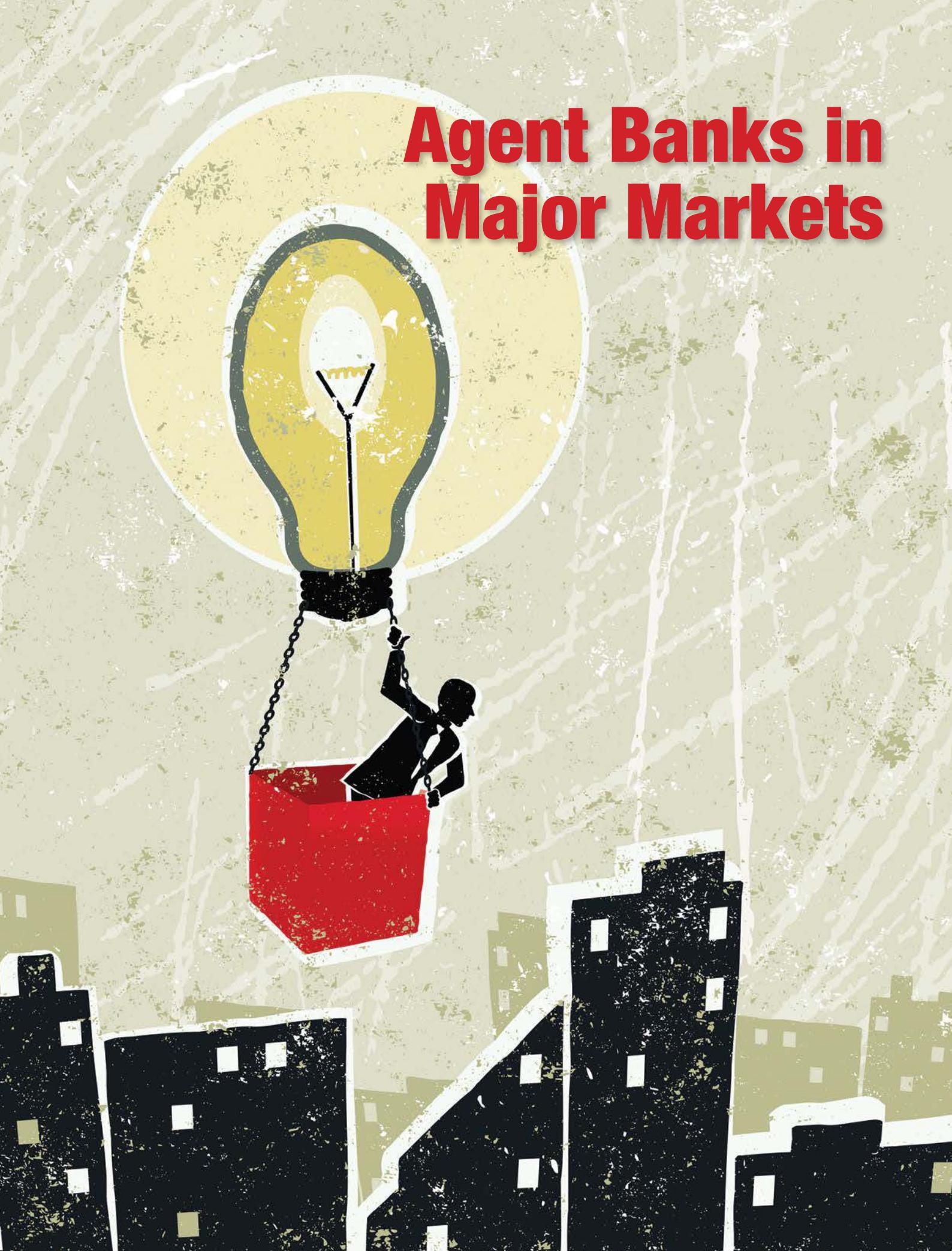


# Agent Banks in Major Markets



# Vast and valuable

The Agent Bank Survey – bigger and more valuable than ever.

This year's Major Market Agent Bank Survey saw responses from institutions representing a record value of assets in custody and number of trades matched and settled. This success owes a great deal to those network managers, individuals and teams at some forty of the world's largest custodian banks, broker-dealers and depositories. They provide comprehensive, thoughtful, commented, granular analysis of the services they receive from agent banks in at least 20 of the 27 different markets covered by the Survey. We are extremely grateful for their continued support and intend to find more ways than ever before to give back to them information that may assist them in the conduct of their roles.

## Lessons to be learned

From the perspective of the agent bank service providers, the messages from the Survey this year are quite clear and consistent. They apply not only to the very largest of clients who responded, but in fact across the Survey as a whole. First and foremost, clients do recognise variations in performance among their service providers. These differences may in some cases be market related; that is the market itself, by virtue of infrastructure, regulation or process makes service delivery easier or harder and more or less complex. However, these factors alone do not explain all the differences in perception. So even within a country that is very highly

regarded overall, there are still some clients for whom relative service delivery by their agent does not match that seen by others. Equally, some clients consider that they are receiving very high service quality, absolute and relative to other markets, from agent banks in locations that are, when viewed across the Survey as a whole, lower scoring.

Second, respondents see varying levels of service quality in different aspects of service. In some cases this may be the difference between Operations, Technology and Relationship Management. In other cases it is between different categories of Operations; for example, Settlement and Asset-Servicing capabilities. Furthermore, even within the different categories views of service may differ. Clients may, for example, find client service personnel very responsive, but be concerned about the level of staff turnover or a lack of senior management attention to their business and priorities. In some cases the differences reflect modestly in terms of scores, on other occasions the perceptions may vary considerably. Often it is comments from respondents that show most clearly the areas where they are impressed, and those about which they have doubts.

Finally, service providers who offer global or regional capabilities should recognise that respondents do not see services across different markets as homogenous, even when delivered through a single regional hub using a

consistent technology platform. Again some of this relates to differences in the markets themselves. But hubs are dependent on what is at the end of the spokes, whether a branch or a local depository. In either case, despite the best of intentions, consistency is not always possible and clients notice. That is not to deny the value of regional networks and the banks that provide them. They offer clients numerous benefits in terms of simplified administration, relationship management and technology interface. It is rather to note that as long as there are individuals from different backgrounds and cultures involved in service delivery, there will remain the potential for differences in service quality that cannot be 'wished away', however much homogenous service provision might be desired.

## Looking both inward and outward

It is important to recognise that the Survey results clearly demonstrate, yet again, that clients are generally happy with the quality of the product offered by their different agent banks. Scores fairly consistently rank above the default score of 5.00 (Good) within the scoring scale. There are ever fewer examples of egregious underperformance, even as witnessed by smaller and therefore arguably slightly less important clients. In a market where change is complicated to implement and the status quo tends to be preserved, being good is unlikely to move market share in any meaningful

way. So what can sub-custodians do to grow their business, other than rely on the success of their clients and market growth as a whole?

The opportunities may usefully be divided into two different areas, internal and external. External opportunities present themselves rather infrequently and usually relate to changes in market infrastructure and/or regulation. Agent banks may initiate change, embrace it or resist it. The most interesting and immediate possibility relates to the roll-out of T2S across European markets over the course of the next 18 months. This will offer some clear opportunities for agent banks to fundamentally alter the services that they offer and how they offer them. The results may not be clear for a few years yet, but they will ultimately change the sub-custody landscape in Europe quite dramatically. Another external development to watch out for relates to technological shift and the changes being wrought by moves towards distributed ledger technology and smart contracts. A number of efforts are currently underway, others are likely to follow and while their effects may be some way off yet, the smarter providers are already considering the opportunities and problems they may create.

Considering the inward looking effort, there are clearly opportunities for providers to learn from within their own organisation, from providers offering comparable services in similar but non-competing markets and from clients. This is about finding what clients like best about their service providers and imitating it whenever and wherever possible. This is about candid dialogue, within organisations as well as with clients and others. It is clear from the Survey that clients welcome such conversations and most are avid in their pursuit of them, through performance reviews and other mechanisms, making these effective as a transfer of information about what the market is doing, as well as what particular service providers are doing to improve performance.

### What next?

The Survey results presented here represent the tip of the iceberg of the information that is collected and collated by the magazine. As an executive summary it is intended as a high level guide to how things are going with particular providers in specific markets. The magazine in conjunction with other companies within the Asset International group, makes available a range of research services associated with a more detailed analysis of the results and the creation of actionable conclusions.

The goal of our research is to help the industry improve its performance to the benefit of clients as well as the markets themselves. We want the survey itself to be as accurate a reflection of the industry as possible, and we work hard to ensure that by minimising the effects of any attempts at manipulation. Improving survey results is interesting, but not

as useful as improving business practice and process to the benefit of clients. No one should lose sight of the fact that opinion poll leads are pleasant, but in the final analysis what counts is who won the election. ■

## Methodology

Having made many significant changes to the survey in 2014 we determined to maintain consistency in 2015. The Survey continues to focus solely on looking at the views and perceptions of cross-border investors in different countries around the world.

For those not familiar with the survey process, we invite network managers and operations executives from leading global custodians, correspondent banks, brokers and infrastructure providers to evaluate the performance of their sub-custodian agents in various markets. Evaluations incorporate responses to 50 questions divided into ten categories of service. We use a seven-point scoring scale (7.00 being Excellent and 1.00 being Unacceptable). Responses are weighted, as are questions, based on scale of business, experience and relative importance. The weighting system also allows us to fairly deal with anomalous responses, rather than simply excluding them. Providers are also invited to explain their market and services through completion of a 12 question questionnaire. This is aimed at bringing focus to market and provider changes that might impact on results.

Write-ups of providers in each market are presented for individual markets separately, with providers meriting inclusion based on their position in the market and response numbers and the aggregate weight of responses received. Where relevant, we have sought to incorporate client comments into the write-ups. This is intended to provide illustrations of changes in perception as reflected by scores. In all cases comments are taken directly from the questionnaires submitted by clients. Finally, we have presented simply the scores for each provider in each of six major categories (Settlement, Asset Servicing, Relationship Management & Client Service, Ancillary Services, Technology and Value Delivered). These six categories are in some cases reflect a single category in the questionnaire. In other cases they are a combination of categories. While this makes the presentation less granular it does allow focus on core areas of custody service provision in terms of assessment of perception. This is relevant for both providers and users of the Survey results.

Providers operating in different markets face similar but unique challenges and opportunities. Providers in the same market may have client lists dominated by different types and sizes of clients. We, therefore, consider that it would be misleading to present a total score for each provider as this would attract natural, but misguided, attention and focus. Also, though we understand the marketing and commercial logic behind grouping different markets together, whether by geographic proximity or common exchange ownership and infrastructure, we have as noted above retained the historic approach of presenting the survey information and scores based on individual countries.

The "Hallmark of Excellence" programme begun last year was met with strong support from many providers. The digital accreditation of outperformance, whether based on global scores, individual market scores or scores achieved in the six categories has served a useful purpose for many institutions in promoting their credentials. Agent banks have once again been made aware of their eligibility for these awards. We hope that all agent banks are sufficiently committed to the business to promote their successes through this new system.

The changes made last year naturally attracted attention and comment, the majority of it positive.

Because we understand that providers and users of the survey need time to adjust to the new approach we have kept changes to a minimum this year. As always, we want to express our gratitude, both on our own behalf and that of the agent banks themselves, to all those individuals around the world for the efforts they have made. Many were guests at our London dinner in March and we look forward to welcoming them again to the event in early 2016.



## Australia

There has been a continued growth of assets under sub-custody in Australia, according to the latest figures from the Australian Custodial Services Association. In the latter half of 2014, the sub-custody assets of foreign investors rose to AU\$1.11 trillion, which was a 7% increase. Increased inflows into Australian investment vehicles, as well as implementing global regulatory standards and moving to a T+2 settlement cycle, are being credited for the growth. According to the ACSA's figures, HSBC Bank is the largest participant in the market, with some AU\$727.0 billion in assets under sub-custody. It is followed by J.P. Morgan Chase at AU\$180.3 billion; Citigroup at AU\$105.7; NAB at AU\$88.0; and BNP Paribas, at AU\$7.0 billion.

### **BNP Paribas Securities Services**

BNP Paribas continues to delight clients in the Australian market. While response levels may be down, scores are up on last year in all but one category. Clients are pleased with the service they receive out of Hong Kong ("The RMs based in HK put in a lot of effort to understand our business needs. I really like my RM," and "Our RM is based in HK; she is very helpful and I feel that she has done a lot to understand our business needs and to help our business grow"); but the remote servicing has its limitations because of time differences as clients note ("Better cover in Australia would be good; currently HK support gets in post close so we can miss settlement deadlines for this market," and "Extend coverage to 24 h[ours].")

### **Citi**

Citi's overall score is up slightly on last year, but on a service-level basis scores are up as much as down. There are large gains (income collection) and big losses (cash management). One client says that Citi "needs a regional cash function," while another notes that its scoring is less to do with service, but instead "reflects the current negative interest rate

environment for long cash balances." In an environment where fee complaints are ubiquitous, the comment "Settlement is excellent for cost" is a happy standout. While there is other general, pleasant commentary ("quick responses to inquiries" and "Help in order to solve problems [is] highly appreciated"), there very specific complaints ("Effective and efficient lobbying efforts and system enhancements [are needed]," and "Information on restrictions [and] taxes could be improved").

### **HSBC**

HSBC delivers another consistent performance. Settlement, where the bank receives its top score, is also an area of particular improvement, rising some 27 basis points, and is praised in client comments. Corporate Actions is also lauded by more than one client. "Client service team shares market knowledge and is very helpful processing complex corporate actions," says one client. "The CA team is way ahead of the market, and their proactiveness makes a complicated CA market a bit easier," says another. That said, the bank will want to take steps reaffirm its commitment to the business and reassure clients like the one who says, "Generally speaking we start getting worried with all the "rumours" around HSBC globally (sale of Brazil, migration of head office from UK to HK...)."

### **J.P. Morgan Chase Bank**

This was a year of mostly, albeit modest, gains for J.P. Morgan Chase, but the bank does see substantial improvement for Value and Commitment and Tax Reclaims, which are not market practise in Australia. That said, the bank trails the local averages in all but three service areas. At least two clients comment that the bank needs to improve its trade, settlement and failed trade reporting, and there is a request on the Corporate Actions side to "provide the materials associated with the votes in addition to the notifications."

A third major client notes some inconsistency in staff, "Very friendly and helpful staff. Generally quick replies, also after normal working ours," it says. "Depending on who replies to our investigations it can happen that newer staff isn't that effective [as] the others or maybe doesn't reply to all questions so that we have to ask back."

### **National Australia Bank**

NAB finds its strengths in cores services of Settlement, Reporting and Technology and Connectivity. This is reflected in the scores as well as the comments. One client said it has had "no failure yet" with the bank's systems and was also particularly pleased with trade matching. "The STP rate is high – [it] must be, or else there are different problems due to ourselves, custodian and counterparty." Another says when it comes to Reporting, the bank "resolves errors quickly," and that it receives an "overall very good service" when it comes to Technology and Connectivity. But another client thinks NAB could do more. "Development of an online system is desired. We would like to receive trade status information and event notifications (including coupons and dividends) in a consolidated report via such systems." ■



# Austria

The Austrian market is undergoing key changes in order to prepare for the launch of TARGET2-Securities. In anticipation of joining the European settlement initiative, the Austrian settlement cycle changed from T+3 to T+2 on October 6, 2014. Austria's go live date is September 12, 2016.

From November 16, 2015, in order to comply with EU standards and meet T2S requirements, the Austrian Corporate Action National Implementation Group (CANIG) and Österreichische Kontrollbank AG (OeKB AG), the Austrian CSD, will introduce the record date principle. For corporate actions, a revised date for determination of entitled positions will therefore apply to the Austrian market.

On September 14, 2015, OeKB will be decoupling its CSD services from its additional business services with the establishment of a new legal entity: OeKB CSD GmbH.

## **BNP Paribas Securities Services**

BNP Paribas performed very well within the Austrian market, outperforming its 2014 scores across all service areas. This is reflected in the fact that its scores exceeded the Austrian and global averages for all ten categories, as was also the case in 2014. The bank's score for Tax Reclaims was an impressive 0.72 points ahead of the Austrian average and 0.89 points ahead of the global average. However, while client comments were mostly positive, and highlighted the overall knowledge and flexibility offered by the bank, one client emphasised a "need to provide the materials associated with the Votes [and] notifications" within Corporate Actions.

## **Deutsche Bank**

Deutsche Bank's performance was mixed. The bank improved its scores for Reporting and Technology and Connectivity significantly compared to last year, but its score for Tax Reclaims was 0.43 points lower than it was in 2014. Although Deutsche Bank's Technology score is up on last year, it

nevertheless did not exceed the market average for this category. This was reflected in the comments, with one client suggesting the bank's 'Web tools' need to be improved. For Reporting, however, the bank's score was higher than the Austrian market average and the global average.

Despite its scores for Cash Management and Settlement being noticeably lower than the market and global averages, Settlement was highlighted by one client as Deutsche Bank's greatest strength.

## **Erste Group Bank**

Erste Group Bank received fairly strong results overall. Its score for Tax Reclaims (6.02) was 0.67 points higher than last year. Whilst this was the only category score above 6.00, the bank outperformed market and global averages for Tax Reclaims and Reporting. However, its results for Value and Commitment and Corporate Actions were both below the market and global averages. Despite this, one client stated that the bank is "committed to working with us to help grow our business and improve [client] service."

Feedback for Settlement was mixed, with two clients considering this its strength, whilst another suggests that "proactivity in failed settlements could be improved."

## **Raiffeisen Bank International**

Raiffeisen Bank International generally received positive scores. The bank improved upon its results from last year across eight of the ten categories, including Value and Commitment and Relationship Management, where the bank received scores above 6.00. The two areas where Raiffeisen's scores were lower than in 2014 were Reporting and Tax Reclaims. This affected the bank's scores in comparison to its competitors, as these were the two categories where it placed below the market average. One client commented that timeliness of reporting was erratic.

However, the bank's score for Cash Management was particularly strong this year, exceeding the market average by 0.39 points and placing it an impressive 0.48 points above the global average. Clients' comments reflected the bank's mostly positive scores, with Client Service, Relationship Management and Settlement all being praised.

## **UniCredit Bank Austria**

UniCredit Bank Austria received mixed results this year. Whilst its scores for Cash Management and Settlement were significantly higher than last year, those for Relationship Management and Value and Commitment were both noticeably lower than the market and global averages. The bank's low score for Relationship Management was reflected in one client's comment: "Incorrect responses have been received to market-specific queries. Response time to queries is generally slow and answers are only basic, not very comprehensive."

However, another client stated, "The global relationship manager provides an excellent level of support, as do the local relationship managers across the region." Similarly, mixed comments were also received regarding Client Service. ■



# Belgium

The Belgian CSD, Euroclear Belgium, is set to join T2S in March 2016. Despite its central role in the European Union, the Belgian securities market itself is relatively small and is probably over-served by four sub-custodian banks.

In the 2014-2015 edition of *The Global Competitiveness Report*, published by The World Economic Forum, Belgium placed 18th out of 144 countries. Belgium's ranking is comparable to Austria, which placed 21st. Belgium scored particularly well for technological readiness, where it ranked 14th.

Belgium's 2015-2016 budget revealed tax changes, including an increase in the rate of withholding tax on movable income (interest and dividends) from 25% to 27%. A capital gains tax is also being implemented for quoted shares realised in the "short term," classified as shares owned for six months or less.

## BNP Paribas Securities Services

On the whole, BNP Paribas received positive scores within the Belgian market, with its results for Relationship Management and Reporting increasing by 0.32 and 0.40 points respectively since 2014. The bank also exceeded the Belgian market and global averages for Settlement. However, its scores for Client Service and Tax Reclaims were below the market and global averages. Regarding tax reclaims, one client comment pointed to "an inability to provide exact information and process in a rapid manner." Client Service and Relationship Management were, nevertheless, cited as areas of strength, with one client stating that BNP Paribas demonstrated "willingness to work on tailor-made solutions." Broker-dealers were the most generous client category, scoring the bank above 6.00 (Very Good) overall, while banks were the harshest assessors.

## Citi

Citi's scores were mixed, as the bank obtained higher scores than last year in six out of ten categories. Results for Corporate

Actions and Cash Management were significantly higher than last year, whilst the bank's score for Reporting dropped 0.38 points. A high score for Corporate Actions exceeded both the market average and global average by 0.34 points and 0.27 points respectively. Scores for Reporting, Settlement and Technology and Connectivity were, however, below the global and Belgian market averages. One client, nevertheless, referred to "Citi Direct" as a "useful tool."

Within Cash Management, scores for competitiveness were lower than results for other elements of the category. One client attributed this to "the current negative interest rate environment for long cash balances." Distinctions in appreciation among different client category by type or size did not appear particularly significant.

## Deutsche Bank

Deutsche Bank's overall score dropped 0.28 points, with falls in all service areas except Tax Reclaims and Technology and Connectivity. Despite this, results range from a respectable 5.25 to a stronger 5.75. The bank also exceeded the market and global averages for Tax Reclaims and Value and Commitment. The most significant drops from 2014 scores were for Corporate Actions and Income Collection, which recorded falls of 0.69 and 0.63 points respectively, both averaging 5.25. Both these categories, along with Settlement, obtained averages lower than the market and global averages, though one client identified Settlement as Deutsche Bank's strongest area, whilst another commented that "Deutsche Bank provides the most competitive deadline amongst all providers" for Corporate Actions. This was contradicted by another respondent, who felt the bank was "lacking flexibility and [offered] poor deadlines" with regard to Corporate Actions.

As far as Technology is concerned, one client claimed that "due to focus on T2S, IT improvements are showing little to no progress." Overall, asset managers and broker-dealers, who together accounted for 45% of responses for Deutsche Bank by weight were significantly more generous than their banking counterparts.

## KBC Securities Services

KBC Securities Services' average scores fell in the majority of categories compared to last year, with Cash Management dropping 0.33 points, resulting in an average score of 5.60. However, scores ranged from 5.24 to a creditable 5.81 points, with Client Service improving by 0.19 points, reaching 5.69. Its score of 5.81 for Technology and Connectivity took it above the market and global averages for this category. In particular, KBC was rated above 6.00 (Very Good) for the reliability of its connectivity.

KBC also obtained a score that was 0.24 points above the market average for Income Collection, which was reflected in positive client comments. The bank's scores for Cash Management and Relationship Management were below the market and global averages. One client suggested that relationship management needs to substantially improve in terms of proactivity, timeliness and accuracy. ■



## Canada

The very close links between markets in Canada and the US means that in terms of infrastructure changes, timetables in Canada tend to be dominated by those of its much larger southern neighbour. For an initiative such as T+2, that means that Canada is now lagging behind much of the rest of the world, and involves an element of exception processing, especially from a European client perspective. It also potentially involves more risk, which in a relatively volatile equity market is probably also seen as something of a negative.

Overall performance in Canada improved in 2015 in both absolute and relative terms. The overall score was 0.14 points higher at 5.42 and as such was within 0.24 points compared with a shortfall of 0.34 points in 2014. Asset-servicing scores showed the greatest improvement, generally gaining more than 0.30 points across the three relevant categories. Canada ranks as the fourth-largest single equity market in the world based on capitalisation, and within the top ten in terms of value traded. For a market of such importance, the level of scoring in the Survey must be considered to still be a disappointment.

In terms of sub-custody service provision, Canadian business remains dominated by RBC and CIBC Mellon, with Citi's business an apparently declining niche. Competitive pressure to improve is, therefore, not very significant, with banks perhaps more interested in the domestic local and global custody opportunities, offering as they do additional sources of revenue and the chance to service locally important clients.

### CIBC Mellon

CIBC Mellon continued its run of being the top-performing bank in the market. Although its average score was effectively unchanged from 2014 levels, at 5.51, it remained comfortably ahead of its larger rival RBC Investor & Treasury Services. Settlement remained the strongest area of service with a score of 5.64. One client confirmed, "We enjoy high STP and on-time trade settlement in this market," and there is no doubt that all

providers benefit from a robust infrastructure. However, one large client did comment that in periods of high volumes, they saw some delays on internal transactions. Overall, the balance of comments was very positive. The same was the case with Relationship Management where scores were again very good, even though below 2014 levels. "CIBC Mellon's relationship team appears flexible in meeting with our needs" was the verdict of one client. Another, however, suggested that key people were a factor in delivery of good service, and suggested some reservation concerning the depth of personnel available.

The weakest area was Cash Management, but here scores were up on 2014 levels. Clients found services generally to be good, but one was concerned about the "competitiveness of cash movement deadlines." One client did feel this was certainly an area that needed to improve, and the position was in contrast to comments concerning Corporate Actions, where clients were generally very happy with the level of flexibility in terms of deadlines. Technology scores were generally "Good" and well ahead of the competition. However, a couple of clients suggested that SWIFT reporting could be improved with one specific concern about the MT548 messages. Overall, it was a very solid year for CIBC Mellon but not necessarily distinctive enough to drive material business shifts.

### RBC Investor & Treasury Services

RBC saw a marked improvement compared with the disappointing scores recorded in 2014. The overall average score was 5.39, 0.31 points better than a year ago. While still behind the market average, RBC moved ahead of Citi in terms of scores and much closer to its main rival CIBC Mellon. "RBC showed its commitment and brought more senior attentions to resolve pending issues since beginning of 2015," was the comment of one large European client, and this was reflected in scores and comments from others. Given a focus on working with broker-dealers as well as banks, RBC would appear to now be better positioned to win business from Citi, while successfully defending its position against CIBC Mellon. With close to two-thirds of all responses by weight, the bank remains the clear market leader and dominant player. Beating averages will therefore always be more difficult than for a smaller provider.

Nonetheless, in spite of the overall gains seen, there is clearly much that RBC can do to improve. All facets of asset servicing remain weak in both absolute and relative terms. While the particular nuances of the market may impact absolute scores, RBC should be able to compete against others dealing with the same market situation. As one client recognised, "RBC is determined to improve its CA service" noting a range of initiatives put in place since the beginning of the year. Even so, others remain unconvinced that services meet their expectations. With a score of only 5.14, RBC's clients remain less than fully satisfied with the quality of notifications being seen as the main vulnerability. The technology issues noted in 2014 do seem to now be largely behind RBC, though they still attracted some negative comments. Overall RBC, is definitely moving in the right direction, but there is no room for complacency and the momentum must be maintained. ■



## Denmark

**O**n October 6, 2014, the Danish market moved to a T+2 settlement cycle as required by the EU Central Securities Depositories Regulation (CSDR). In February, CCP clearing was extended to cover mid-cap equities. The local CSD (VP Securities) also launched a new service for funds called "VP.FUNDHUB".

As a whole, the Danish market underperforms the global survey average by 14 basis points, with an aggregate overall score for all providers of 5.52. While this provides no real cause for concern, being a perfectly respectable score, the gap is widest (22 basis points) in the area of Technology and Connectivity. This is somewhat surprising as the Nordic markets have a reputation for technological innovation and early adoption of new technological opportunities.

### Nordea

Nordea holds approximately \$275 billion in assets for sub-custody clients. Over the past year, the bank has settled an average of approximately 175,000 transactions per month on behalf of international investors. While market share figures are hard to confirm officially, Nordea estimates its market share of international business in Denmark as 45-50%.

In 2015, the bank saw a slight drop in overall score of five basis points to 5.46, six basis points below the Danish market average. It does, however, outperform the local market in four service areas: Client Service, Tax Reclaims, Settlement and Income Collection. In the first of these it is also a global outperformer.

Although Technology and Connectivity is at the lower end of its area scores, Nordea is in the process of rolling out new regional settlement, safekeeping and asset-servicing platforms. Meanwhile, its eCustody solutions are also attracting growing interest from international clients.

Service satisfaction appears to increase in inverse proportion to activity levels. The happiest clients, and those that rate

Nordea's performance above 6.00 (Very Good) in most service areas, are in the 100-to-500-transactions-per-month bracket. Though a number of client comments refer to the need for increased timeliness in responding to phone and email queries, on global custodian comments, "We have developed a partnership relationship with Nordea over the years; they have deep understanding of our organisation, business model, project and inspirations. Low staff turnover allows us to build mutual understanding and trust."

### SEB

SEB has recorded a steady increase in its overall score since 2013. It now stands at 5.71, outperforming both the Danish market and global survey averages. At a service-area level, its highest score is for Relationship Management, up 32 basis points on last year and also 30 basis points above the Danish market average. One global custodian client cited the "market knowledge and professionalism of staff." In this category, the bank scores particularly highly for its understanding of clients' business needs. SEB's lowest category score is for Income Collection; though at 5.48, this remains more than respectable and a few basis points above the market average. In terms of client groups, the most satisfied appear to be those at either end of the asset-size spectrum; that is, those with AUM above \$10 billion or below \$100 million. Not all client comments are totally positive.

One North American clients says that SEB "needs to provide the materials associated with the votes in addition to the notifications." Another comments that "deadlines are less competitive for non-STP instructions, but inquiry responses are thoughtful and complete."

### Danske Bank

Danske Bank has managed to climb back from last year's disappointing overall score of 5.16. A 33-basis-point rise takes it to 5.49, just a few basis points below the Danish market average.

At a service-area level, Danske outperforms the market average in three categories: Corporate Actions, Cash Management and Income Collection.

In terms of client comments, it is one of the few banks in the ABMM survey to receive praise for its "competitive fees." Service levels are generally appreciated, though one European client suggests, "Settlement confirmations could improve further."

### Handelsbanken Securities Services

Handelbanken estimates its market share of third-party international business in Denmark is less than 5%, and this is reflected in the small number of responses rating its service in this market.

Handelsbanken is currently finalising a new, pan-Nordic custody platform that will be centralised in Helsinki. During 2015, it will migrate all Nordic flows into the new platform and eventually move the majority of operational processes there. Denmark is already up and running on the platform. ■



# Finland

The market moved to T+2 settlement cycle as required by the Regulation on Central Securities Depositories of the European Union (CSDR) on October 6, 2014.

Local CSD, Euroclear Finland, has started a project to replace all its core systems. Systems will be launched in three steps between February 2015 and February 2017. First Release has been implemented February 2015 and replaced legacy systems for money market instruments. System changes impact market level services and practices.

Finland's overall performance is a little below the global survey average with an overall score of 5.59. Divergence is not great at an individual service-area level. It actually outperforms in Client Service by a couple of basis points and in several other areas the gap is in single figures. It is, however, more marked in the areas of Technology and Connectivity and Reporting.

## Nordea

Nordea holds an estimated \$90 billion in assets under custody for international clients in Finland. On average they settled approximately 175,000 transactions per month in Finland on behalf of international (sub-custody) clients only. It puts its market share of sub-custody business in Finland at approximately 60%.

The bank's score is up for the second year in a row, and it turns in an impressive overall result of 5.61, some 11 basis points above the Finnish market average. At a service-area level, only Value and Commitment and Cash Management have shown a slight year-on-year drop in scores and are now two basis points each below the corresponding market averages.

Conversely, Settlement, Tax Reclaims, Client Service, Relationship Management, and Technology and Client Service are all up by more than 15 basis points and are all hovering a few points above the Finnish service area averages. Client comments are positive on the whole. ■

One large European client observes, "This custodian keeps up the deadlines and sends clear, correct answers. They are doing a lot for us in the background." "Excellent and proactive client engagement – a true partner bank," says another.

Nordea's performance is not without criticism, however. One client laments, "Our custodian could respond to and report problems with settlement more quickly." A market infrastructure complains, "For some events, we receive the MT566 (debit of rights) weeks or months after the pay date. Why does this take so long? Normally the answer for queries is received very quickly. Please keep that up!"

## SEB

SEB has done particularly well this year, outperforming the local market average both overall and in every service area. It is also a global outperformer in six categories, most notably client service. Scores are high from all client groups and in all service areas, where they are within a narrow band from 5.52 for Cash Management to 5.95 for Relationship Management. Among broker-dealer respondents, the score for the latter is even higher at 6.16. Client comments are mixed.

One North American bank says bluntly, "More timely response and resolution is required to our queries." It also calls for more detailed information to be sent with corporate event notifications. As far as settlement is concerned, one European bank calls for timely reports on settlements and, in particular, unmatched trades." Another puts the blame for a reduction in service delivery in certain aspects of operations to outsourcing. On the positive side, relationship management is widely praised, and the bank is described by one European client as "service minded".

## Handelsbanken Securities Services

Of the \$23 billion Handelsbanken holds in assets under custody in the Finnish market, the majority are for domestic clients with the sub-custody business accounting for roughly 26% of the total. It puts its market share of this business at roughly 5%.

The bank has received insufficient survey responses for a detailed rating, but the few it did garner suggest a falling off in perceptions of service in most areas. "There is definite need to improve their systems," notes one global custodian. In that regard, Handelsbanken is currently finalising its new pan-Nordic custody platform that will be centralised in Helsinki. During 2015, Handelsbanken will migrate all Nordic flows into the new platform and eventually move the majority of operational processes there.

The Finnish leg of the project is already up and running. In addition, says the bank, the third and fourth quarters will also see the implementation of an additional system for asset-servicing purposes to enhance STP, automation and reporting capabilities for corporate actions and other asset services. One smaller European client comments, "We are working with Handelsbanken in two markets, and the regional model works well for us. ■



# France

**F**rance remains the largest component of the Euronext market. Euronext is smaller than the London Stock Exchange but is otherwise the largest in Europe and one of the largest in the world. A little over 20% of respondents use the same custodian in all four of the major market countries covered by Euronext.

There is evidence to suggest that this number is growing, and it represents a little under one-third of the total responses received for these countries. As such, while from the perspective of some providers and some clients, consolidating responses for Euronext might be appropriate, but it would not at this point be representative of the business as a whole. Across the Survey, scores for France improved slightly but not as much as in the Survey overall. The effect was to leave the French global average score exactly equal to the Survey at 5.66.

## BNP Paribas Securities Services

BNP Paribas is by all measures the dominant sub-custodian for the French market, accounting for more than half of all responses and a slightly higher proportion by weight. Scores were marginally better than in 2014 with significant gains in Technology and Value Delivered more than offsetting declines in Corporate Actions and Client Service.

Client comments remain solidly positive throughout with one summation (“strong franchise, high commitment to business development and broad service offering”) reflecting many detailed as well as general comments. BNP Paribas outperformed global averages in seven of ten categories and overall beat the French average score by 0.06 points. Given its dominant position, this is an impressive result.

While there were some mild complaints about the level of fees and sometimes lack of internal communication, there is nothing to suggest that BNP Paribas will not continue to lead in France and extend its position further across other Euronext markets.

## Deutsche Bank

2015 did not reflect as well on Deutsche Bank as previous years. Scores were lower for the second year in succession, and the average failed to match the market or global level. Asset-servicing scores were noticeably lower in all three categories, as were scores for Client Service. Better scores in Technology, Reporting and Value Delivered failed to offset the decline elsewhere. Client Service, however, remains a strong point among the very largest clients, who continue to score well and offer positive comments. One client was concerned that resources devoted to T2S had resulted in less attention being paid to developing custom technology solutions for clients. Overall scores remain good enough to maintain client relationships but perhaps not sufficiently differentiating to allow for rapid new client acquisition.

## Société Générale Securities Services

For the second year in succession, SGSS posted a 0.30 point gain in overall scores. During that period, it has moved from lowest- to highest-ranking sub-custodian in France. SGSS outperformed the global average in eight of ten categories; scores were better than a year ago in all but Income Collection, and in half, the score was higher than 6.00 (Very Good). SGSS received positive comments for the quality of its relationship managers and the willingness of senior management to engage directly with clients. While not all clients are convinced that Technology is fully competitive, there is a recognition of progress by a number of clients and an understanding that the French market is not always the easiest in which to operate. Overall, this is a good result for SGSS, but consistency at these levels will be need to be maintained if they are to win significant new business.

## CACEIS

CACEIS continues to provide a service to a relatively small number of loyal clients. Scores were improved this year, with gains seen in seven of the ten categories. However, they remain well behind the market leaders generally, and the tone of client comments is neutral overall. Only in Tax Reclaims did CACEIS outperform the global average score. This area was also highlighted by one client as a specific strength of the CACEIS offering. In contrast, while some improvement in Client Service proactivity was noted, the overall level in this and Relationship Management is short of top standards as noted by another respondent.

## Citi

Citi's responses for France were dominated by broker-dealers using them in all four Euronext markets. Overall results were sufficient to maintain business but unlikely to attract new clients. The average score was lower in the majority of categories and significantly weaker in Client Service (0.58 points below the 2014 score), with one client noting that “urgent queries are not always resolved in an acceptable time frame.”

While scores were not without some high points, particularly in Relationship Management, business may be vulnerable as T2S begins to broaden its impact. ■



## Germany

The German market performed stronger in the Survey this year than in 2012, with the market average improving by some 0.20 points. As a result, Germany ranked slightly above the global average. The market is slowly but steadily addressing issues that make it one of Europe's more complex from a sub-custody service perspective. As Deutsche Börse continues to rank behind its key European exchange rivals, it is important that it maintains momentum as far as improving post-trade infrastructure, regulation and processes is concerned.

### **BNP Paribas Securities Services**

After a somewhat disappointing set of scores in 2014, BNP Paribas returned to form in Germany this year. The overall average score was 0.36 points higher, with all categories seeing some improvement. Eight categories saw scores average better than 6.00 (Very Good), and big gains were seen in both Value Delivered and Technology. One client noted that the bank had made "a major effort on pricing recently," though some respondents clearly felt more could be done here, especially in respect of STP activity. Coupled with excellent scores for commitment to the business and widespread supportive comments, it is clear that BNP Paribas is very highly regarded.

As far as Technology is concerned, BNP Paribas received praise for the quality of its support team and their work in assisting clients; and the same level of support was commented on by clients in respect of service more broadly. Major clients appreciated consistency among many of the relationship management personnel. In summary, BNP Paribas is clearly back to form and will push other providers hard to win new business whenever opportunities arise.

### **Deutsche Bank**

In terms of responses, Deutsche Bank continues to receive more than any other bank in Germany both by weight

and number. Overall, its share of more than 40% probably understates its actual market share. Scores this year showed a noticeable improvement from 2014 in all ten categories, and overall the average was up by 0.17 points, with big gains recorded in core operations areas and Client Service.

One European client cited "proactivity and other help to assure correct settlement of unmatched trades, which is very much appreciated," as a strength and also praised the bank for "speed and efficiency in answers on queries."

While some clients felt that some personnel could be more proactive in some areas, the general sentiment of comments was very positive. In terms of specific strengths, one client listed "availability of our relationship manager and very good market watch."

As the market leader, Deutsche Bank is always going to be put under pressure by providers with a smaller and narrower client base. While the performance of the bank is not perfect, it is certainly strong enough to retain DB's position as the major force in the market.

### **Commerzbank**

For the second year in succession, Commerzbank posted an improvement in overall scores, as well as a higher level of weight and number of responses received. Its respondents are generally smaller than those evaluating other German providers, but the improvement in scores goes beyond the demographic of its client base. The bank is clearly seen as improving its performance, and clients have noted its progress. Scores are also more consistent across the different categories of service with nothing scoring lower than 5.30. Cash Management remains a notable strength from a scoring perspective.

However, there is still significant room for improvement according to clients. One client rated Commerzbank as "No. 1 [and] service very impressive," another cited a failure to "communicate deadlines effectively" as a problem. While the online system may be sufficient for many clients as an adjunct to SWIFT, others see it as lacking detail. The bank has clearly shored up its competitive position in recent times, but needs to do more if it is to win new business to allow it to expand further.

### **Citi**

The level of responses for Citi in Germany was much lower than in most other countries. The respondents all use the bank elsewhere, but many who responded for multiple Citi locations did not respond for Germany. In terms of scores, the performance was very solid. Average scores were higher in most categories, and the overall score returned to the levels recorded in 2013.

Citi did particularly well in Settlement, driven by its matching and confirmation processes. It also received "Good" scores for Corporate Actions, with its notification deadlines being regarded as highly competitive. However, there is little in the scores to suggest that Citi will be able to win away clients from other providers, and it may remain more focused on defending its existing client base. ■



## Greece

Whatever trials custodians have had to endure over the past year in other markets, providers in Greece have managed to work through exceptional economic and market turmoil. One describes 2014 euphemistically as “a year of major adjustments both in the Greek economy and the Greek banking sector.” The uncertainty within the economy has put local providers at something of a disadvantage compared to their global peers offering a service in that market as foreign investors feel safer with the latter group.

Greece was nevertheless in the first T2S migration wave, at least for bonds (the CSD for which (BOGS) is run by the Bank of Greece). The cash equity and derivatives markets were also harmonised as per the EMIR directive. ATHEX Clear became the CCP for the cash equity market. In common with most European markets, a T+2 settlement cycle was implemented in Greece in October 2014 for listed shares, corporate bonds, ETFs, warrants, Greek government bonds and treasury bills.

### **BNP Paribas Securities Services**

While no official statistics on market share are published, BNP Paribas estimates that in equity turnover on Helex (the Hellenic Exchanges), the bank is the second-largest international provider of activity. Claiming to have more than half of the world’s largest global custodians and regional banks on its books, BNP Paribas says that it is the largest foreign custodian bank in the market in terms of assets under custody.

The bank’s scores have risen in all service areas since 2014, and it outperforms the Greek market average in each case. It also outperforms the Survey average as a whole in all areas bar Cash Management and Income Collection. Its best results by service category are for Client Service and its worst – though still 14 points above the Greek market average – are for Cash Management. In the area of Corporate Actions, which is at the lower end of the bank’s score profile, BNP Paribas recently implemented a number of SWIFT reporting enhancements to

provide more accurate information and easier navigation of corporate action notifications. As for Reporting in general, one European respondent noted “an updated fail report every hour is highly appreciated.”

### **Citi**

Responses rating Citi come from a diverse range of clients. Banks account for 42% of responses by weight, CSDs or ICSDs for 30% and broker-dealers for 24%. Its overall score, 14 points up on last year, reflects the Greek market average. At a category level, this is exceeded by some margin for Tax Reclaims and by a narrower gap for Corporate Actions and Settlement. One CSD is particularly positive about response times to corporate actions-related queries.

The bank underperforms the market by ten to 17 basis points in the areas of Value and Commitment, Relationship Management and Reporting, though one global custodian stressed that “Citi have provided an outstanding level of service during the recent financial crisis, with excellent communication received from local and regional teams and a commitment to service, which is both recognised and much appreciated.” One European bank described Citi’s Greek operation as “calm under fire! One of the best teams in the network.”

### **Eurobank**

Eurobank estimates its custody market share for foreign institutional investors as around 30%. Responses have come primarily from smaller banks and, to a lesser extent, broker-dealers with relatively light transaction volumes, though this may be a function of foreign investor wariness regarding the state of the Greek market over the past 12 months. Its overall score, though 20 basis points down on last year’s, remains above the market average with a particularly strong score for Relationship Management. Though client comments are few, the bank is seen as proactive and flexible. Value and Commitment, Cash Management and Income Collection are also seen as comparatively strong suits.

### **National Bank of Greece**

NBG does not claim a significant market share in sub-custody, with the majority of assets it has under custody being for domestic clients. However, despite the decrease in value of Greek securities in recent years as a result of the turbulent market landscape, total assets under NBG’s custody for both domestic and foreign clients for the last three years have actually increased. Unfortunately, the respondent sample for NBG is relatively small, and therefore, all conclusions are tentative. Based on this sample, the bank increased its overall score by 24 basis points and matches the market average, outperforming most clearly in the area of relationship management.

### **Piraeus Bank**

Responses for Piraeus Bank (formerly Geniki) were unfortunately too few to draw any robust conclusions. Nevertheless, the transition into Bank of Piraeus appears to have gone smoothly with client service being a strong suit. ■



# Hong Kong

**A**s a whole, Hong Kong is one of the better-performing markets from a service perspective. The market average is higher than the global average in all service areas. Perhaps the most enthusiastically reported event in the Hong Kong market over the past year was the establishment of a pilot programme for mutual stock market access between Hong Kong and Mainland China, under the name of “Shanghai-Hong Kong Stock Connect.” Since the launch of the programme on November 17, 2014, Mainland investors can trade eligible Hong Kong-listed stocks, while Hong Kong investors can trade eligible listed A-shares.

## HSBC

HSBC has recorded a steady rise in its overall scores for its Hong Kong custody service over the past two years. Only in the areas of Relationship Management and Income Collection has it shown a slight decline since 2014, though the former is HSBC's highest-scoring area with 5.88, alongside Settlement. While the bank now exceeds the global market average in eight service areas, it falls short of the same achievement at a Hong Kong market level. One large Asian bank client suggests, “The cash management team and custody team use their synergies to provide great service; something that is not always found at other organisations.” A European custodian bank values HSBC’s “deep involvement in local markets, as well as inter-market links.” Securities market infrastructures are the most generous client segment.

## Deutsche Bank

Like HSBC, Deutsche Bank has recorded two years of rising scores. Only Corporate Actions shows a slight drop from last year. Value and Commitment and Client Service both score a very creditable 5.97, 16 and seven basis points respectively above the market average. Asset managers account for roughly a quarter of all Deutsche Bank responses by weight and are the most generous client category, scoring the bank an overall

6.26. “They are very service oriented; the personal touch of the relationship manager and employees is excellent,” notes one client. One European bank calls into question the quality of the Corporate Actions service, commenting, “It is difficult to get a deadline for optional dividends when it is known by other custodians,” adding, however, that the bank provides “overall a very good service.”

## Citi

Citi has recovered much of the overall dip in scores recorded last year and is now within five basis points of the market average overall. In three service areas – Cash Management, Settlement and Technology and Connectivity – it exceeds the market average. The bank's highest scores are awarded by asset manager respondents, accounting for some 13% of responses by weight. The bank scores well across all client categories for Settlement. Apart from asset managers, other client groups rate Income Collection and Tax Reclaims towards the bottom of the range, on the cusp of merely satisfactory. One US client describes the Hong Kong operations as “one of Citibank's best branches.”

## Standard Chartered Bank

Standard Chartered's scores in Hong Kong have been on a downward slope for the past two years, with only Income Collection and Tax reclaims showing an increase in scores since last year. Overall the bank is 62 basis points below the market average. Client comments are few, though one global custodian is appreciative of the fact that “SCB has been very flexible in meeting our SWIFT formatting requests.” Broker-dealers appear to be the most satisfied client group, particularly in the areas of Relationship Management and Corporate Actions, in marked contrast to asset managers.

## BNP Paribas Securities Services

Broker-dealers are the largest client category for BNP Paribas Securities Services in Hong Kong, and the bank claims a 6% market share of international third-party business. Although dipping by nine basis points, BNP Paribas Securities Services retains an impressive overall score, well above 6.00 (Very Good). It is the only major sub-custodian to outperform both the local and global market averages across all service areas. Even its lowest score – 6.11 for Value and Commitment – is impressive. The numerous client comments are, on the whole, very positive, particularly with regard to relationship management. “Very committed to the market. Great local team,” notes one European broker.

## DBS Bank

DBS did not receive sufficient responses for a definitive assessment, with the majority coming for the most part from smaller asset managers with limited monthly activity. Among this client group, however, the bank is clearly well regarded, with scores in all service areas well in the high sixes. Although there are few client comments, the word “excellent” recurs in many of them. ■



## Israel

While there are several banks offering sub-custody in Israel, the market has long been dominated by three providers: Bank Hapoalim, Bank Leumi and Citi, only a handful of responses being received for other providers. Overall the market average is 50 basis points below the global survey average. The areas most found wanting are Corporate Actions and Income Collection. Individual providers should, therefore, be assessed in that context.

An Inter-Ministerial Committee to Promote Liquidity and Trading Efficiencies has given recommendations, which are to be implemented gradually, and which should, in due course, affect perceptions of market efficiency. These include, among other things, a lending pool operated by the Tel Aviv Stock Exchange, as well as lowering clearing and trading costs when adding liquidity, expanding the range of tradable products and allowing banks to act as market makers.

### Bank Hapoalim

Bank Hapoalim claims a 51% share of the custody business among foreign investors with \$16.5 billion in assets held on behalf of sub-custody clients. This, however, represents only just over 7% of the bank's overall assets under custody, the bulk of which are held for domestic investors.

Its score from cross-border clients is the highest the bank has recorded in two years, with an increase in all service areas bar Cash Management. Disappointingly, however, its overall score at 4.81 remains only "Satisfactory".

Three service areas do score above 5.00 (Good), these being Settlement, Reporting and Technology and Connectivity. In the last of these, Bank Hapoalim has recently implemented a major upgrade of the system supporting foreign-client-custody business and might therefore be looking for scores in this area to climb in the year ahead.

Banks account for around 72% of the response base for Bank Hapoalim with broker-dealers making up the rest. The latter

category is responsible for both the highest and lowest scores achieved by client segment.

While broker-dealers give the bank 5.36 for reporting, they also rate Corporate Actions, Cash Management and Income Collection as weak. Efforts to improve have not gone unnoticed. One European custodian comments: "We appreciate the great efforts by BH to clearly upgrade the quality and responsiveness of their client services team."

### Bank Leumi Le-Israel

With an increase of ten basis points in its overall result, Bank Leumi finds itself with all service areas rated above 5.00 (Good). Its highest-scoring service categories are Tax Reclaims (5.45) and Cash Management (5.38), and its lowest are Reporting (5.07) and Value and Commitment (5.03). In both of these, the bank records a slight drop over 2014. These are, however, the only service areas where Bank Leumi does not outperform the Israeli market average.

Respondents are banks for the most part (around 80% by weight) with broker-dealers accounting for the remainder. Assessments from the two groups are fairly similar. Client comments are mixed.

One European custodian bemoans the "low knowledge level. Staff is not willing to help if there are any issues." Another comments, however, that "the competition from Citi seems to have energised them. Much improved."

As far as settlement is concerned, one UK-based bank notes, "Pre-matching and fails management were handled proactively and ensured less fails. The performance has been very good overall."

### Citi

Citi's score has held steady over the year, allowing it to outperform the market average by 26 points and the global average by 24 points. At a service-category level, Citi outstrips the local average by 62 basis points for Income Collection and by 47 basis points for Relationship Management, where it scores particularly highly among market infrastructures. A large European client notes that "the head of custody is always there to support."

Client comments are on the whole very positive. In relation to Tax Reclaims, one Asian bank comments that "even though this custodian doesn't handle reclaim services for us, they go out of their way to offer information and answer enquiries that are reclaim-based," adding that in general, Citi is "very client-centric and flexible with service and requirements. They do a great job explaining the market."

Amongst banks, who account for some 87% of responses by weight, only Cash Management scores below 5.00 (Good). The lack of third-party cash management vehicles and a lack of flexibility over funding deadlines appear to be at the root of this rating.

By contrast, Income Collection services are well regarded by banks as a whole. Though Technology and Connectivity as a category scores reasonably well, banks seem to question its effectiveness in lowering transaction costs. ■



## Italy

Italy placed 49th out of 144 countries in the World Economic Forum's *Global Competitiveness Report*. However, within the Technological Adoption sub-category, Italy placed 100th, suggesting it has not embraced new technology as quickly as other countries. Compared to last year, respondents did not report any concerns over disruption to services caused by T2S preparations. Italy joined the T2S platform on August 31. In this year's Survey, Italy generally exceeded the global average for Corporate Actions. Most banks, however, placed below the global average for Settlement. Italy's overall scores for Relationship Management and Value and Commitment have improved since 2014.

### **BNP Paribas Securities Services**

BNP Paribas generally received positive results, exceeding its 2014 scores for Client Service and Technology and Connectivity by 0.50 and 0.45 points respectively. The bank also outperformed the global and market averages for both categories. However, its Income Collection score (5.40) placed 0.14 and 0.23 points below the market and global averages respectively. One client explained that "application of ITT is not always clear and is deducted afterwards without SWIFT notification," which might explain why the bank's Income Collection result was not particularly competitive. Comments for Relationship Management reflected its strong score, whilst one client cited "huge investment in T2S project in Italy" under Value and Commitment. Client Service was described as "superb," with "clear, detailed answers [provided] within the hour."

### **Citi**

Citi exceeded its 2014 averages in all categories except Technology and Connectivity, with Corporate Actions and Tax Reclaims increasing by 0.34 points. However, Citi only exceeded the market and global averages in a minority of areas. Its score for Tax Reclaims surpassed these, but

Settlement, and Technology and Connectivity were both 0.36 points lower than the market averages, and 0.50 and 0.28 points below the global averages respectively. Regarding Technology and Connectivity, one client, nevertheless, noted that "Citi Direct is a useful tool," whilst another cited email response as a bank strength. "Faster transmission of status messages concerning securities trades" was considered to be the area where Citi requires improvement.

### **Deutsche Bank**

Deutsche Bank generally performed well in the survey, exceeding its previous scores in most categories. Its Technology and Connectivity score increased by 0.28 points. However, its Settlement and Tax Reclaims scores decreased by 0.24 and 0.27 points respectively. While most of its scores were in keeping with market and global averages, Deutsche Bank considerably exceeded these averages for Cash Management, and Value and Commitment. By contrast, its Tax Reclaims score was 0.30 and 0.17 points below the market and global averages. However, one client noted that for Tax Reclaims, "Deutsche Bank is quick but the country is extremely slow." Settlement and Corporate Actions received mixed feedback, with some clients considering them as strengths, while others highlighted a need for "quicker responses" for settled and unmatched trades and "quicker updates" for Corporate Actions.

### **Intesa SanPaolo**

Intesa SanPaolo performed slightly better last year. While its score for Reporting was considerably lower than last year, Corporate Actions and Cash Management experienced moderate increases. The bank's results for Relationship Management, and Value and Commitment were considerably lower than the market and global averages. Despite its score for Settlement decreasing since 2014, it was still its highest score (5.79), placing 0.19 points above the market average. One client considered the bank a "key player in the domestic market" for Value and Commitment. Feedback for Reporting, Corporate Actions and Cash Management was also positive. Within Relationship Management, however, one client noted, "Timeliness of market flashes could be improved." Other areas considered to require improvement were "Technology and Connectivity" and "pricing."

### **Société Générale Securities Services**

Société Générale performed quite well in the survey compared to competitors. However, the majority of its scores were lower than last year. Its Settlement score placed 0.16 points and 0.30 points below the global and market averages respectively. This was reflected in clients' comments, which mentioned "delays in answering phone calls" and incomplete information. Scores for Income Collection, Cash Management and Tax Reclaims were, however, all significantly above the market and global averages. One client reported "sometimes having difficulty contacting" the Client Service team, whilst two said corporate actions messaging was not prompt enough. The Tax Reclaims team was described as "very flexible" and "knowledgeable". ■



# Japan

The Tokyo Stock Exchange remains the third largest in the world in terms of market capitalisation, with more than 3,400 listed companies. Market performance has been excellent over the last 12 months (up nearly 30% in local currency terms) placing Japan once again at the forefront of cross-border investment activity. For many years the Japanese banks have performed very strongly in the survey based around the scale of their relationships with clients and the quality of service and attention to detail that they provide. 2015 was no exception with the average score of 5.92 being the highest of any market covered. In fact the overall score was marginally lower than in 2014 but still represents exceptional consistency on the part of all providers.

## Bank of Tokyo-Mitsubishi UFJ

BTMU saw scores slip slightly this year, but the average remained very strong. The largest declines were seen in Settlement and Client Service. In a market with high STP rates and a focus on service, this is a disappointing outcome. Nonetheless, client comments remained generally positive and included notes such as "client service is very helpful. Responses to inquiries are given in a timely manner" from one Asian client, and "We appreciate the highly committed RM and the operation teams" from a large European client.

In addition, a number of respondents saw personnel in the relationship management side as being key to the smooth running of their accounts. Both Reporting and Income Collection saw an average score of better than 6.00 (Very Good), though BTMU failed to match the extraordinary 2014 result of having six categories beat that benchmark. One client noted that there were occasional language difficulties, while another commented that almost all communication was by email. There were also some comments about the need for greater flexibility. Overall BTMU continues to perform to a very high standard.

## Mizuho Bank

Mizuho saw a marginal decline of 0.02 points overall. Even so it managed to beat the 6.00 (Very Good) benchmark in all ten service categories. Allowing for a favourable mix of business among its clients, this result still shows that Mizuho is setting the standard in the minds of many of its clients, who see it as the No.1 bank in their network. The ongoing strength in Relationship Management is reflected in comments of which, "Mizuho fully understands our business needs" was typical. This was one area where scores improved further even from the high levels achieved in 2014. Mizuho also earns praise for the quality of its information on market changes and the willingness to represent the needs of its clients in local industry forums focused on new market practices. Within operations scores, particular in regard to Settlements were excellent. "Quality and support provided by our agent bank settlement team is excellent" was a fairly typical summary of the work done by Mizuho in this area.

## Sumitomo Mitsui Banking Corporation

SMBC is the smallest of the three major Japanese banks active in the sub-custody business, based on survey responses received. Its scores are also lower than those of its two main rivals. However, with its scores slightly ahead of 2014 levels, the relative position has seldom been stronger. Indeed SMBC achieved an average of better than 6.00 in three categories and outscored the global average in none of the ten. Clients praised the knowledge and efficiency of operations staff and also the understanding of client needs among relationship managers. Particular strengths unique to SMBC include, according to clients, business innovation and the ability to respond quickly to client suggestions. SMBC has a number of very large and demanding clients, and its ability to satisfy their needs is a positive reflection on their capabilities more broadly. Overall, SMBC continues to outperform in a highly competitive market.

## HSBC

HSBC maintains a solid franchise in Japan without managing to achieve anything like the dominance it has in some other Asian markets. 2015 saw a decline in scores in all but one category, as the overall result was back at 2013 levels, having moved forward in 2014. This will doubtless make it harder to gain market share against very strong local bank capabilities. Overall comments are positive with HSBC noted for the quality of its market updates as well as its knowledgeable and experienced staff. This is unlikely to be enough to allow it to expand its business, however.

## Citi

Citi scores were lower for the second year in succession, with sharp falls in key areas of Client Service and Value Delivered. It has some large and demanding clients, but this does not explain all of the low scoring. Comments were few and overall neutral in tone. The bank is not regarded as performing badly, but it only beat the global average in two categories. Given the competitiveness of the market, this may become a problem in the future, but for now business is probably safe. ■



## Korea

The Korean market ranks in the top ten in the world in terms of market capitalisation, trading volumes and number of listed securities. It thus forms a significant part of many cross-border investment portfolios and is home to many well known names. As with many markets in Asia the sub-custody business is now controlled by large banks offering the market as one of a number in the region or globally. The majority of responses come from institutions that use the same provider in multiple locations including Korea. This means that service levels are often seen in a regional, as well as a single country context. The fact that scores are unchanged, and now slightly below the global average, may well reflect this element in client assessments. Competitive issues between providers are also likely to reflect broader considerations rather than the relative merits of proposals in individual countries.

### HSBC

Scores for HSBC made slight progress again in 2014 following a similarly modest improvement in the previous year. Particular gains were recorded in both Client Service (up 0.32 points) and Reporting (0.28 points), while scores for Settlement were also higher. With scores generally around 5.60, the performance should be considered quite acceptable but not especially distinguished. Client comments point to a job well done with comments like "HSBC dedicates time and consideration of our requests and has been successful in making enhancements" being fairly typical. The process of communicating with the bank is considered smooth and effective and both settlement and client service are noted by some clients as specific strengths. However, with the exception of one client who cited their appreciation of "help that we had on a specific tender offer," there were few examples of HSBC performing at the sort of level that would merit the very highest scores. Given its leading position in the market, based on responses received, HSBC can probably afford to be capable rather than brilliant.

But scores suggest that further extending their leadership position may be difficult.

### Standard Chartered Bank

SCB performance this year was somewhat disappointing by the standards it had set itself in 2014. Overall scores fell back compared with a year ago, and while not exhibiting any major weakness, they did not necessarily suggest that a surge in new business is likely to occur very quickly. The good news for the bank is that investments it has been making in technology do appear to be bearing fruit. Scores were higher both in the Technology section itself and also in Asset Servicing. However, these were more than offset by disappointing declines in scores for Client Service. There were no specific comments voicing concern, but also, unusually for the survey generally, there was no singling out of this area as a particular strength. Personnel were described by one client as "accessible" and responsive, but there was no mention of a proactive approach. An individual asset manager client was the most disappointed respondent based on scores provided. While this single instance does not explain all of the decline in scores, it may mean that the core bank clients of SCB are happier than the headline scores suggest.

### Deutsche Bank

Deutsche Bank proved in 2015 that its capabilities in Korea remain an important force. Client response numbers remain well behind SCB and HSBC, but scores improved again compared with 2014. As a result Deutsche Bank recorded what were clearly the best scores of any of the providers in the market. The performance was built around excellent scores in the areas of Relationship Management and Client Service. Clients commented that Deutsche Bank market notifications were always prompt and accurate, while operational problems were dealt with early. Other than one small client who wanted to see lower fees there were very few complaints. The proactive approach to market issues parallels the efforts that the bank itself describes as having made in the last 24 months to ensure that foreign investors are not too disadvantaged by local market changes. Clearly these efforts have had an effect on client perceptions.

### Citi

As is some other markets, results for Citi in Korea are somewhat disappointing. Overall scores are markedly lower, with declines in seven categories. Only Client Service and Relationship Management showed gains. The bank is clearly the weakest in the market overall. However, neither scores nor comments yet suggest a real crisis. Clients praise client service generally and the proactive nature of personnel specifically. The only area of consistent weakness was in scores for Corporate Actions where the average was below the default score of 5.00 (Good). Whether this reflects a single incident or something more serious is not apparent, but without that particular area of weakness, scores would be much more acceptable, and the extent of overall decline would have been much less. ■



## Netherlands

The Netherlands placed 8th out of 144 countries in the World Economic Forum's *Global Competitiveness Report* and 9th for Technological Readiness.

Within the *Global Custodian* ABMM survey, most banks across the Netherlands exceeded the global average for Tax Reclaims, with all banks improving their scores since 2014. Overall, however, the majority of banks in the Netherlands placed below the global averages for Settlement and Client Service.

### **ABN Amro Clearing Bank**

ABN Amro's overall average score has dropped 0.37 points since 2014. Its Tax Reclaims score is a respectable 5.45, up by 0.39 points compared to last year. This is an area particularly appreciated by its largest clients. Its scores for the remaining nine categories were, however, lower than in 2014. Income Collection, Client Service and Corporate Actions decreased by 1.21, 0.78 and 0.76 points respectively. These declines were reflected in the market and global average comparisons, as ABN Amro's Income Collection score was 1.85 points below the market average and 2.18 points below the global average. For Client Service, the bank placed 1.34 and 1.64 points below the market and global averages. Client comments, however, were generally positive. One client highlighted its longstanding relationship with the bank, whilst others considered Relationship Management and Client Service to be the bank's key strengths. Two clients, however, suggested Client Service as the area that needs improvement. Corporate Actions, IT and query response times were also seen as requiring investment.

### **BNP Paribas Securities Services**

BNP Paribas performed well in the Survey, exceeding its 2014 scores across all service categories, with broker-dealers being the most generous respondents. Its scores for Cash Management, Tax Reclaims, and Technology and Connectivity increased by 0.46, 0.32 and 0.37 points respectively. BNP

Paribas placed above the market average in all categories, including 0.35 points above the market average for Settlement and 0.28 points above the market average for Reporting. For Cash Management, however, the bank only placed 0.04 points above the market average, and ranked 0.04 points below the global average. Its harshest markers in this area were its most active clients and those with the most assets under management. Despite its score, no negative comments were received regarding Cash Management. The bank also placed 0.21 points below the global average for Income Collection. Client comments were generally positive, particularly for Client Service and Relationship Management, with one client citing "positive feedback from all areas." One large global custodian described BNP Paribas as "very knowledgeable on subject matters." Some clients felt "inter-departmental communication" and "fees" required improvement.

### **Citi**

Citi received mixed results, exceeding its 2014 scores in Corporate Actions and Cash Management by 0.30 and 0.37 points respectively. For Corporate Actions, Citi also placed 0.39 and 0.27 points above the market and global averages, reflecting its increased score. However, Reporting and Client Service were 0.44 and 0.39 points below previous scores. For Cash Management the bank exceeded market and global averages, whilst its Client Service score was 0.32 points below the global average. Citi significantly outperformed the market and global averages for Tax Reclaims. Despite obtaining a competitive score for Corporate Actions, this was, nevertheless, highlighted by clients as an area requiring improvement. In contrast, whilst Citi's score for Technology and Connectivity placed slightly below the market and global averages, clients' comments were positive. Overall, one large European bank client assessed Citi as "always responsive to queries, providing accurate information in a timely manner."

### **Deutsche Bank**

Although Deutsche Bank's scores have mostly dropped since 2014, with Settlement down 0.37 points, it, nevertheless, exceeded the market average across all categories. It also placed above the global average for all categories except Settlement. The bank outperformed the Value and Commitment market and global averages by 0.44 and 0.35 points respectively. Its Client Service and Income Collection scores exceeded the market average by 0.55 and 0.49 points respectively. It also exceeded the global averages for Cash Management and Corporate Actions by 0.33 and 0.29 points. Deutsche Bank received responses from banks, asset managers and broker-dealers. One client claimed, "Reporting should be accessible in non-SWIFT formats, e.g. monthly statement, e-banking statements," while Web tools and Corporate Actions were also highlighted as areas requiring improvement. However, regarding Corporate Actions one client said, "Deutsche Bank provides the most competitive deadline of all our providers." Settlement and Client Service were highlighted as areas of strength. ■



## New Zealand

New Zealand is a tiny market, especially when compared with its sister market Australia. In terms of stock exchanges, NZX is the smallest within the Asia-Pacific region with just 173 listed companies. Nevertheless, it has enjoyed healthy market performance over the past year with gains of about 12% in local currency. Scores for the market have trended closely with those in Australia, which is probably due to the fact that the majority of service providers here are using the same teams to service both of the markets. The only notable exceptions to this are Settlement and Tax Reclaims, which has been an Achilles heel for the market historically. In keeping with global practise, New Zealand will transition (along with Australia) in March 2016 from a T+3 to a T+2 settlement cycle.

### J.P. Morgan Chase Bank

It has been five years since J.P. Morgan bought the ANZ sub-custody business, and the bank has certainly seen improvements and scores have been consistent. Nevertheless, they still trail both the local and global averages in all service areas. Compared with last year's performance, the picture is more nuanced. Value and Commitment rebounded strongly from its precipitous drop last year, while Reporting and Income Collection saw double digit improvements, continuing a trend over the past three years. Comments largely echo those in Australia. Despite receiving "close account management," one client would like a more individualised service, focussing on its specific business needs. There is also a complaint that JPM's B@ncs system was released without sufficient testing. On the bright side, one client says, "We are happy with the friendly and helpful staff and the service we get from JPM."

### Citi

Citi saw impressive gains in its scores for both Relationship Management and Client Service, with one client remarking that

"help [from staff] to solve issues [is] well appreciated." Another likes the "quick responses to inquiries" that it receives, but still wants "effective and efficient lobbying efforts and system enhancements." But scores for the latter, indicate that services are improving and clients are noticing. Scores for Technology and Connectivity have risen 36 basis points since last year. In fact, the only real area of decline is Cash Management, which has fallen for a third year in a row.

### HSBC

Scores for HSBC are based on a sample that is nearly thrice that of its competitors. Overall, they have remained consistent across the past three years, but at the service level, the picture is more nuanced; for example, Client Service scores are up some 25 basis points, and one client explains that there is "good [relationship] and client service management with real efforts for frequent physical meetings and efficient follow-up on questions [and] projects." However, the same client questions HSBC's commitment to the business, and with a double-dip drop in the score for Value and Commitment, the bank will want to reassure its client base. One global custodian has mixed feelings: "HSBC could be more flexible in supporting unique client requests. Instruction processing could also be improved. However, HSBC provides great service on day-to-day transaction inquiries." A third client is more forgiving: "Though a small team, you get the feeling and they show that everything is covered and nothing is left unturned with service."

### National Australia Bank

When asked what NAB could do better, "nothing" is the matter-of-fact response of one large client. And scores are up across the board, indicating that others are pleased as well. The bank's score for Client Service leaps nearly 100 basis points, while Relationship Management gains roughly 50. But one client is not yet convinced and asks for improvements to "client service responsiveness" as well as NAB's "commitment to the custody business." The same client is pleased, however, by the bank's technology, praising an "overall, very good service." And clearly there are others who share the sentiment, as the bank earns its highest scores (which better both the local and global averages) for Technology and Connectivity. Not surprisingly, the bank also earns robust scores for Reporting and Settlement.

### BNP Paribas Securities Services

This new entrant to the market may not be servicing the biggest names in the market, but it certainly receives the highest set of scores. That said, the bank's client pool is shallow relative to competitors, and respondents purchase a smaller suite of services. But its nascent client base is fulsome with praise, especially for the bank's in-house reporting system and the responsiveness of their RMs. "Great account management team," says a client. "Very good in getting back on questions." But there are complaints regarding missed settlement deadlines because of a time difference with Hong Kong, where the RM is based. ■



## Norway

The Norwegian market moved to a T+2 settlement cycle on October 6, 2014. However, its implementation of new European securities regulations, where ESMA has been given a direct supervisory role in the market, has been delayed by constitutional considerations concerning the supervisory role of the national authority. Norway and the European Union have now come to an agreement and EMIR is likely to be implemented in Norway in early 2016 with CSDR following in 2017.

Norway has decided not to join T2S in the planned, four migration waves in 2015-17, but will follow its development closely and is open to reconsidering at a later stage.

Oslo Clearing was bought by SIX x-clear in 2014. The legal integration was completed in May this year. The Norwegian CSD, VPS has meanwhile entered into an agreement for the replacement of its core systems for securities registration and settlement. The new system is due to be launched in April 2017.

### Nordea

Nordea holds approximately \$202 billion for sub-custody clients and settled an average of 200,000 transactions per month in Norway on behalf of international clients. It estimates its market share of the sub-custody business in Norway at roughly 50%.

The bank's overall score is a few basis points down on last year, but still a respectable 5.46 overall. Scores rose in as many service areas as they declined, with few of the shifts up or down being statistically noteworthy.

Only Value and Commitment recorded a significant decline, while the score for Settlement rose 22 basis points to 5.64. The drop in the former seems to come down largely to a negative assessment of the competitiveness of fees charged by Nordea for sub-custody.

Compared to the Norwegian market average, however,

Nordea scores below the market average at a service level in all areas except Income Collection.

Client comments are generally positive. "Technically our local relationship manager has an excellent knowledge of the local market," says one global custodian client. "Responses are provided in a timely manner and resolutions to our issues are generally provided within deadlines." In addition, the bank's strong market influence due to the size of assets it has under custody is seen as an advantage.

Nordea's score for Technology and Connectivity has risen 11 basis points to 5.52 since 2014. This may be expected rise further as Nordea rolls out its new, regional settlement, safekeeping and asset-servicing platforms.

### SEB

SEB's 23-basis-point increase in its overall score to 5.63 takes it a few points above the Norwegian market average. It now exceeds the market average in the majority of service areas. Its scores at that level are in a fairly narrow range from 5.47 for Income Collection to 5.80 for Relationship Management.

Broker-dealers, which comprise around 20% of the bank's respondents by weight, award an even higher score for Relationship Management – 6.00. Many of the comments from clients are similar to those for other Scandinavian markets, suggesting that many clients are starting to look at the region as a whole.

### DNB

DNB holds some \$34 billion in assets for sub-custody clients out of a total \$188 billion assets under custody. The bank estimates that it accounts for 20% of total transaction volume at the VPS and 40% of the holdings. With an overall survey score of 5.79, DNB is both a market and global outperformer. The same status is achieved across the board at service-area level for the Norwegian market and in all but one service globally. Technology and Connectivity falls short in that regard by five basis points.

Within the Value and Commitment service category, DNB's own commitment to securities services is rated above 6.00 (Very Good) by all client groups: banks, broker-dealers and CSDs. Based on their free-form comments, clients are generally happy. One European client suggests that DNB "can improve in its ability to source stock to avert trade failure as well as in its fee structure."

Corporate Actions is another area where one large European client identifies room for improvement, noting, "Voting guidance is not always clear, including disclosure requirements when relevant." These comments do not, however, detract from the banks impressive aggregated scores.

### Handelsbanken Securities Services

Although it did not receive sufficient responses for a rating in Norway, Handelsbanken has approximately \$30 billion in assets under custody for foreign institutional clients. It puts its market share of international third-party business at 5%. ■



# Portugal

Scores for the Portuguese market overall indicate that it underperforms the global average in all areas by between ten and 39 basis points. The biggest gap is in the area of tax reclaims. This is also the area where the market as a whole records its lowest score (5.14).

By contrast, scores for Relationship Management and Technology and Connectivity are at the top end of scale – 5.66 and 5.56 respectively – though still 15 points each behind the global survey average.

The core function of settlement records a respectable 5.49 for the market as a whole. It is expected that Portugal will migrate to T2S, the new pan-European settlement platform, the second wave in March 2016. At that point, custodians operating across several individual T2S markets may reshape their service offerings to reflect the new settlement architecture.

## **BNP Paribas Securities Services**

BNP Paribas claims a 40% market share in terms of both assets under custody and transactions in the Portuguese market. Its score in this year's survey has held steady in the mid-fives. Six service areas have registered small-to-moderate falls in score, while four have risen.

The biggest improvement is in the area of Technology and Connectivity, where BNP has seen its score rise by 17 basis points. The largest fall, minus 23 basis points, is for Tax Reclaims, which, at 5.80, is also the bank's lowest-scoring service area.

This is, however, only six basis points below the market average, suggesting that many respondents for the Portuguese markets believe Tax Reclaims to be an area ripe for improvement. One large European client actually remarks, "The tax service is beyond what we expected."

While settlement and relationship management are singled out as strong points, one global custodian is effusive about

the Corporate Actions service. "BNP Paribas does a great job of assisting in managing voluntary events and associated instructions," it comments.

## **Millennium bcp**

Of total assets under custody held by Millennium bcp, the bulk (almost 84%) is in its capacity as a sub-custodian. Global custodians also dominate, accounting for 84% of the bank's custody client base. It claims an estimated market share of 49% of total assets held by non-resident institutional entities in the local market.

In 2014, Millennium carried out an average of 16,585 monthly transactions. While its overall score has fallen by 20 basis points since last year's survey, the bank remains five basis points above the market average. At a service-area level, it outperforms the local market in six areas and the global survey average in two: Client Service and Income Collection.

The bank is described as "very helpful in tax matters" related to corporate actions by one European bank. Another praises "reliable support and strong availability of our relationship manager."

The bank's highest score is an impressive 5.88 for Client Service, which is 41 basis points above the local market average and 16 basis points above the global survey average for this category. The bank also comfortably outperforms the local average for Income Collection with a score of 5.73, which is 28 basis points above the average for Portugal and ten basis points above the global survey average.

## **Citi**

Citi has seen a fall of ten basis points in its overall score this year with six service areas showing declines. This brings it below the market average by 13 basis points. Only in the areas of Cash Management and Tax Reclaims does the bank manage to outperform the local market. The former is also the banks highest-scoring service area.

Respondents, however, appear loyal and have only positive comments about the service they receive. "We have received a good and timely response from the agent. They have managed all queries and trades efficiently. The service has been good overall," says one London-based bank. Another notes, from a client service perspective, "We have limited interaction with Portugal, but the agent is always responsive to queries, providing accurate information in a timely manner."

## **Other**

Although Deutsche Bank has a reasonable client base in this market, it received insufficient survey responses for a full comparison with its peers. Client comments were also sparse with one praising the bank's settlement capability and another identifying "no specific weak areas." The bank scores highest among asset managers and broker-dealers; banks are less generous.

Similarly, Santander Totta received a few responses, but not enough for a rating. Client comments are generally positive. ■



# Singapore

In terms of respondent perception of custody services, the Singapore securities market is well served. The market as a whole exceeds the global survey average in all service areas by between three and 25 basis points. The Singapore Exchange (SGX) is undergoing a major post-trade market infrastructure reform, whereby participants will use SWIFT's ISO20022 messages for settlements. The changes have also involved revised fees from SGX for clearing and settlement as well as the introduction of new order types and reduced board lot sizes.

## DBS Bank

DBS Bank's scores for cross-border custody have risen overall for the second year in a row, though increases in five service areas have been somewhat offset by falls in another five. The biggest drop is in the area of Tax Reclaims, where the bank's score has fallen by 47 basis points, underperforming the local market by 27 basis points. Asset managers, who comprise 29% of the DBS responder base by weight, are significantly more generous than other client categories in their assessment, awarding the bank an overall score of 6.91. Banks are harsher, though no score falls below 5.13 from this client category. "DBS has been very engaging and proactive in terms of providing insights on market level discussions amongst market participants and regulators even when news is not official," says one global custodian. "This helps clients to plan and manage possible challenges and find solutions in advance for such challenges." A large market infrastructure client points to "reasonable turnaround to queries by client services." The bank adds, "[DBS] displays commitment to try their best to assist with requests."

## HSBC

With its second consecutive rise in overall score, HSBC outperforms both Singapore and global survey averages by

seven and 22 basis points respectively. One large Asia-based bank client says HSBC in Singapore offers "reliable, strong processes and support." Eighty-eight percent of responses for HSBC by weight are from banks, with broker-dealers and market infrastructures making up the remainder. Confidence in service levels appears high across all client categories. The bank's best result is 6.17 for Settlement, while its worst, 5.28, is for Tax Reclaims, where underperforms the local market by 39 basis points.

## Standard Chartered Bank

Standard Chartered claims around a 30% market share of non-resident custody business in Singapore. The bank currently provides custody services to approximately 80 sub-custody client relationships and another 60 domestic relationships. The former, however, account for approximately \$35 billion in assets under custody, compared to \$6 billion for domestic clients. It handles a monthly average of 131,300 transactions.

The bank's overall score of 6.00 (Very Good) is one of the highest in an already well-regarded market from a service perspective. Its best result is for Tax Reclaims (6.31), where it outperforms the Singapore market average by a comfortable 64 basis points. Even its lowest score, for Cash Management, at 5.76 remains 17 basis points above the average. As with some of its peers, asset managers are the most appreciative segment of the responder base for Standard Chartered.

## Deutsche Bank

Deutsche Bank has recorded a rather disappointing set of results in Singapore this year. Its overall score has fallen by 53 basis points to 5.14, taking it below the admittedly high market average by 52 basis points. While scores in all service areas were down, the steepest falls were in client service (-91 basis points), relationship management (-78 basis points) and Value and Commitment (-63 basis points). One client suggests that bank should increase headcount to provide a better service, though adding that there is a clear "understanding of the importance of the relationship from the senior manager." Despite the downturn in appreciation, the only area that slips below 5.00 into "Satisfactory" territory is Cash Management.

## BNP Paribas Securities Services

Of the total \$9.4 billion of assets under custody at BNP Paribas Securities Services Singapore Branch, some 70% are held for sub-custody clients. Overall the bank handles some 6,000 transactions a month in this market and estimates its market share at 5%. The bulk of responses come from broker-dealer clients, who are clearly enamored of the service they are receiving.

While the bank receives an extremely impressive overall score of 6.46, up 19 basis points on last year, for the broker-dealer segment, it is even higher at 6.59. The bank outperforms both the local market and global survey averages in all service areas. "I genuinely feel that the RM from BNP Paribas cares about our business and values us as a long-term partner," says one Asia-based brokerage client. ■



## South Africa

The South African market has seen a number of changes affecting various parts of the transaction chain over the past year. STRATE, the South African CSD rolled out changes to the matching procedure between it and its participants in respect of equities settlement transactions, designed to reduce manual pre-matching.

The first change related to the matching criteria for off-market equity transactions, while the second focused on the processing of off-market exception handling. Off Market Exceptional Handling (OMEH) went live on April 20, 2015, introducing an enhanced matching capability in the South African market, substantially increasing the matching rate for equities transactions.

JSE's equity trades currently settle on a T+5 basis and the settlement time frame has been the subject of a tiered reform programme since 2007. The JSE and STRATE are hoping to complete the move to T+3 early in 2016.

Withholding Tax on Interest meanwhile came into effect on March 1 2015. Interest withholding tax applies to issuer-specific unlisted bonds and money market securities (dematerialised and certificated). Interest accruing from a South African source to a non-resident, excluding a controlled foreign company, will, with certain exceptions, be subject to a rate of 15% withholding tax on payment.

### Nedbank Investor Services

Nedbank does not claim a large market share of foreign third-party business. Roughly 1.7% of Nedbank's total \$181 billion assets under custody are held for foreign clients. Nedbank obtained a Custody Services Provider (CSP) licence from JSE in 2014, which enables it to provide broker-administration services.

The bank has made significant strides in its scores since last year, particularly in Technology and Connectivity where it is now rated as "Very Good". It now exceeds the South African market average in three-fifths of service areas, notably so in

Technology and Connectivity and Client Service. Tax Reclaims is the only area where the bank significantly underperforms the market average. Given the bank's market share of foreign business, client comments are few. It is praised for its CSD Participant services, while proactive client communication is cited as an area for attention.

### RMB Custody & Trustee Services

Roughly 65% of RMB's assets under custody are held for foreign clients. In terms of equities settlement, both on and off market, it claims a 34.5% market share.

While RMB has seen a fall of 5 basis points in its overall score, it remains above the South African market average in most service areas. Broker-dealers have proved stricter assessors than banks or CSDs. RMB's best score (5.86) is for Relationship Management, but it is in the area of Corporate Actions that its outperformance is greatest.

The few client comments come for sizeable foreign institutions. One broker urges greater urgency with regard to queries and reporting, while a European bank praises RMB's proactivity. The bank's highest score among the broker-dealer segment of the response base was awarded for tax reclaims, while Reporting and Client Service are seen as merely satisfactory by this group.

### The Standard Bank of South Africa

Standard Bank holds in excess of ZAR4.3 trillion (\$323 billion) in assets under custody, which it says equates to a 40% market share. The bank settles 32% of all on-exchange equity settlements and 38% off-exchange. It claims a market share in bond market activity of over 55%.

This year, Standard Bank continues its upward trend in scores from 4.79 overall in 2013 to 5.45 today – some seven points above the South African market average. The bank has significantly increased its score for Client Service, up 47 basis points, leaving all service area totals above 5.00 (Good). Only in the area of Technology and Connectivity does Standard Bank underperform the market average. However, key investments in the Investor Services business over the next 18 months will include the deployment of an enhanced client front-end on the bank's core custody system.

One global custody client described Standard Bank as "the strongest and most experienced provider in this market with integrity and commitment to match. They have always been extremely competitive with their pricing and never give a blank 'no' to discussing ways to reduce cost for us as a client."

### Other providers

Responses were received for both Standard Chartered and SGSS, though insufficient to allow for robust analysis. One global custodian expressed appreciation for "Société Générale's proactive approach to reviewing and meeting our requests." As for Standard Chartered, one large client says, "Inquiry response time could improve. Additionally, voluntary event instruction turnaround time could be faster. SCB has been open to suggestions to improve these service areas." ■



# Spain

The Spanish market continues to implement a series of changes to settlement, clearing and registration in order to be able to implement T2S in the final wave. This process requires the full engagement of all sub-custodians involving key personnel and technical resources. In 2014 this effort saw a decline across the market in terms of scores in the Survey. It is to the credit of all market participants that scores in 2015 showed some improvement and the market as a whole scored at a higher level than the global average. Client Service in particular posted a very solid gain (0.30 points across all providers), and Technology also registered a materially better score.

## **BNP Paribas Securities Services**

2015 was a strong year for BNP Paribas in Spain. The overall score was the highest in the market and significantly better than a year earlier. The biggest gains were seen in Relationship Management and Client Service. One client noted “lots of effort on market reform [in] Spain with good communication and follow up with clients.” However, even BNP Paribas is not immune from resource conflict. Another client commented, “Currently the relationship function seems swamped by the upcoming reforms,” and other clients commented on increased staff turnover. Overall these areas remain a key strength for BNP Paribas, but clients who use the bank in multiple locations do draw comparisons between markets, so BNP Paribas puts itself under extra pressure to deliver. Elsewhere the bank received particular mention in Tax Reclaims and the quality of market information. One client questioned the effectiveness of follow-up on failed trades but this was an isolated concern. Overall, BNP Paribas is a clear leader in terms of market share and scores and will be hard to move from that position in the near term.

## **Deutsche Bank**

Deutsche Bank put in a solid performance under difficult

market conditions. Scores overall improved markedly with gains recorded in eight of the ten categories. In particular, Tax Reclaims moved forward significantly after a couple of difficult years in terms of scores. A typical client comment was that Deutsche Bank provides “great service in a market that is not particularly easy,” as well as praise for the quality of an experienced team. In Technology, a couple of clients felt that Deutsche Bank should provide an online reporting capability, and a third noted that “due to T2S, little IT capacity [is] available for other tailored solutions.” It would appear that even very large regional players like Deutsche Bank are not immune from resource constraints in the rapidly evolving market. Having performed relatively poorly in 2014, this year marks a return to form for Deutsche Bank in Spain and should ensure it has opportunities to grow business in the year ahead.

## **Santander Securities Services**

Santander received the second-highest number of responses by weight and third-highest in terms of actual numbers. Its overall share was between 20 and 25%. Having dipped in 2014, scores returned this year to the levels seen in 2013. As such they were very satisfactory but not distinguished either in local or global terms. Scores would have been much better but for the relatively weak performance in both Income Collection and Tax Reclaims. One client noted some inaccuracies in reclaim reporting while another felt that timeliness of responses could be improved. Further clients cited Tax Reclaims as an area where improvement was need. In the meantime scores and comments for Client Service were very positive and Santander clearly has much goodwill among its clients. Overall the year represents good progress but the job is far from complete.

## **Banco Bilbao Vizcaya Argentaria**

BBVA obtained a decent level of responses by number and weight and achieved competitive scores in the market. Scores were higher in eight categories though gains were modest and a decline was seen in Tax Reclaims. In contrast, BBVA was one of only two banks to achieve a score of 6.00 (Very Good) for Client Service. A number of clients praised the proactivity of personnel as well as their problem-solving approach. However, others noted a certain lack of flexibility, some lack of consistency in use of SWIFT standards and a lack of investment to improve services in response to specific client requests. Spain remains a very competitive market, and BBVA will need to maintain its progress as T2S is implemented.

## **Société Générale Securities Services**

SGSS has a comparatively small business in Spain. This year saw it post much better scores than in 2014, though the small number of responses does make year-to-year comparisons volatile. One client commented that it valued the “reliable support and good availability of [its] relationship manager and the operational teams.” Others noted specific areas of expertise in Settlement and a willingness to find solutions. This was reflected in the excellent overall scores for Client Service and Relationship Management. ■



## Sweden

The Swedish market moved to a T+2 settlement cycle in line with CSDR on October 6, 2014. CCP clearing has also been extended from large cap to mid-cap equities. New sanction fees for CCP-net transactions were introduced in April this year.

At an overall 5.59, the score for the Swedish market is seven basis points below the global survey average for 2015. This is reflected in service area scores, where only Client Service and Tax Reclaims manage to outperform the global market average for those categories.

The biggest divergence is in the area of Technology and Connectivity, where at 5.47, Sweden scores 24 basis points below the global survey average. Nevertheless, with the lowest score being a respectable 5.41 for Cash Management, the Swedish market is clearly not in a crisis from an operational perspective.

### SEB

SEB has recorded increases across the board in its service area scores since 2014, resulting in an aggregate score of 5.77, well above both the Swedish and global market averages. Its best score at a service-area level is for Client Service at 6.07, up 44 basis points on last year and 26 and 35 basis points respectively above the local and global market average scores for that service category. Interestingly, market infrastructures, which account for some 13% of SEB respondents by weight for Sweden, are the most generous client category, scoring SEB 6 (Very Good) or above in Client Service, Settlement, Cash Management and Income Collection.

Client comments are broadly complimentary. "Market specialists are enthusiastic and very knowledgeable. Their responsiveness and client focus is exceptional," says one European client. "SEB provide a very good professional service and have a vast wealth of knowledge and experience," another comments. "They suggest improvements to increase efficiency and advise on new products in the market."

The bank's Corporate Actions service comes in for one or two criticisms. "They need to provide the materials associated with the votes in addition to the notifications," says one North American bank. "SEB provide a satisfactory corporate actions service, but this could be improved," one large European client comments. However, one global custodian notes, "SEB takes a collaborative approach to managing corporate action instructions. We appreciate this assistance."

### Nordea

Nordea holds some \$140 billion in assets under custody in Sweden for international clients and settles approximately 275,000 transactions per month for this client segment. It estimates its share of international sub-custody business in Sweden at around 28%.

Its overall score has inched up from last year to 5.36, with six rises and four falls at a service-area level. Apart from Value and Commitment, which is down by 50 basis points to 5.18, other falls are hardly drastic. Why this drop has been recorded is unclear, though ratings for competitiveness of fees charged and value received for fees paid are in the low fives, suggesting that the issue may be more to do with costs than actual service received. Conversely, Nordea has recorded increases of 25 basis points apiece for Settlement and Income Collection.

While the bank's overall score is 23 basis points below the Swedish market average, it has outperformed the market in the areas of Income Collection and Tax Reclaims.

Client comments are few. One global custodian points to "reliable support and strong availability of our relationship manager." As far as settlement is concerned, one London-based respondent notes, "We have received good and timely responses from the agent. They have managed all queries and trades efficiently. The service has been good overall." One global custodian adds, "We have experienced several system issues with Nordea in Sweden, but they were quickly resolved."

### Handelbanken Securities Services

Handelbanken holds \$90 billion in custody in the Swedish market, of which some 83% are for foreign custody clients. It settles approximately 90,000 transactions per month and estimates its market share of sub-custody business in Sweden at 10% to 15%. While it received insufficient scores for a formal rating, scores suggest a falling off in client perceptions of service quality. One smaller European client regrets that there is "not more regular contact," while one global custodian says systems are definitely in need of an upgrade.

Handelsbanken is currently finalising its new pan-Nordic custody platform that will be centralised in Helsinki. During the year, it will migrate all its Nordic flows into the new platform along with the majority of operational processes. The platform is due to be introduced in Sweden in the fourth quarter. Also anticipated this year is a new asset-servicing platform, designed to enhance STP, automation and reporting capabilities for corporate actions and other asset services. ■



# Switzerland

**S**witzerland joined the first wave of T2S earlier in 2015. Preparations for this were extensive and impacted a number of banks including major sub-custodians. Given this potential distraction, it is noteworthy that scores in the market improved overall by more than the survey average (0.14 points compared with 0.08 points). Particularly strong gains were noted in both Client Service and Relationship Management, no doubt, reflecting the level of communication around the T2S implementation. Within the market as a whole BNP Paribas continues to make progress in penetrating the market while Credit Suisse has also been successful in winning new mandates. UBS remains the market leader overall and SIX has maintained its business. This year Citi did not receive sufficient responses to be considered in the write-up.

## Credit Suisse

Credit Suisse maintained its scores pretty much unchanged for the third year in succession. This level of consistency reflects well on the bank during a period of expansion in client numbers and associated activity levels as well as the planning for and implementation of T2S. However the scores themselves are not at the very highest levels, which is probably a source of some frustration.

Client comments hint at some lack of flexibility, for example, "flexibility in procedures" is seen as a key area where one client sees scope for improvement, while another suggests that "query responsiveness" could be improved. Set against that, one major bank client cites "queries are answered very quickly" as a positive feature of Corporate Actions and offered a commensurately good score. A couple of clients gave low scores on notification of income due, and this had a negative effect on Income Collection scores overall, contributing to a decline from 2014. Overall Credit Suisse continues to perform strongly in the market, but for some clients the lack of consistency is affecting scores.

## UBS Switzerland

UBS remains the market leader taking all cross-border inbound sub-custody into account. However, among the larger clients that make up the response base for the survey its position is perhaps under some threat. Certainly response numbers were lower in 2015 than a year ago. Scores this year also showed a small decline reflecting the fact that half of the categories moved down while a similar proportion were improved. Operations were the main focus of weaker scores, both Asset Servicing and Settlement. Effectiveness in resolving unmatched items was an area of relative weakness with one client noting the need for "extensive follow-up" on their part to resolve matters.

Many clients continue to find UBS "very customer focussed" and responsive to client requests for changes, there are some who find the bank not sufficiently proactive in dealing with matters requiring attention. There are no areas of major weakness but some sense that consistency seen in previous years is proving elusive in the face of consistent demands from clients, infrastructure changes and the competition.

## BNP Paribas Securities Services

2015 was a good year for BNP Paribas in Switzerland. Response numbers were up materially, average respondent weight was higher and scores were up noticeably on 2014 levels. As a result, BNP Paribas achieved scores that were meaningfully better than those of its main competitors. Scores were higher in nine of the ten categories, with particularly strong improvement in Client Service and Relationship Management. This was regarded as a core strength by a high proportion of respondents. Client comments included "proactive client services that often realises potential operational issues before we are aware of the issue" and "the local BNP Paribas Swiss office is of great advantage to us for local knowledge and local contacts to the exchange." Overall it cites a very strong outcome, and one that positions BNP Paribas well to grow business in future.

## SIX Securities Services

SIX saw a significant improvement in 2015 compared to the result a year ago. Response numbers were higher and scores were much stronger, with gains recorded in all ten categories, in some cases rising by nearly a full point. Comments from clients included "very professional people working in the settlement and corporate actions and entitlement teams," as well as "team members possess sound market know-how." These comments were reflected in scores that regularly exceeded 6.00 (Very Good) across a wide number of questions and categories. However, not all clients see things quite as positively with one bank considering SIX to be "too big to offer a personalised service," and others citing minor operational issues from time to time.

The position on fee reporting is better than a year ago as SIX has introduced a new pricing model, though one client still felt there is some room for fine tuning the output to make it more user friendly. Overall this is an excellent set of scores for SIX. ■



## UK & Ireland

**A**lthough Dublin remains an important offshore funds centre, the financial crisis had a major impact on its local stock market. The reality of the now, very small size of the Irish market and the fact that no indigenous banks provide sub-custody services is reflected in the Survey this year by including Ireland together with the UK. The UK market by contrast is performing well in terms of new listings, business expansion and the relatively healthy state of the UK economy.

The results of the Survey show a continuing trend of adequate but generally rather undistinguished performance in both markets. Of course many large custody banks and brokers deliver their own service in the UK, which means that the third-party business available to providers is less than the market size would suggest. The offset to this is that the clients who do use a sub-custodian tend to be smaller and less demanding.

### **BNP Paribas Securities Services**

BNP Paribas has a successful year in 2015. Response numbers were up and scores were also higher. Clients were well disposed to the Settlement capabilities offered by BNP Paribas as well as giving the bank high scores for Client Service and Relationship Management.

As one client puts it, “BPSS are the standout provider in the UK market and their services back this up.” Even their own marketing team would be pressed to come up with a more enthusiastic endorsement. “Very good service and support from UK physical desk” was another client comment concerning the UK settlements capability, and Settlements was mentioned as a specific strength by a number of clients. While all respondents gave generally good scores, Broker-dealers were especially pleased with services received.

It is also worth noting that scores for Asset Servicing were a little lower than a year ago but still at generally high levels. As long as it can maintain the high standards now being achieved,

the expectation must be that BNP Paribas will grow stronger in terms of market share as well as reputation.

### **Citi**

For the second year in a row, Citi scores in the UK declined. In 2015, the rate of decline accelerated, and as a result the bank was well behind its main competition. What should, perhaps, be the biggest cause for concern is the sharp decline (more than 0.60 points) for Client Service, leaving the bank with an average score of less than the 5.00 (Good) default-acceptable score in what is always seen as a critical component of client perceptions. While one reason for the low score seems to be a single disaffected high-volume client, scores elsewhere suggest that all clients see room for improvement.

Another area that saw a sharp decline was in Tax Reclaims, though this is less important to many Citi clients and the volatility of scores here may reflect the smaller number of respondents for this aspect of Citi capabilities. With scores lower in all ten categories, Citi looks weak compared to major rivals.

While one client appreciates a willingness to “go the extra mile” that the bank demonstrates, another feels that they take “too long in responding to complex queries.” Obviously the bank has the opportunity to recover from a setback in a single year, but action needs to be taken quickly.

### **HSBC**

2015 was not a particularly notable year for HSBC in the UK. Response numbers were slightly down on 2014 levels and overall scores also declined slightly. As a result the relative position of HSBC in the UK fell back slightly against both the local market position and the global position. In terms of core services; however, the position was a little better. Scores in Settlement increased once again and built on the strong gains seen between 2013 and 2014.

In Asset Servicing, Income Collection and Corporate Action scores were higher and those for Tax Reclaims stable, albeit at lower levels than might be desirable. Bigger declines were noted in Client Service, Relationship Management and Cash Management. Even here though the decline was less than 0.25 points across all questions. As has often been the case HSBC scores are not bad, just not as good as they might be.

### **BNY Mellon Asset Servicing**

BNY Mellon Asset Servicing maintains a capability in the UK and attracts responses from a small number of loyal clients. However as one summarised the performance, “overall a very average performance this year,” scores reflected this with averages down in nine of the ten categories, and an overall score back down towards the level recorded in 2013 after an upturn in 2014.

In four categories including Cash Management and Reporting, average scores were below 5.00 representing a competitive weakness that will need to be addressed. Clients certainly understand the benefit of working with a very large provider but still expect a certain level of attention that BNY Mellon Asset Servicing needs to deliver. ■



## United States

A white paper on T+2 settlement has been produced in the US, which anticipates that the country will move to a two-day settlement cycle for equities, corporate and municipal bonds, and unit investment trust (UIT) trades by the third quarter of 2017. In terms of this year's survey, all US banks increased their scores for Reporting and Settlement, when compared to 2014. However, most US banks placed noticeably below the global average for Relationship Management and Client Service.

### **BNP Paribas Securities Services**

BNP Paribas, a new US entry, performed very well. Its scores ranged from 5.77 for Technology to 6.20 for Relationship Management. The bank exceeded market and global averages across all categories. For Value and Commitment, it obtained 5.94, exceeding the market and global averages by 0.61 and 0.32 respectively. Its Relationship Management score placed 0.73 and 0.39 points above the global and market averages. One client stated, "The relationship manager in New York has worked tirelessly on our account and is a credit to BPSS." Another suggested the bank is quick off the mark in dealing with perceived service gaps. "We voiced our concerns on corporate actions, and BNP Paribas has developed solutions to address them," it notes. Clients credited the bank's NeoLink system with facilitating tailored reports and reducing operational costs. However, some clients unstable connections to the system. "Connectivity" and "fees charged" were said to require improvements.

### **BNY Mellon Asset Servicing**

BNY Mellon obtained lower scores for six categories compared to 2014. Its results ranged from 4.51 for Client Service, which dropped 0.52 points, to 5.42 for Settlement, which increased by 0.05 points. Its Client Service and Income Collection scores were significantly below the market and global averages. For Client Service, while some positive comments were received,

one client suggested that "speed and quality of emails very much depends on who answers." Another client explained that, for Income Collection, there are currently "some problems around manufactured dividends." Flexibility was highlighted as requiring improvement, with one client stating, "Business is too fragmented across multiple offices/locations." Settlement and competitiveness of fees were emphasised as strengths.

### **Brown Brothers Harriman**

Brown Brothers overall score held steady this year. It exceeded its 2014 Reporting score by 0.26 points, while Income Collection and Tax Reclaims scores decreased by 0.34 and 0.31 points respectively. BBH exceeded the US average for most categories and inched past the overall average for the market. Its highest score (5.72) was for Technology, which matched the market average.

However, it placed below the global average in all categories except Technology. This was particularly evident in Settlement, Relationship Management, and Value and Commitment. Comments reflected this, with one client citing an "uncompetitive fee policy" under Value and Commitment. For Technology, "use of Worldview in addition to SWIFT" was considered helpful. Overall, said one client, "Knowledge and expertise in the US market is first class."

### **Citi**

Citi exceeded its 2014 scores in all categories except Client Service. Income Collection and Corporate Actions increased by 0.42 and 0.39 points respectively. Citi outperformed the market average across all service areas, exceeding the averages for Value and Commitment and Tax Reclaims by 0.36 and 0.31 points. However, its scores generally placed below the global average. A few clients claimed Corporate Actions requires enhancements, with one stating, "Response times on inquiries could be improved." Another client said the bank "needs to improve on the connection between our internal system and its clearing system." This client also noted, however, that Citi is "willing to help on any issue."

### **J.P. Morgan Chase Bank**

J.P. Morgan performed reasonably well, exceeding its 2014 scores by 1.30 points for Settlement and 0.55 points for Reporting and Corporate Actions. However, its score for Value and Commitment dropped 0.35 points. J.P. Morgan underperformed the global and market averages overall. However, it placed 0.12 and 0.05 points above the market and global averages respectively for Cash Management. The bank's scores were significantly lower than market and global averages for Relationship Management, Technology, and Value and Commitment.

For Client Service, one client said improvements are needed, while another found the bank "knowledgeable in their field, properly escalating [their] requests." Regarding Corporate Actions, one client said, "We generally have to chase for responses, and then the responses we do receive will often be inaccurate or incomplete." ■



## ICSD

The three ICSDs covered in the Survey now account for approximately \$50 trillion of assets in custody. Euroclear with around 60% of the assets is now larger than any of the three major global custodians in terms of assets in custody. These are major market participants, as both providers and users of custody and clearing services around the world. The effectiveness of their operations, technology and controls matters not just to their clients but to global securities markets as a whole. It is, therefore, encouraging to see that overall scores across the providers continue to improve. Gains in 2015 were modest but they started from a high level. At 5.86, the overall score was among the very best. In Relationship Management the average score was better than 6.00 (Very Good) and no category saw an average worse than 5.65.

Although we continue to report the three institutions together and include them in a survey that is concerned with sub-custody, it is clear that each institution is developing its own unique business designed to meet the needs of the clients that it seeks to attract. Based on comments, it is clear that clients do not regard the providers as interchangeable in the way that sub-custodians might be. They do, however, regard them as comparable.

### **Clearstream**

Clearstream once again received many more responses than other ICSDs, and the most of any single service provider. A significant number of these responses come from smaller clients. In many cases, Clearstream is the only provider for whom they respond. The profile of respondents does provide some of the explanation for the very good scores given to Clearstream, but that is only part of the story. The best scores were seen in the Client Service and Relationship Management categories, where services offered by Clearstream are comparable to others. Clients consistently ranked these as the key strengths of the bank as a provider, well ahead of any

other factor. As one client noted, "Our RM has vast experience in ICSD, global custodian and security services, he always strives to service us the best!" As with any provider generating the level of responses that Clearstream does even the best services show occasional signs of weakness. One client noted that calls had been less frequent in the last year, while another considered that the quality of service received was dependent on key individuals, rather than a process. These are minor complaints in the context of the overall comments received. In terms of functional areas, Clearstream was ahead of the ICSD average in eight of ten categories, its scores showed no real weakness, and its clients remain extremely highly satisfied based on both scores and comments provided.

### **Euroclear**

Despite consistently receiving fewer responses to the survey, Euroclear remains by far the largest ICSD, whether measured by assets, transaction values or practically any measure. As the leader, it has always worked hard to maintain client perceptions at a very high level. Its success in this regard is reflected in comments such as "overall, this ICSD fulfils our expectations, being superior to its competitors" and "an excellent team with great knowledge." Other clients comment about Euroclear's ability to work in partnership with its clients. They also note how this leads to Euroclear having a great understanding of evolving client requirements. Scores for Relationship Management and Client Service have continued at very high levels. Overall scores are marginally better than 2014, but gains seen in scores from others means that in relative terms Euroclear has fallen back marginally. Scores beat the global average in all ten categories, which, even allowing for the nature of the business being conducted, represents a considerable achievement. The area that weighed most heavily on scores was the decline in results for Value Delivered. A couple of clients specifically referred to domestic market fees, and one also cited the complexity of the fee structure. These are, however, minor issues in the context of another excellent result for Euroclear. It is clear from the results that Euroclear will remain the leader in the market for a long time to come.

### **SIX Securities Services**

Although much smaller than the other two ICSDs, SIX offers clients a broad range of services and continues to be highly regarded by its clients. These are, for the most part, smaller institutions and this works in favour of SIX in terms of scoring. Even allowing for this, however, the scores achieved by SIX this year are excellent. Scores are comfortably ahead of 2014 levels and issues with fees seen last year, seem to have been largely addressed with a new simplified fee schedule as well as some fee rebates. The effect was to push scores for Value Delivered up by 0.43 points. Otherwise SIX is praised for "responsive and friendly staff" and the quality of its operations. As one client noted, SIX must "secure its future in a T2S environment." This is a challenge SIX appears well positioned to meet, even though as the smallest ISCD it will remain under pressure to continue its history of innovation and effective use of resources. ■

 AUSTRALIA	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
HSBC	31.57	5.93	5.41	5.63	5.68	5.55	5.46
J.P. Morgan Chase Bank	22.22	5.29	5.52	5.26	5.53	5.37	5.60
Citi	19.75	5.58	5.85	5.39	5.58	5.24	5.33
BNP Paribas Securities Services	14.11	6.59	6.10	6.47	6.44	6.38	6.39
National Australia Bank	12.35	5.62	5.33	5.42	5.53	5.43	5.31
 AUSTRIA	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
UniCredit Bank Austria	32.50	5.79	5.49	5.54	5.49	5.45	5.25
Erste Group Bank	17.05	5.83	5.73	5.90	5.87	5.83	5.48
BNP Paribas Securities Services	16.36	6.09	6.18	6.44	6.29	5.92	6.24
Raiffeisen Bank International	14.55	5.82	5.79	5.92	5.87	5.79	6.01
Deutsche Bank	10.91	5.61	5.56	5.70	5.66	5.57	5.48
 BELGIUM	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
BNP Paribas Securities Services	51.05	5.88	5.46	5.79	5.76	5.72	5.72
Deutsche Bank	20.94	5.48	5.38	5.71	5.71	5.59	5.75
KBC Securities Services	14.14	5.65	5.51	5.63	5.81	5.47	5.60
Citi	13.87	5.32	5.63	5.74	5.42	5.46	5.39
 CANADA	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
RBC Investor & Treasury Services	63.06	5.60	5.17	5.56	5.39	5.37	5.36
CIBC Mellon	29.67	5.64	5.43	5.54	5.53	5.42	5.51
 DENMARK	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
Nordea	36.31	5.64	5.43	5.68	5.37	5.29	5.29
SEB	34.28	5.73	5.62	5.90	5.72	5.59	5.68
Danske Bank	24.54	5.57	5.51	5.51	5.41	5.46	5.34
 FINLAND	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
Nordea	55.02	5.69	5.65	5.78	5.57	5.42	5.50
SEB	38.86	5.66	5.75	5.94	5.64	5.56	5.61
Handelsbanken Sec Services	6.11	5.27	5.27	5.25	5.44	5.23	5.26
 FRANCE	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
BNP Paribas Securities Services	55.74	5.85	5.57	5.80	5.91	5.56	5.74
Deutsche Bank	12.60	5.58	4.98	5.67	5.66	5.60	5.90
Société Générale Sec Services	10.99	5.74	6.00	5.91	6.06	6.17	5.81
CACEIS	10.50	5.18	5.40	5.32	5.49	5.14	5.10
Citi	10.18	5.29	5.73	5.63	5.27	5.44	5.54
 GERMANY	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
Deutsche Bank	43.65	5.78	5.55	5.84	5.57	5.49	5.65
BNP Paribas Securities Services	28.61	6.15	5.97	6.23	6.08	5.72	6.16
Commerzbank	17.81	5.56	5.43	5.59	5.63	5.75	5.72
Citi	6.13	6.01	5.59	5.66	5.64	5.78	5.75
 GREECE	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
Citi	36.07	5.74	5.77	5.87	5.58	5.40	5.41
BNP Paribas Securities Services	25.46	5.75	5.71	6.00	5.80	5.63	5.72
Eurobank	13.00	5.74	5.60	6.00	5.47	5.66	5.84
National Bank of Greece	7.43	5.65	5.45	5.98	5.70	5.55	5.60
Piraeus Bank	6.10	5.78	5.65	5.96	5.61	5.38	5.68

	<b>HONG KONG</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
HSBC		28.61	5.88	5.76	5.82	5.83	5.64	5.80
Deutsche Bank		16.89	5.81	5.58	5.96	5.74	5.64	5.97
Citi		16.89	6.00	5.50	5.86	5.95	5.80	5.78
Standard Chartered Bank		16.29	5.13	5.50	5.25	5.12	5.08	4.92
BNP Paribas Securities Services		14.31	6.43	6.24	6.49	6.37	6.27	6.11
DBS Bank		7.00	6.91	6.94	6.95	6.98	6.92	6.89

	<b>ISRAEL</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
Bank Leumi Le-Israel		42.34	5.36	5.37	5.25	5.26	5.23	5.03
Bank Hapoalim		30.65	5.16	4.35	4.87	5.00	4.87	4.90
Citi		27.02	5.37	5.44	5.65	5.39	5.18	5.60

	<b>ITALY</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
BNP Paribas Securities Services		39.43	5.67	5.56	6.12	5.95	5.54	5.76
Intesa SanPaolo		18.54	5.79	5.59	5.58	5.69	5.61	5.40
Société Générale Sec Services		15.27	5.44	5.83	5.86	5.83	5.66	5.64
Citi		13.97	5.24	5.62	5.73	5.43	5.52	5.49
Deutsche Bank		12.79	5.68	5.55	5.82	5.84	5.66	5.76

	<b>JAPAN</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
Bank of Tokyo-Mitsubishi UFJ		28.34	5.90	5.98	5.93	5.98	5.81	5.77
Mizuho Bank		27.65	6.41	6.40	6.40	6.17	6.23	6.33
Sumitomo Mitsui Banking Corp		19.67	6.05	5.95	5.84	5.97	5.78	5.72
Citi		12.38	5.46	5.62	5.55	5.48	5.37	5.22
HSBC		11.97	5.72	5.51	5.89	5.39	5.49	5.62

	<b>KOREA</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
HSBC		43.81	5.92	5.38	5.79	5.68	5.64	5.66
Standard Chartered Bank		24.75	5.25	5.65	5.68	5.48	5.42	5.38
Deutsche Bank		18.32	5.90	6.17	6.02	5.57	5.84	5.50
Citi		13.12	5.59	5.31	5.86	5.13	5.44	5.73

	<b>NETHERLANDS</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
BNP Paribas Securities Services		39.36	5.81	5.55	5.75	5.80	5.62	5.67
Deutsche Bank		25.10	5.73	5.74	5.94	5.80	5.84	5.97
Citi		16.27	5.49	5.80	5.58	5.53	5.56	5.48
ABN Amro Clearing Bank		12.85	4.55	4.25	4.39	5.21	4.80	4.70

	<b>NEW ZEALAND</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
HSBC		41.41	5.90	5.33	5.66	5.61	5.49	5.51
J.P. Morgan Chase Bank		20.25	5.09	5.38	5.26	5.36	5.27	5.21
Citi		17.18	5.57	5.84	5.86	5.83	5.32	5.54
National Australia Bank		16.26	5.82	5.38	5.47	5.93	5.58	5.14

	<b>NORWAY</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
Nordea		36.33	5.64	5.42	5.57	5.52	5.35	5.33
SEB		31.34	5.57	5.60	5.74	5.62	5.54	5.72
DNB		27.74	5.87	5.72	5.97	5.66	5.73	5.80

	<b>PORTUGAL</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	BNP Paribas Securities Services	45.50	5.54	5.27	5.43	5.64	5.29	5.42
	Millennium bcp	21.34	5.37	5.41	5.82	5.51	5.51	5.29
	Citi	20.05	5.34	5.25	5.42	5.28	5.30	5.26
	<b>SINGAPORE</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	DBS Bank	22.76	6.16	5.79	5.83	5.75	5.76	5.68
	HSBC	21.79	6.17	5.61	5.96	6.08	5.66	5.96
	Standard Chartered Bank	19.55	5.93	6.14	6.06	5.96	5.90	5.83
	Deutsche Bank	14.74	5.36	5.15	5.10	5.13	5.04	5.05
	BNP Paribas Securities Services	11.54	6.54	6.55	6.53	6.49	6.38	6.21
	<b>SOUTH AFRICA</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	Standard Bank of South Africa	44.58	5.50	5.52	5.50	5.37	5.31	5.45
	RMB Custody & Trustee Services	22.17	5.47	5.48	5.52	5.43	5.29	5.21
	Nedbank Investor Services	14.22	5.86	4.87	5.73	6.08	5.64	5.34
	<b>SPAIN</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	BNP Paribas Securities Services	32.95	5.79	5.66	6.03	5.74	5.58	5.72
	Santander Securities Services	23.39	5.83	5.04	5.75	5.46	5.59	5.55
	Deutsche Bank	20.16	5.61	5.64	5.78	5.56	5.59	5.71
	Banco Bilbao Vizcaya Argentaria	12.92	5.66	5.48	5.78	5.53	5.66	5.39
	<b>SWEDEN</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	SEB	69.80	5.86	5.69	6.01	5.66	5.62	5.76
	Nordea	22.98	5.36	5.51	5.58	5.12	5.28	5.18
	Handelsbanken Sec Services	7.22	5.17	5.19	5.31	5.42	5.31	5.15
	<b>SWITZERLAND</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	Credit Suisse	31.59	5.51	5.20	5.46	5.40	5.32	5.37
	BNP Paribas Securities Services	23.55	6.27	5.73	6.43	6.11	5.87	6.21
	UBS Switzerland	21.02	5.39	5.45	5.58	5.75	5.33	5.64
	SIX Securities Services	16.08	6.31	6.30	6.04	6.47	6.06	5.76
	<b>UK &amp; IRELAND</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	BNP Paribas Securities Services	33.45	6.43	5.83	6.35	6.18	5.88	6.16
	HSBC	27.27	5.68	5.42	5.45	5.52	5.28	5.48
	Citi	23.27	5.52	5.32	5.15	5.59	5.43	5.36
	BNY Mellon Asset Servicing	11.45	5.08	4.83	5.25	5.14	4.80	5.04
	<b>UNITED STATES</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered
	Brown Brothers Harriman	33.66	5.38	5.29	5.45	5.72	5.44	5.26
	BNY Mellon Asset Servicing	24.58	5.42	4.59	4.77	5.30	5.18	4.99
	Citi	16.59	5.67	5.45	5.51	5.81	5.70	5.69
	BNP Paribas Securities Services	15.62	5.84	5.85	6.14	5.77	5.91	5.94
	J.P. Morgan Chase Bank	9.56	5.68	4.91	5.08	5.08	5.36	4.84
<b>ICSD</b>	Market share (weight of responses)	Settlement	Asset servicing	Relationship & client service	Technology	Ancillary services	Value delivered	
	Clearstream	56.71	5.88	5.78	6.02	5.96	5.79	5.82
	Euroclear	34.20	5.88	5.67	5.93	5.82	5.68	5.70
	SIX Securities Services	9.10	6.17	6.05	6.12	6.34	5.86	6.13