CACEIS's teams will remain focused on ensuring the group maintains its track record of successful T2S migration.

Network Management: a cornerstone of the CACEIS business model

Interview with Valérie Gilles,
Global Head of Network Management, CACEIS



How did the industry changes influence Network Management?

The shape of Network Management has considerably changed during the past years. The challenges of Network Management have shifted to more complexity and to a wider and deeper spectrum of supervision and monitoring. The environment is much more bundled to regulatory changes and is no longer about sub-custodians and cash correspondents only but has extended to the notion of "Third Party Holders" such as Collateral Managers, Clearing Brokers, Prime Brokers, TAs, CCPs - any party where the depositary bank of the fund or the custodian of the assets could be involved directly or indirectly.

Our role is to make investment opportunities available to our clients through the best worldwide coverage and market access under a secure supervision and monitoring umbrella. At CACEIS, we are an internal hub where sales, operations, compliance, legal and risk are brought together and contribute to that objective.

Our growing responsibility with regards to the funds for which CACEIS provides depositary functions has increased the importance of compliance, audit, risk and legal features of

Network Management and the way it is used to report internally to the authorities and to our clients

“Our role is to make investment opportunities available to our clients through the best worldwide coverage and market access.”

We are here to provide safe custody in a highly regulated and very competitive business environment.

How can we provide the best service at the best price when every link of the chain is seeking sustainability? Selecting our sub-custodians from among the top 3 in the market gives us both access to high quality services and recognised expertise, as well as access to players who are large enough to allow us to benefit from

the most competitive market prices. Handling fees is one of the key challenges of Network Management, and allows CACEIS to offer clients and prospects competitive prices: it is an ongoing objective that puts heavy pressure on the teams.

One of our strengths is undoubtedly our talented, committed and experienced teams that are coordinated at group level and based in different locations to manage the relationship with our clients, providers, and regulators. This ensures efficiency, responsiveness, in-depth understanding and knowledge of local market practices.

What are your views on Network Management within CACEIS?

Network Management is about connecting investors to the market, managing, supervising, monitoring the various stakeholders, and keeping track of interactions through a high quality, secure and competitive process.

A tighter regulatory framework together with stricter compliance obligations although not universally welcomed, do provide another layer of professionalism, push the best players to become even better and force the weakest to exit the market.

Network Management is one of the cornerstones of CACEIS's business model and continuously proves its ability to meet our clients' and prospects' high standards and requirements. Complex systems may bring value whereas complicated solutions never do: CACEIS's Network Management plays a role in delivering our clients the best-in-class asset servicing, which has always been CACEIS's main objective.

In addition to overall performance and high operational efficiency, CACEIS puts a high value on developing and enhancing a close, long-term business relationship with our correspondents. Commitment is required from both sides. This is also probably one of the major challenges and features in the way business is now done and handled. The growing role digital tech-

nology and data management plays in our interactions, certainly needs to be balanced by process transparency and developing authentic inter-personal relationships, which is another means of generating value. Such action helps promote a long term vision when the environment favours the short term and immediacy.

How can we expand in an increasingly regulated framework? The question is obviously not only a Network Management challenge but an industry-wide trend we have had to deal with for a few years now.

Risk aversion might be tough to handle, for example when you are willing to open a new market and enter a new relationship: you have to go through so many steps and tick so many boxes that you may sometimes feel that there is no room to expand. Beyond this aspect, it forces us to perform an accurate, complete analysis of what we're doing and why our client is doing it, which in itself is an added-value process that generates in-depth knowledge. Banks understand these risk and compliance obligations. Thinking back to the first stages of KYC implementation; initially, there was a lot of dissatisfaction at having to provide all the documentation. But it soon became common practice and now not doing it would be unthinkable.

How do new technologies challenge Network Management?

We already benefit from high levels of STP in process flows with our correspondents. However, the time-consuming part for the teams, Network and Operations, is to deal with the exceptions and/or complex items such as Corporate Actions, Tax issues, etc.. We are keeping an eye on Blockchain technology which may help improve these tasks and in a few years, we hope to be in a position to think the same way about Blockchain being a normal part of our industry as we now do about KYC. New technologies are seen just as much as a threat as an opportunity but are considered an essential feature of a developing industry. They cannot be

ignored and will have a large scope of application (KYC, reconciliation, monitoring, registration, etc.). Any event, symposium or conference has its Distributed Ledger Technology feature and related round table discussion. Banks' innovation labs are already dealing with DLT and CACEIS is part of the working group within Crédit Agricole's DLT initiative and is also involved in the French market place initiative, Labchain. It is the technology that will influence and change our industry most in the coming years. In addition, ESMA has launched discussion papers regarding DLT: Regulators will definitely have to take it into consideration and propose how to deal with it. Still, the recent turmoil surrounding Bitcoin due to the cyber-attacks on the Hong-Kong platform show that cyber security remains a concern and needs to be strengthened for these types of technology to expand and be trusted by the vast majority of economic players.



How does T2S challenge Network Management?

T2S offers operational and liquidity management facilities as well as commercial opportunities for our clients to access all the T2S markets from a single entry point within CACEIS.

From that perspective and for the time being, the impact on Network Management is indirect. The more we move forward with the implementation of T2S, the more we agree that the most immediate and significant impact will be on liquidity management rather than on settlement facilities. In any case, the true measure of settlement performance and efficiency will be when all markets (and the most significant ones) have been on-boarded, when all the expected settlement features are made available by all the participants and when the costs of the project have been absorbed. That is to say that we may have a few years in front of us before we fully benefit from the enhancements offered by such a huge initiative. At CACEIS and from a Network Management and operational perspective, we chose to have a combined approach: be DCP on markets where we already have direct access to the CSD, and remain with our sub-custodian Network for the others. Depending on the above elements, we are open to reshaping our set-up should we need to adapt: use T2S to broaden the number of CSDs we access directly while continuing to rely on local custodians for the other markets or any other model that might show evidence of operational, financial and risk efficiencies.



PRIIPs: a new European Regulation on investment products sold to retail investors



PIERRE OGER, Group Product Manager, CACEIS

This new Regulation is intended to provide accurate, fair, clear and not misleading pre-contractual information about packaged retail investment and insurance products. It is still supposed to come into force at the end of 2016.

The Regulation regarding the key information document (KID) for Packaged Retail Investment and Insurance Products (PRIIPs) was adopted by the European Parliament on 15 April 2014.

The aim of the PRIIPs Regulation is to provide non-professional investors (within the meaning of MiFID) with harmonised pre-contractual information relating to investment products whose performance depends on underlying assets. It therefore expands

the concept of the UCITS KIID to all packaged products and insurance products, except for non-life insurance and pension products.

The PRIIPs Regulation encompasses all "packaged" investment products intended for retail investors, and so relates to UCITS, AIFs, convertible bonds, derivatives, structured deposits and securitisation vehicles for which the amount that the investor gets back is subject to change, depending on the underlying securities or the performance of one or more

assets that the investor does not buy directly. Insurance products whose surrender values are fully or partly exposed to market fluctuations, directly or indirectly, are also covered. All of those products must have a PRIIPs KID from 31st December 2016.

UCITS and AIFs, when they already produce a UCITS KIID under national law, are exempted from the obligation to produce a PRIIPs KID until 31st December 2019.

However, it should be noted that

those UCITS and AIFs will have to provide certain information where they are used as an underlying asset in other packaged products (like funds of funds and unit-linked insurance products) that must themselves produce their own PRIIPs KID by 31st December 2016.

THE PRIIPs KID CONTENTS

Although the objectives are similar, the PRIIPs KID differs in numerous respects from the UCITS KIID, in both form and substance. In particular, it is required to disclose new information such as estimated transaction costs, the recommended holding period, and returns net of fees expected over the recommended holding period and according to three different scenarios (pessimistic, moderate and optimistic). The risk classification also deeply differs, using a methodology combining a market risk classification based on VaR computation with a credit risk measure. Moreover, the PRIIPs KID must clearly define the complaint process for investors.

All these aspects have been detailed in regulatory technical standards (RTS) included in the Commission Delegated Regulation (Level 2) released on 30th June 2016.

THE IMPLEMENTATION PROCESS

On 1st September 2016, the European Parliament's Committee on Economic and Monetary Affairs (ECON) voted to reject the RTS. Amongst the reasons invoked was the risk of misleading the retail investor with inappropriate information, the methodologies for future performance scenarios and the transaction fees calculation, as well as the lack of clarity on the treatment of multi-option products (MOP).

On 14th September 2016, the European Parliament voted in favour of the ECON Committee's resolution, requiring the European Commission to re-draft RTS and potentially postpone implementation. However, at the date of writing this article, the implementation date remains on the 31st December 2016.

CACEIS is closely monitoring the progress of discussions with the authorities and is working with its clients to implement the regulation, with respect to the fees calculations, the risk and performance computation, the provision of data to insurers, and manufacturing of the PRIIPs KID itself, including its translation and dissemination.



Build your own network to broadcast or collect TPT files

To facilitate the flow of information between asset managers and insurers within the framework of Solvency II, CACEIS has developed TEEPI, a collaborative and innovative Tripartite file exchange platform.

Since Solvency II came into force on 1st January 2016, organising the exchange of information needed by insurers to calculate their SCRs (Solvency Capital Requirements) and carrying out regulatory reporting has proved complex, because of the large number of funds and asset management companies involved. The complexity is restricting the circulation of the Tripartite template (TPT), which is made worse by asset managers' demands that insurers sign non-disclosure agreements (NDA).

Given these constraints, CACEIS has developed a collaborative platform

that is open to all asset managers and institutional investors in France and abroad, whether they are CACEIS clients or not, to make it easier to disseminate and collect TPT files within an organised framework.

CACEIS's teams have designed and built a platform with a web interface named TEEPI (Tailored Electronic Exchange Platform for Investors). It gives participants the benefit of a trusted third party in the form of CACEIS. It makes it easier to manage the exchange of data between asset management companies and their institutional investors, and centralises TPT v3.0 within a single secure platform.

In practical terms, when an asset management company joins TEEPI, it can set up its company home page as a front end, which is visible to all users of the platform, and send out

periodic TPT files free of charge with one click.

On the other side, insurers can also set up their home page, upload the ISIN codes of funds in which they are invested into a private area, update the list, and test the availability of funds within their investment scope on the platform. The insurer can easily download historical or the latest available TPT files, either as a batch or on an individual basis, and can help increase coverage by sending out invitations to others to join TEEPI.

Each participant can send invitations to connect with other participants, and can accept or refuse any connection requests received; a connection is a mandatory step in the process of authorising the download of TPT data. The system means that the asset management company maintains control over the dissemination of its



THIBAUT GUÉNÉE, Head of Product offering - Institutional clients, CACEIS

TPT data and avoids signing confidentiality agreements due to the acceptance of the platform's General Terms and Conditions of Use.

Asset management companies managing funds of funds can also connect with other asset management companies, and will benefit from the same functionality as institutional investors.

The platform facilitates information flows between asset management companies and institutional investors, within a secure environment

and gives a guarantee of confidentiality. Each participant can build its own network and, in the near future, will be able to use TEEPI to exchange standard files to generate PRIIPs KIDS (once professional associations have decided on a standard template like the Tripartite file for Solvency II).

The TEEPI platform will go live in October 2016, and CACEIS's Products and Sales teams will be available to demonstrate the platform's features and set up access for participants wishing to use it.

CACEIS unveils innovative real estate administration services

In response to a growing demand for services to simplify the monitoring of real estate portfolios, CACEIS has designed and developed a new set of outsourcing services dedicated to real estate management companies which facilitate the administration process.



KARINE LITOU, Group Head for Projects of PERES Global Services



EDOUARD ELOY, Head of Product offering - PERES, CACEIS

CACEIS's Private Equity Real Estate Securitisation (PERES) team has developed a tool which enables real estate companies to manage and monitor the funds' investments, investment flows, and their investors.

The tool is a middle-office outsourcing solution which tracks every aspect of a real estate management company's property portfolio. It can manage units (retail, apartments, car parks, etc.), lots by plot or by register, tenants and their leases (vacancy dates, etc.), rentals and changes over time (theoretical, invoiced, paid), capex¹ (ability to set aside provisions and monitor the cost of work) and valuations of real estate assets as well as trends

over time using several methods (market value, insurance value, DCF, etc.). It can also import data wholesale and provide reports tailored to specific client needs.

A NEW SERVICE BASED ON A LONGSTANDING EXPERTISE

This service was originally introduced to facilitate position-keeping and the central administrator's role for all unlisted assets, as well as enabling middle-office functions to be outsourced for private equity assets. Following a recent upgrade, it now caters to the specific needs of real estate assets. Its features include position-keeping and monitoring of the characteristics of the real estate assets held. Management companies now have the benefit of

a comprehensive monitoring solution for their assets.

CACEIS's offer is built on the longstanding expertise of the Group's Swiss real estate fund management company, FidFund.

In terms of reports, there are over 20 different templates available, together with tracking tools that can be sent to real estate management companies. Upon request, bespoke reports can also be developed. Real estate tracking views are already available on our OLIS site (dedicated PERES area) giving management companies access to their portfolios and reports in Excel format, including data such as amounts invested, fund valuations,

“CACEIS's offer is built on the longstanding expertise of the Group's Swiss real estate fund management company, FidFund”

unrealised and realised capital losses and historical flow data. These can be enriched to produce dynamic views for management companies

with the same level of data granularity as the customised reports.

This new service is a significant addition to CACEIS's real estate investment administration offer. By building on our position as a key partner for Private Equity and Real Estate management companies and providing individualised and integrated services that can be tailored to any investment profile, we support the development of individual companies as well as the entire real estate investment sector.

This is a unique offer that differentiates CACEIS and demonstrates the growing role the group plays in the asset management value chain.

¹ Capital expenditure



Instrument	Operation d2	Type of card	Currency	Number of E	Unit Price	Revised Price	Process	Y	Production	Y	Final Value	Production d2	Y	Value Inv.	Y	Value S
Call Hou	12/01/2015	PI - Purchase	USD	1	4835622	4835622	7123456		2000000		6800000	05/01/2015		2287834		2287834
	05/01/2015	PI - Valuation	USD				7123456		6000000		6000000	05/01/2015		2287834		2287834
	08/02/2015	PI - Sale of P...	USD	-1	7123456	-7123456	7123456							2287834		2287834

EXPO REAL is Europe's largest real estate and investment trade fair. It represents the whole supply chain of the international real estate sector - all the important sectors are there, from conception and design through investment and financing, realisation and marketing to operation and use.

Our senior management and business development representatives will be happy to discuss any topics you wish to raise.

CACEIS
Stand

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expo
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Building networks

Munich 4-6 October 2016



EMIR: entry into force of the clearing obligation for OTC Derivatives

Since 21st June 2016, mandatory clearing of OTC derivatives imposed by EMIR has come into effect. Clearing is nothing new, it is a well proven process long used for listed derivatives (futures and options). However, this regulation is something of an upheaval for the financial industry.



FLORENCE BESNIER, Business Development Manager Execution and Clearing - Prime Fund Solutions, CACEIS

The effective date for mandatory transaction clearing on interest rate swaps (IRS)* via a clearing house (CCP) differs depending on the type of counterparty. It is applicable since 21st June 2016 for financial counterparties in category 1 (clearing members). It will enter into force from 21st December 2016 for financial counterparties in category 2 (counterparties with OTC derivative portfolio in excess of €8 billion) and on 21st June 2017 for category 3 (counterparties with a portfolio below €8 billion). Finally, it will become effective for all non-fi-

ancial counterparties on 21st December 2018. For categories 2 to 4, it represents a considerable challenge because many players in the OTC derivatives market do not trade listed derivatives, and therefore are not familiar with the clearing process. They need to review their trading and operational processes such as entering into an agreement with a clearing broker, systematic exchange of collateral, and management of margin calls. For those that do already trade in listed derivatives, the process may be familiar, but operational and legal impacts of EMIR will still be significant.

CACEIS's OTC derivative clearing offer is a continuation of its clearing service for listed derivatives. To this end, CACEIS has joined the LCH Clearnet Swapclear clearing house, the leading CCP on the IRS market in Europe. CACEIS's model offers both flexibility and security for its clients. The group does not provide an execution service for interest rate swaps, offering only a clearing service, and thus leaving clients free to execute transactions with the counterparties of their choice.

An additional benefit of engaging CACEIS is that as an asset servicer, whose main activity is geared towards services to institutional clients, the group has a limited risk profile. Today, CACEIS is a player that offers one of the highest levels of security in the industry. With its custody-depository background, CACEIS provides a segregated account structure. Each client has individual cash and securities accounts, and CACEIS never pools collateral it collects on an omnibus account.

As regards collateral management, CACEIS provides clients with a more flexible policy than the CCP, by offering a wider range of eligible securities to cover Initial Margin Requirements (IMR), comprising not only government bonds but also corporate bonds as well as equities.

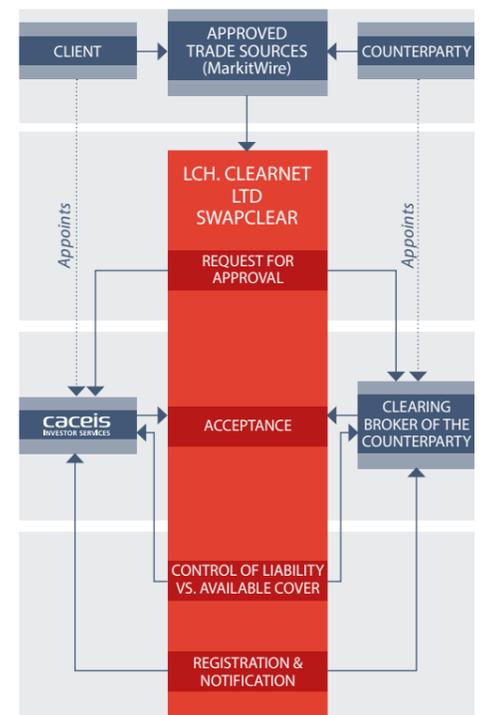
CACEIS's listed and OTC derivatives clearing offer is both consistent and comprehensive. Clients opting to use CACEIS for clearing both listed and OTC derivatives benefit from

a single onboarding process, a single cash and securities account, a single contact point and integrated reporting for both activities.

Our teams are available to provide further information about our clearing services ☉

* The requirement to clear CDS (Credit Default Swaps) will come into effect on 9th February 2017

Clearing processing workflow at a glance



NEW BUSINESS

MST selects CACEIS as depository for two closed-end ship funds

CACEIS will be acting as depository for the first two mutual ship funds under the German KAGB investment act. The two closed-end funds, "MS Marguerita" and "MS Tanja", will both be managed by "MST AIFM Eins Fondsmanager GmbH", which is the investment management company of "MST Mineralien Schifffahrt Spedition und Transport GmbH."

Matthias M. Ruttmann, Managing Director of MST explained: "We found CACEIS to be a flexible service provider, keen to seek out solutions for new asset types: Our ships will be the first of this asset type to be structured in a German AIF. We have put our trust in CACEIS's experience in dealing with regulations and launching funds holding new asset types, so will have a solid framework for the launch of the funds."

Holger Sepp, Member of the Management Board at CACEIS in Germany added: "When entering the closed-end funds industry, we clearly committed ourselves to delivering depository service to all major asset types. We are very proud that MST has put its faith in CACEIS's willingness and ability to service its ship AIFs. During the last couple of months, we have ensured we are fully prepared to handle all relevant requirements for the funds such as the depository function and relevant legal aspects." ☉

Cash Equity Clearing: a comprehensive European offer designed for broker dealers & banks

CACEIS has long-held experience providing Cash Equity Clearing services on leading European stock exchanges.

CACEIS's comprehensive offer brings a dedicated set of services for broker dealers (market makers), retail banks and investment banks.

It comprises three main services: market connectivity (interfaces with clearing houses and exchanges), security transaction clearing on the various exchanges, and settlement of 'on exchange' and OTC transactions against a Central Counterparty (CCP) and other counterparties using our worldwide custody network.

Clients of all CACEIS entities benefit from having a single provider to process their transactions, and manage clearing and settlement on markets, stock exchanges and Multilateral Trading Facilities (MTFs) via CCPs. A range of additional services are available to clients, such as custody

(corporate actions, interest and dividend management services), cash management, cash forecast, lending for fail coverage, collateral/risk management and FX conversion for transactions in foreign currency. These services can be provided in accordance with the client's profile.

In this full-STP, centrally packaged offer, bespoke reports can be sent to clients securely via SWIFT or CACEIS's web-based communication platform, OLIS. This includes reports on executed securities and cash transactions, collateral requirements, holdings and settlement status. Our report production offer also covers all regulatory reporting requirements.

No matter the number or size of transactions, or the assets under custody, CACEIS's service operates at

a high level of STP with direct market access to enable timely and accurate transaction processing and a high degree of settlement efficiency. The cash equity clearing offer is a

key part of the CACEIS Group's broad clearing and execution offering, covering cash equity markets, listed derivatives markets and OTC derivatives ☉



ANDREAS PADE, Head of Product Management Germany

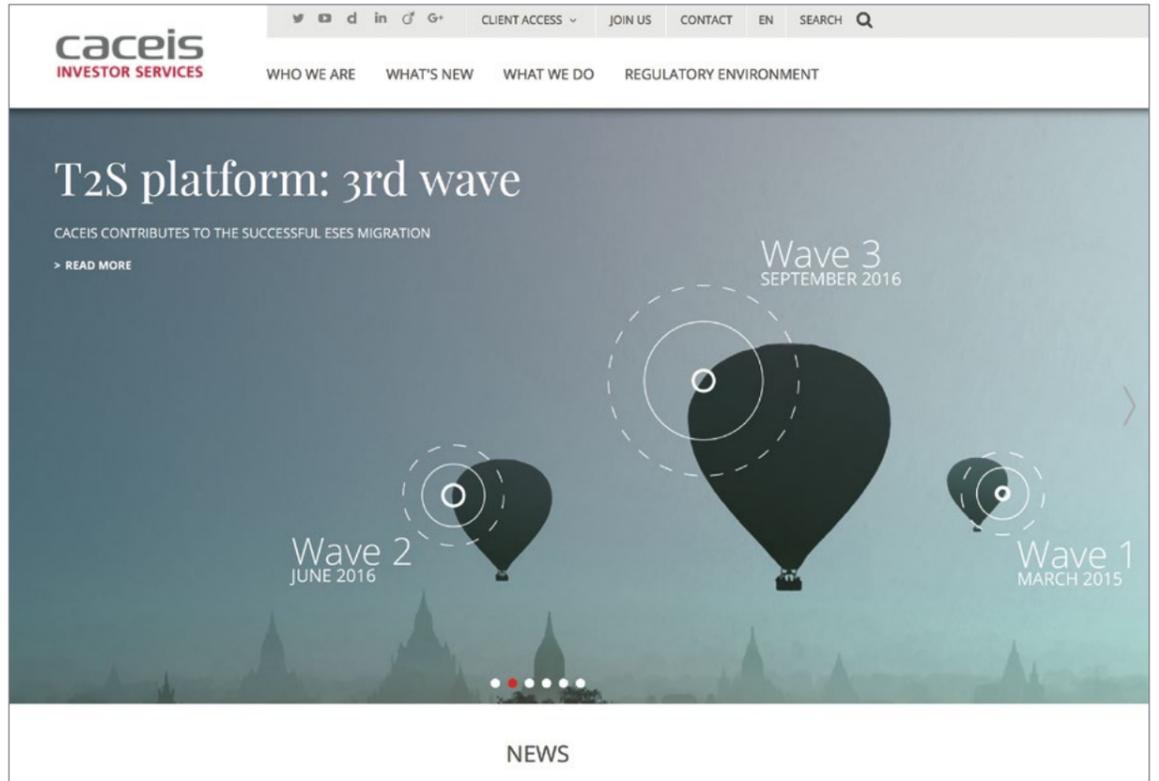
CACEIS's website has a new look

CACEIS is pleased to announce the launch of its new website, available in early October 2016.

Still at www.caceis.com, the new site uses the latest web technologies to deliver a better user experience and give faster access to the information you need. Optimised for use with PCs, tablets and mobile devices, it was designed to meet the needs of all our user groups: clients, prospects, journalists, consultants, candidates, students, etc.

Among its new features, the "Our Solutions" section has been completely redesigned, and visitors can consult in depth the entire range of CACEIS products and services.

This new version also gives better access to news, featured articles and regulatory developments in the post-trade environment.



In the press - Q2/Q3 2016

 <p>June 2016 L'Agefi Hebdo "The securities business is out of the shadows" Jean-François Abadie, CEO, CACEIS</p>	 <p>June 2016 Funds Global Asia "Fund Distribution in Asia" David Li, Managing Director, CACEIS in Hong Kong</p>	 <p>June 2016 ReQuadro "SICAF" Georgio Solcia, Managing Director, CACEIS in Italy</p>	 <p>August 2016 B2B "The role of the Swiss custodian banks" Philippe Bens, Senior Country Officer Switzerland</p>
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Conferences - Q4 2016

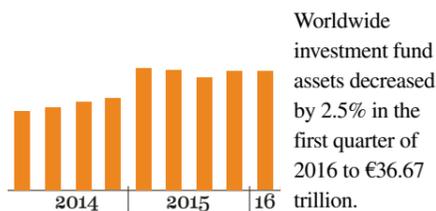
<p>LONDON</p> <p>20 October European Fund Finance Symposium</p> 	<p>PARIS</p> <p>5-6 October European Large & MidCap Event</p> <p>Large & Midcap Event</p> <hr/> <p>13 October AGEFI AMtech</p> 	<p>AMSTERDAM</p> <p>20-21 October Annual European Collateral Management Forum</p> 	<p>FRANKFURT</p> <p>29 November German Private Equity Conference Heike Findeisen, Business Development Director</p> 	<p>GENEVA - ZURICH</p> <p>8-9 November ALFI Switzerland Roadshow</p> 
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Worldwide

Source: EFAMA - June 2016

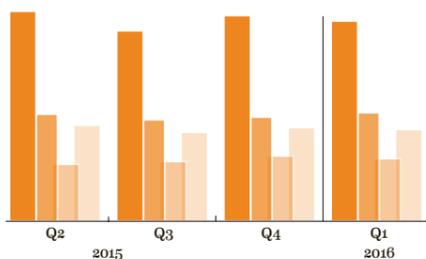
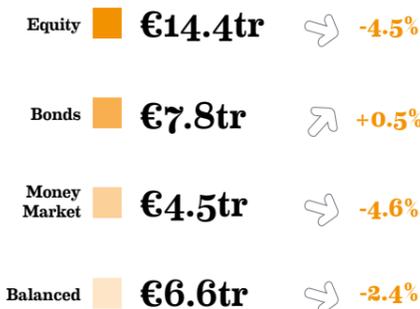
Worldwide Investment Fund Assets Q1 2016 (€ trillion)

€36.67tr ↘ **-2.5%/Q4 2015**



Trends by investment type Q1 2016 (€ trillion)

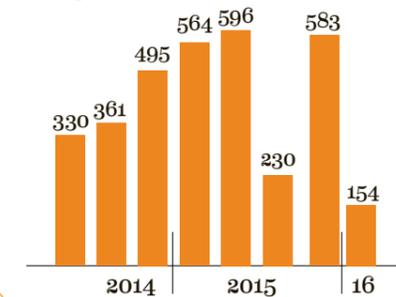
Equity fund net assets decreased by 4.5% to €14.4 trillion at the end of the first quarter of 2016. Bond fund net assets increased 0.5% to €7.8 trillion. Balanced/mixed fund assets decreased by 2.4% to €6.6 trillion, while money market fund assets decreased by 4.6% globally to €4.5 trillion. At the end of the first quarter of 2016, 39% of worldwide regulated open-ended fund net assets were held in equity funds. The net asset share held by bond funds was 21% and the net asset share of balanced/mixed funds was 18%. Money market fund net assets represented 12% of the worldwide total.



Net sales of Investment Funds Q1 2016 (€ billion)

€154bn ↘ **-73%/Q4 2015**

Net sales of regulated open-ended funds worldwide amounted to €154 billion in the first quarter of 2016, compared to €583 billion in the fourth quarter of 2015.



Europe

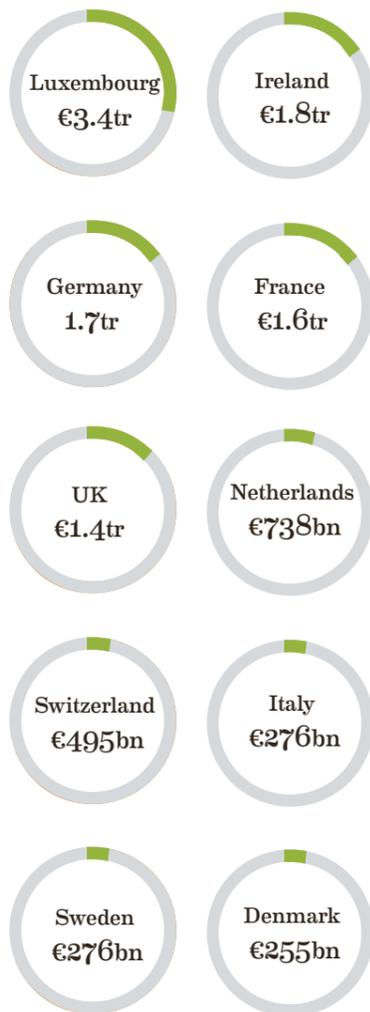
Source: EFAMA - June 2016

Net asset of the European Fund industry Q1 2016 (€ trillion)

€13.04tr ↘ **-2.1%/Q4 2015**

Total European investment fund net assets decreased by 2.1% in Q1 2016 to €13,039 billion. Net assets of UCITS fell by 3.4% in Q1 2016 to €7,929 billion, and total net assets of AIFs decreased by 0.1% to €5,110 billion.

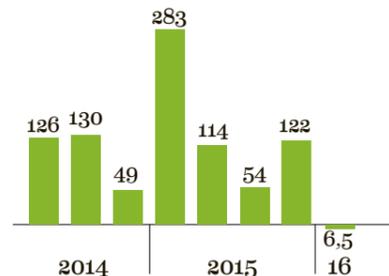
Top Ten



Net sales of UCITS Q1 2016 (€ billion)

-€6.5bn ↘ **-105%/Q4 2015**

UCITS recorded net outflows of €6.5 billion during Q1 2016, compared to net inflows of €122 billion in the last quarter of 2015.

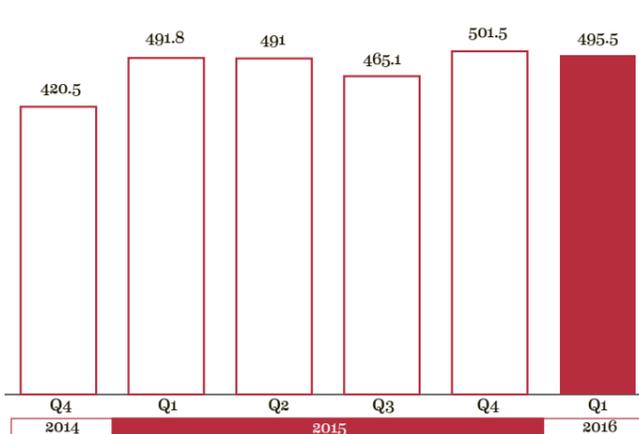


Country Focus - Switzerland

Germany focus in the next CACEIS news

Net assets in Switzerland (domiciliation) € million - Q1 2016

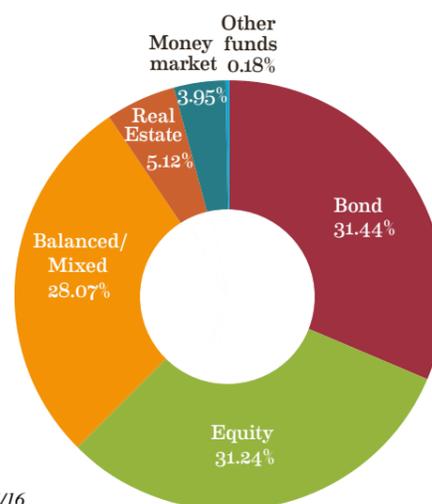
€495.5bn ↘ **-1.2%/Q4 2015**



This represents a decrease of 1.2% in comparison with end Q4 2015.

Source EFAMA as at 31/05/16

Total net assets by type of fund



Source EFAMA as at 31/05/16

Market share of fund promoters by country of origin - June 2016

Swiss promoters: 66%

At the close of June 2016, in terms of volumes, Swiss promoters held first place with a market share of more than 66%.

US promoters: 6.36%

US promoters are in second place with a market share of 6.36%.

Source Swiss Funds & Asset Management Association SFAMA as at 30/06/16



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