

*The*  
**2021 GC**

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PRIME  
BROKERAGE  
**SURVEY**

This is the second year where the prime brokerage survey was completed under lockdown conditions and results are broadly similar in aggregate. One or two categories, notably Client Services and Technology, show an uptick that might be expected as both clients and providers became more comfortable over the year with new ways of working. Overall, however, none of the changes, up or down, is outside the scope of what might expect from year to year (See figure 1).

Figure 2 meanwhile lists aggregate category scores from best to worst. It is encouraging that in a time of relative turmoil, respondents appear to have a degree of confidence in the Asset Safety provided by their primes.

At the other end of the list, we find – not for the first time – Consulting and Capital Introductions. The former may well have been tested more than usual over the past 18 months as funds attempt to navigate their way through an unfamiliar economic and market environment, while the latter often seems to leave clients wanting more, though whether this is because of overpromising on the part of providers or unrealistic expectations on the part of the hedge funds is unclear. Either way, it seems that these are two areas where competitive differentiation might be easier to demonstrate by those providers who have done well in these categories.

Analysis of the individual provider ratings can be found on the following pages. A guide to how to make the most of the accompanying tables and charts is on Page 96.

Fig. 2: Category scores from best to worst

Category	Average Score
Asset Safety	6.24
Client Services	6.18
Trading and Execution	6.11
Operations	6.01
Foreign Exchange Prime Brokerage	5.99
Stock Borrowing and Lending	5.92
Delta 1, Swaps and Financing	5.92
Listed Derivatives	5.89
Risk Management	5.89
OTC Clearing	5.88
Future Relationship	5.80
Technology	5.69
Fixed Income	5.66
Consulting	5.65
Capital Introductions	5.31
Overall average	5.88

# AN ANCHOR IN THE STORM

Despite a second year of lockdown and economic uncertainty, client assessment of their prime brokers seems to have stabilised.

Fig. 1: Year-on-year comparison

Category	Average Score	Average Score Previous Year	Difference
Asset Safety	6.24	6.27	-0.02
Capital Introductions	5.31	5.47	-0.16
Client Services	6.18	5.88	0.29
Consulting	5.65	5.69	-0.04
Delta 1, Swaps and Financing	5.92	5.86	0.06
Fixed Income	5.66	5.88	-0.22
Foreign Exchange Prime Brokerage	5.99	5.94	0.04
Future Relationship	5.80	5.90	-0.10
Listed Derivatives	5.89	5.84	0.05
Operations	6.01	5.85	0.17
OTC Clearing	5.88	5.98	-0.10
Risk Management	5.89	5.62	0.27
Stock Borrowing and Lending	5.92	5.90	0.03
Technology	5.69	5.50	0.20
Trading and Execution	6.11	5.83	0.28
Overall average	5.88	5.83	0.05

## Methodology

The prime brokerage survey asked clients to assess the services that they receive from their Prime Brokers. The same service categories as last year have been retained and respondents were asked only one quantifiable rating question per category. This related to the overall service level per category and was done through a sliding scale from 'Unacceptable' to 'Excellent'. In some categories, a number of optional qualifying questions were posed to add colour as well as an optional comment box per category.

The published results use Global Custodian's conventional seven-point scale familiar to readers of the magazine (where 1=Unacceptable and 7=Excellent).

Ten responses are the minimum sample number required to assess a service provider sufficiently for full category results to be published. Individual responses are weighted for the size of the respondent as measured by assets under management.

Scores in any individual service area that attract fewer than three responses are excluded from the calculations. Where a provider has recorded three or more responses per category, average scores can be made available to the provider concerned for internal use. More granular analyses than are published may also be available to providers. For more information on bespoke reports, please contact [beenish.hussain@globalcustodian.com](mailto:beenish.hussain@globalcustodian.com).

# ABN AMRO Clearing

**A**BN Amro Clearing’s DNA, history and success revolve around the market making and hedge fund communities. This means being a core service provider in equity derivatives, quant strategies, CTA, relative value and long-short equity. The prime brokerage team also seeks to support early-stage fund managers in their quest for growth.

Last year was one of the Dutch bank’s busiest years, clearing a record 5.3 billion trades and growing in client numbers. However, it has spent the past 12 months reviewing the investment banking division, including its derivatives clearing arm, after it incurred a €200 million loss from a US hedge fund client in March 2020.

ABN Amro Clearing has made several enhancements to its global execution desk with the addition of further markets, exchanges and systematic internalisers. The bank has also gone live with a new synthetics platform, leveraging advanced cloud-based technology to provide increased flexibility and customisation for fund wrappers and reporting.

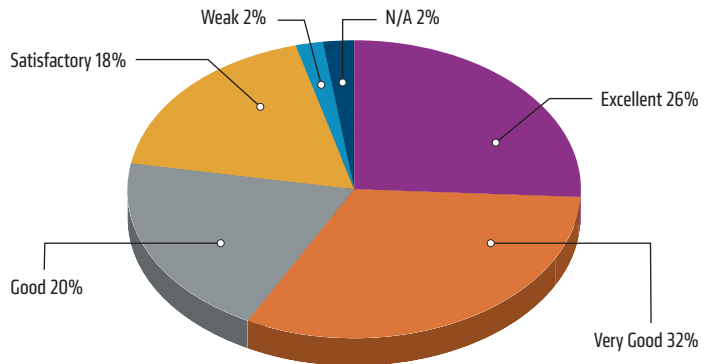
The improvements made to its platform are reflected in the scores, including Trading and Execution (6.00), Risk Management (6.06), and Delta 1, Swaps and Financing (6.31). “Risk management is one of the best qualities by ABN and hopefully they will keep up the good work,” said one Dutch-based hedge fund client.

That being said, ABN Amro Clearing didn’t improve on last year’s average score, and fell short in both the global and peer group average. Service areas that brought down its ratings include Asset Safety (5.84), Capital Introductions (5.00), Consulting (5.13), Foreign Exchange Prime Brokerage (5.09), and OTC Clearing (5.17) – the latter of which has been a traditional strength for the Dutch prime broker. However, all these category scores remain in the Good range (5.00-5.99). “The product scope can be a bit better as it does appear very limited right now,” explained another client.

Year-on-Year Comparison*			
Category	2021	2020	Difference
Asset Safety	5.84	6.42	-0.57
Capital Introductions	5.00	5.50	-0.50
Client Services	5.50	5.72	-0.22
Consulting	5.13	6.00	-0.88
Delta 1, Swaps and Financing	6.31	5.55	0.76
Fixed Income	5.67	5.55	0.12
Foreign Exchange Prime Brokerage	5.09	5.75	-0.66
Listed Derivatives	6.00	6.08	-0.08
Operations	5.83	5.61	0.22
OTC Clearing	5.17	6.17	-1.00
Risk Management	6.06	5.27	0.79
Stock Borrowing and Lending	5.25	4.58	0.67
Technology	5.36	4.86	0.51
Trading and Execution	6.00	5.60	0.40
<b>TOTAL</b>	<b>5.65</b>	<b>5.65</b>	<b>0.00</b>

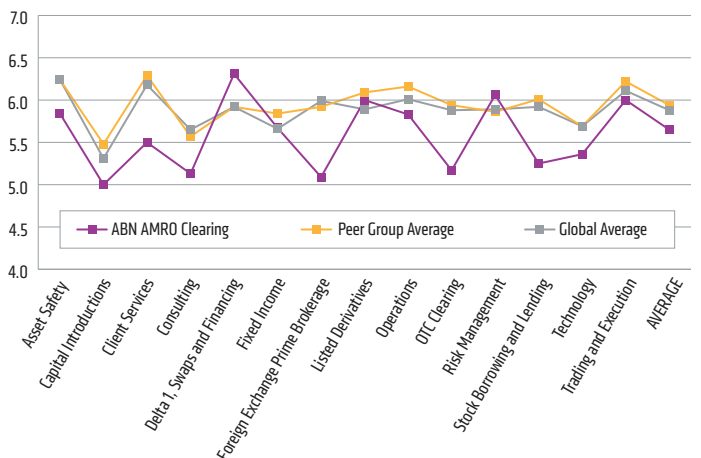
\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.

### Spread of Opinion (%)



Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Delta 1, Swaps and Financing	6.6	6.6
Risk Management	2.9	3.5
Listed Derivatives	1.8	-1.5
Stock Borrowing and Lending	-11.4	-12.6
OTC Clearing	-12.1	-13.0
Foreign Exchange Prime Brokerage	-15.0	-13.9

### Provider Scores Versus Global Average and Peer Group Average



# BNP Paribas

**B**NP Paribas is in the final phases of its two-year project of integrating Deutsche Bank’s prime brokerage and electronic equities businesses. This has included bringing on several of the German bank’s top prime brokerage executives, including Ashley Wilson who was appointed head of prime services.

The onboarding of Deutsche Bank’s clients representing \$200 billion in assets is also expected to be completed by the end of this year, when BNP Paribas will then roll out the new prime services division. The new division is also set to become more closely linked with Exane, BNP Paribas’ equity brokerage business.

With the Deutsche Bank business, BNP Paribas propels itself into the next tier of the prime brokerage rankings, where its scores exceed the average of its peers in all areas bar Capital Introduction (5.00) and Technology (6.14).

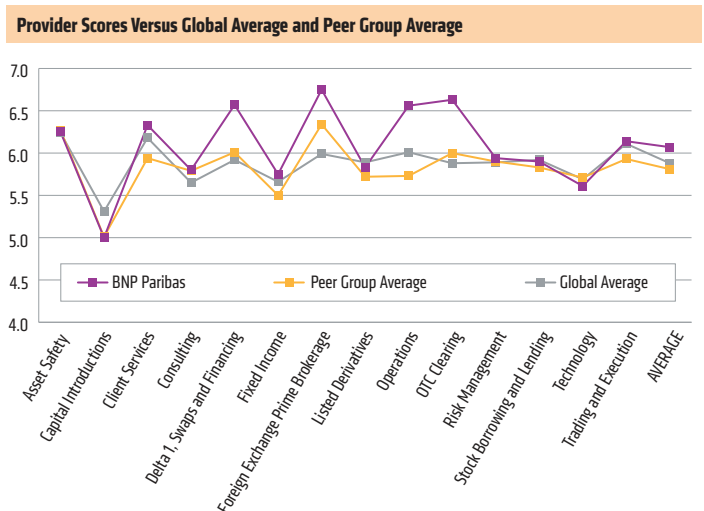
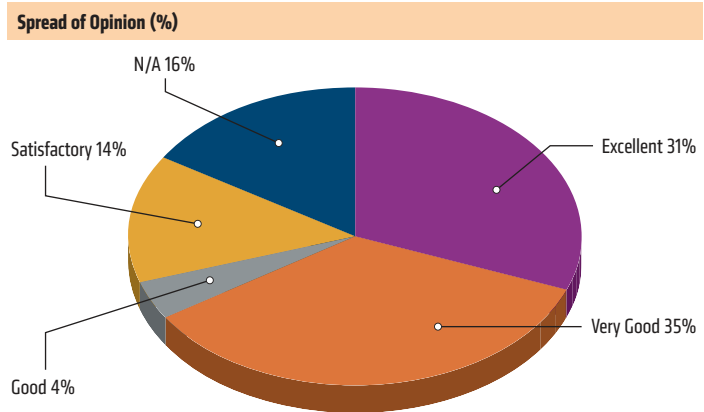
Foreign Exchange Prime Brokerage (6.75) led the way as its highest scoring category, followed by OTC Clearing (6.63), and Delta 1, Swaps and Financing (6.57). Respondents also name-checked their Client Services (6.33) and Operations (6.56) representatives, which were praised for their “high level of touch and coordination throughout the platform.”

Only one UK-based fund manager was particularly vocal in their dissatisfaction with BNP Paribas’s financing, trading and risk management services: “Structure and management of the financing business leaves a lot to be desired.”

On the whole, clients were extremely happy with the level of service from the French bank, and were likely to continue their service relationship with them. “We have been with BNP for over 10 years and have had a great relationship. The team we have in place is second to none and what they provide allows us to rest easily,” a US fund manager respondent said.

Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
OTC Clearing	12.8	10.4
Foreign Exchange Prime Brokerage	12.7	6.5
Delta 1, Swaps and Financing	11.0	9.3
Listed Derivatives	-1.0	2.0
Technology	-1.4	-1.8
Capital Introductions	-5.9	-0.2

Year-on-Year Comparison			
Category	2021	2020	Difference
Asset Safety	6.25	6.28	-0.03
Capital Introductions	5.00	6.10	-1.10
Client Services	6.33	6.45	-0.11
Consulting	5.80	6.36	-0.56
Delta 1, Swaps and Financing	6.57	5.96	0.61
Fixed Income	5.75	6.48	-0.73
Foreign Exchange Prime Brokerage	6.75	6.48	0.27
Listed Derivatives	5.83	6.24	-0.40
Operations	6.56	6.38	0.18
OTC Clearing	6.63	6.42	0.21
Risk Management	5.94	5.94	0.00
Stock Borrowing and Lending	5.90	6.16	-0.26
Technology	5.61	5.85	-0.24
Trading and Execution	6.14	6.05	0.09
<b>TOTAL</b>	<b>6.07</b>	<b>6.23</b>	<b>-0.16</b>





# BTIG Prime Brokerage

The 2021 survey sees a welcome return from New York-based BTIG. The prime broker partners with emerging and established funds to build long-term relationships, providing them access to global equity trading via an in-house institutional and outsource trading desk, as well as an electronic trading platform. The firm has also established introducing broker relationships with Goldman Sachs and BNY Mellon's Pershing, with the option to hold assets at both custodians in a multi-prime broker model.

Like the rest of the industry, the pandemic brought a renewed focus on client service and technology. BTIG claims it was able to pivot seamlessly to a remote solution and leverage its high-level technology to minimise the impact on its operations and ensure connectivity with clients.

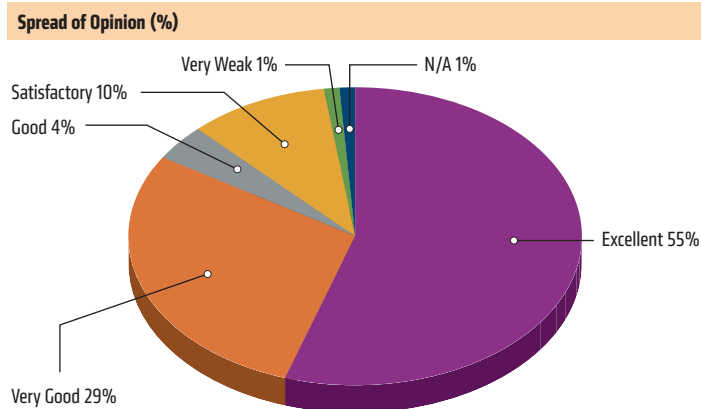
BTIG received the highest level of Excellent responses out of all the providers featured in the survey. It received top marks in Fixed Income (7.00), while also achieving high scores across OTC Clearing (6.67), Trading and Execution (6.62) and Asset Safety (6.62). Its strategy to provide state-of-the-art electronic trading solutions has paid off through several positive client comments.

"Trading and execution are flawless," said one client. "Electronic trading team is responsive and help," explained another.

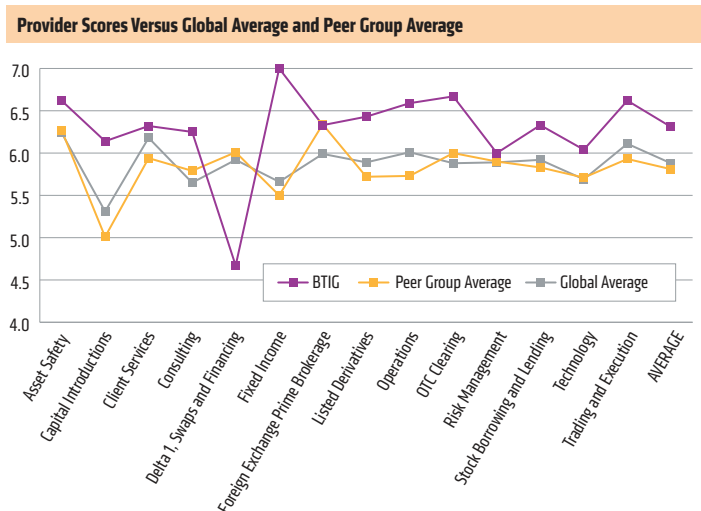
It received several plaudits for Capital Introduction (6.14), significantly beating both the global and peer group average. One client commended BTIG for making introductions to many different pools of capital. Another said: "Cap intro staff always provides valuable insights into the state of the asset raising market. They seem to be in touch with a pool of investors that aren't with the other primes."

Delta 1, Swaps and Financing (4.67) was the one area that brought down BTIG's overall scores.

Year-on-Year Comparison			
Category	2021	2020	Difference
Asset Safety	6.62	n/a	n/a
Capital Introductions	6.14	n/a	n/a
Client Services	6.32	n/a	n/a
Consulting	6.25	n/a	n/a
Delta 1, Swaps and Financing	4.67	n/a	n/a
Fixed Income	7.00	n/a	n/a
Foreign Exchange Prime Brokerage	6.33	n/a	n/a
Listed Derivatives	6.43	n/a	n/a
Operations	6.59	n/a	n/a
OTC Clearing	6.67	n/a	n/a
Risk Management	6.00	n/a	n/a
Stock Borrowing and Lending	6.33	n/a	n/a
Technology	6.04	n/a	n/a
Trading and Execution	6.62	n/a	n/a
<b>TOTAL</b>	<b>6.31</b>	<b>n/a</b>	<b>n/a</b>



Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Fixed Income	23.6	27.3
Capital Introductions	15.5	22.5
OTC Clearing	13.5	11.1
Client Services	2.3	6.4
Risk Management	1.9	1.8
Delta 1, Swaps and Financing	-21.1	-22.3



# Cantor Fitzgerald

Cantor Fitzgerald is another prime broker that has made a strong return to the survey, with over half of hedge fund respondents rating the firm either Excellent or Very Good across categories.

Over the past two years, the firm has made a major push in Europe, while also expanding services to include outsourced trading. The results have been an increase in the number and quality of clients on its prime services platform.

Capital Introduction (4.77) was the one area that Cantor did fall noticeably short, however, the New York-based firm is making efforts to improve this. In March, Cantor decided to outsource its capital introduction functions, such as arranging capital raising meetings and events for hedge funds, to specialist Layton Road Group. Cantor will also be able to tap Layton Road's portfolio of investors best suited for its range of small and mid-sized hedge fund clients.

With this move, clients are optimistic that it can bounce back. "The new Layton Road partnership is an improvement on the old model, and we have seen more relevant flow recently," highlighted one UK-based client.

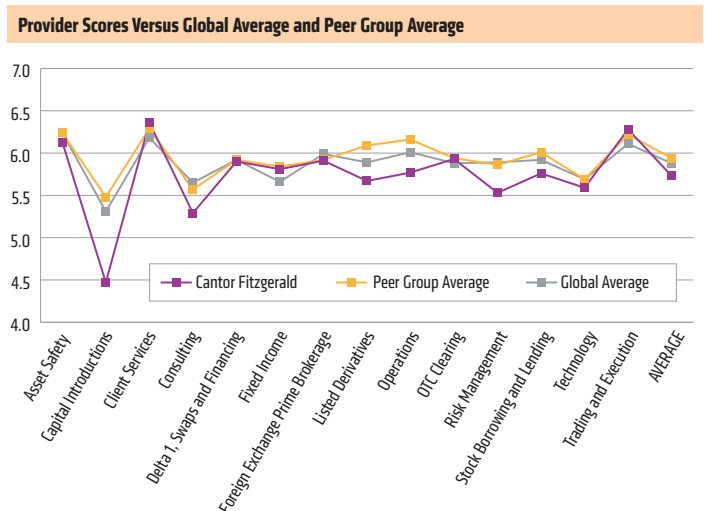
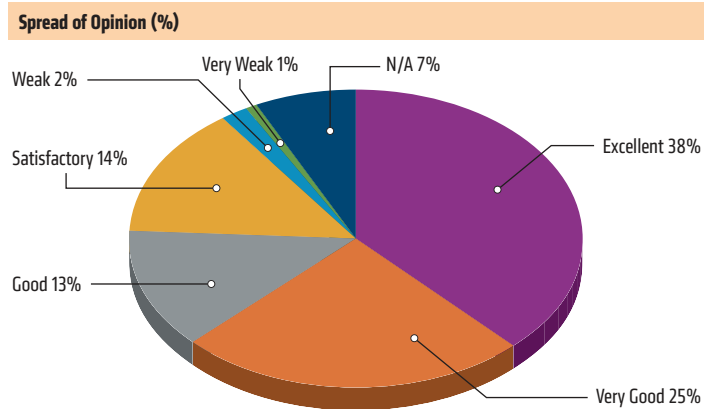
Respondents were also particularly vocal in their praise for Cantor's Client Service (6.36) and Operations (5.77). "Client service at Cantor has always been great. Reachable, responsive, informative and flexible. They tend to make it feel like a partnership," one client commended.

Clients do think that Cantor can improve its Technology (5.59) and its capabilities for Delta 1, Swaps and Financing (5.90). "Would like better financing terms for repo. Much of our book cannot be priced," said one client, while another added, "I believe PB can improve on the accuracy of their reporting data compared to what happened in the market. They have made considerable improvements, but there are a few more controls in their reporting that can be introduced."

Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Client Services	3.0	1.1
Trading and Execution	2.7	1.0
Fixed Income	2.6	-0.5
Risk Management	-6.1	-5.6
Consulting	-6.4	-5.2
Capital Introductions	-15.9	-18.4

Year-on-Year Comparison*			
Category	2021	2020	Difference
Asset Safety	6.13	n/a	n/a
Capital Introductions	4.47	n/a	n/a
Client Services	6.36	n/a	n/a
Consulting	5.29	n/a	n/a
Delta 1, Swaps and Financing	5.90	n/a	n/a
Fixed Income	5.81	n/a	n/a
Foreign Exchange Prime Brokerage	n/a	n/a	n/a
Listed Derivatives	5.67	n/a	n/a
Operations	5.77	n/a	n/a
OTC Clearing	5.93	n/a	n/a
Risk Management	5.53	n/a	n/a
Stock Borrowing and Lending	5.76	n/a	n/a
Technology	5.59	n/a	n/a
Trading and Execution	6.28	n/a	n/a
<b>TOTAL</b>	<b>5.73</b>	<b>n/a</b>	<b>n/a</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.



# Cowen Prime Services

Cowen was one of the top-performing prime brokers in the 2020 survey, where it excelled in several core service offerings. This time around, its scores fell just short of last year's stellar performance, though areas where Cowen did beat its 2020 ratings include Capital Introduction (5.37), Fixed Income (5.69), and Technology (5.71).

With more responses than any other provider, the firm's scores generally followed the global and peer group average, while still outperforming in several categories, including Consulting (5.91), Listed Derivatives (6.23), and OTC Clearing (6.19).

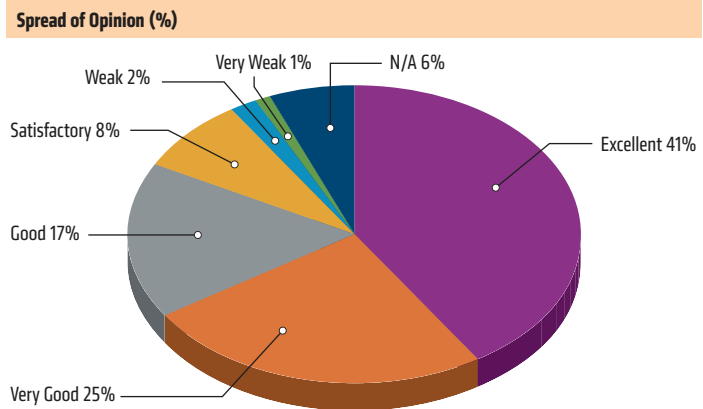
With some banks scaling back their Capital Introduction and Consulting capabilities, Cowen believes these are areas where it can drive significant value for emerging fund manager and family office clients. "The Cowen Prime Services team has done a great job providing me with highly targeted introductions for my niche strategy," highlights one US hedge fund client.

Cowen has also had to revise its collateral models since the collapse of family office Archegos Capital Management in March. The firm said it has since updated its risk-based margin models that allows it to accommodate clients, which it claims is a major accomplishment. As a result of this proactive approach to Risk Management (5.85), clients responded kindly. "Cowen has integrated very well with our risk management process," one US hedge fund client noted.

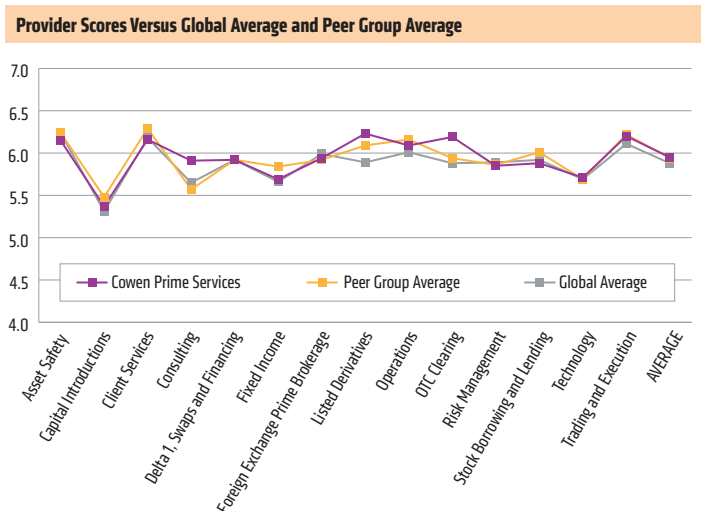
Trading and Execution (6.20) is where Cowen has made significant enhancements over the past year, which include an expansion of its FX and fixed income outsourced trading desks into new asset classes such as credit. However, some respondents felt there is still room for improvement. "Cowen are only limited to EZE Software trading execution systems whereas our firm are both IRESS and Bloomberg integrated," said one respondent. Another highlighted, "Some of the algos seem ready for a refresh."

Year-on-Year Comparison*			
Category	2021	2020	Difference
Asset Safety	6.15	6.44	-0.30
Capital Introductions	5.37	5.33	0.04
Client Services	6.16	6.36	-0.20
Consulting	5.91	6.57	-0.66
Delta 1, Swaps and Financing	5.92	6.67	-0.75
Fixed Income	5.69	5.50	0.19
Foreign Exchange Prime Brokerage	5.94	6.55	-0.60
Listed Derivatives	6.23	6.61	-0.38
Operations	6.09	6.48	-0.38
OTC Clearing	6.19	6.67	-0.48
Risk Management	5.85	6.17	-0.33
Stock Borrowing and Lending	5.88	6.04	-0.16
Technology	5.71	5.69	0.02
Trading and Execution	6.20	6.36	-0.16
<b>Overall average</b>	<b>5.95</b>	<b>6.26</b>	<b>-0.31</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.



Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Listed Derivatives	5.7	2.3
OTC Clearing	5.3	4.2
Consulting	4.7	6.1
Stock Borrowing and Lending	-0.7	-2.1
Foreign Exchange Prime Brokerage	-0.8	0.4
Asset Safety	-1.6	-1.4



# Goldman Sachs

Unsurprisingly, Goldman Sachs was one of the few prime broker of Archegos that escaped any major losses to its business following the family office’s collapse. David Solomon, the bank’s CEO, said on an investor call in April that it had taken “prompt action” during the firesale of Archegos’s portfolio. “We identified the risk early and took prompt action consistent with the terms of our contract with the client [Archegos],” Solomon said.

Following the Archegos scandal, the bank reported record hedge fund balances in the first quarter of the year as equities financing revenues soared 65% year-on-year to just over \$1.1 billion. With Credit Suisse looking to cut a significant portion of its prime brokerage client book, it presents a huge opportunity for Goldman Sachs to further solidify its spot as one of the top providers.

“You’ve obviously seen open expressions by other firms who are looking to reduce down their prime business. We are going the other way. We want to grow that business,” said Stephen Scherr, chief financial officer, Goldman Sachs in July.

Its approach to the events in March is reflected in the scores, where it beat last year’s results for Risk Management (6.69) by 120 basis points, in addition to Asset Safety (6.47), Technology (5.78) and Trading and Execution (6.13). “Trading has been excellent all around, from competitive pricing, algos offered and best execution,” said one large US hedge fund client.

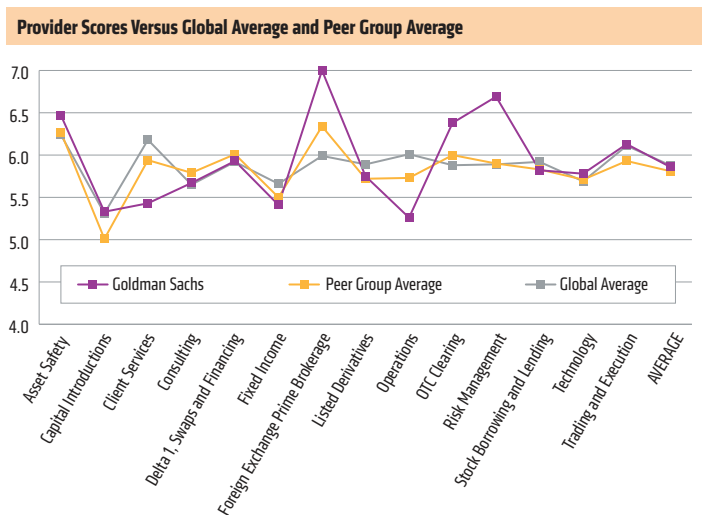
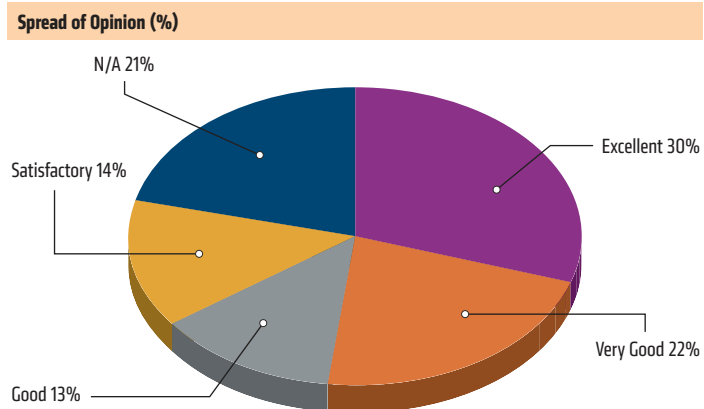
Moreover, the US investment bank recorded a perfect 7.00 for FX Prime Brokerage, beating the global and peer group average for this category by a huge margin.

Where it did fall short in comparison to its large banking peers was in Client Services (5.43) and Operations (5.26), where one client noted they have experienced problems and delays with responses to enquiries. Another client claimed that the bank “ignores smaller clients.”

Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Foreign Exchange Prime Brokerage	16.9	10.4
Risk Management	13.6	13.4
OTC Clearing	8.5	6.3
Fixed Income	-4.4	-1.6
Client Services	-12.0	-8.6
Operations	-12.5	-8.2

Year-on-Year Comparison*			
Category	2021	2020	Difference
Asset Safety	6.47	6.38	0.08
Capital Introductions	5.33	5.86	-0.52
Client Services	5.43	5.22	0.21
Consulting	5.67	5.56	0.11
Delta 1, Swaps and Financing	5.93	6.14	-0.21
Fixed Income	5.41	5.42	-0.01
Foreign Exchange Prime Brokerage	7.00	6.08	0.92
Listed Derivatives	5.75	5.84	-0.09
Operations	5.26	5.38	-0.12
OTC Clearing	6.38	5.64	0.74
Risk Management	6.69	5.49	1.20
Stock Borrowing and Lending	5.82	6.03	-0.21
Technology	5.78	5.12	0.66
Trading and Execution	6.13	5.66	0.47
<b>TOTAL</b>	<b>5.86</b>	<b>5.68</b>	<b>0.18</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.





# Interactive Brokers

Interactive Brokers (IB) makes its first appearance in the survey in well over five years. According to Prequin, the firm ranks as one of the top 10 prime brokers and serves as the predominant prime broker for hedge funds with less than \$50 million in assets under management, largely due to its appeal of having the lowest margin rates and zero custody fees.

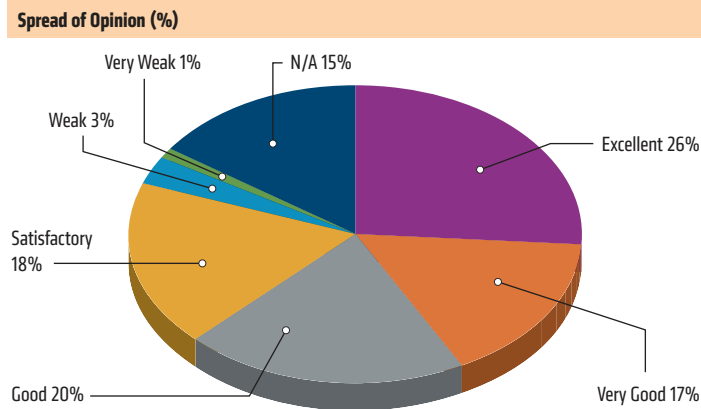
It also boasts having a one-stop-shop with a fully integrated OMS/EMS solution that includes order management, trading, research, risk management, operations, reporting, compliance tools, clearing and execution.

With its average score of 5.75, IB's return to the survey indicates a client set that is pleased with the service it receives, but with a few areas that dip into the merely satisfactory. The firm fell below the peer group and global average in Capital Introductions (4.20), Consulting (4.40), and FX Prime Brokerage (5.00).

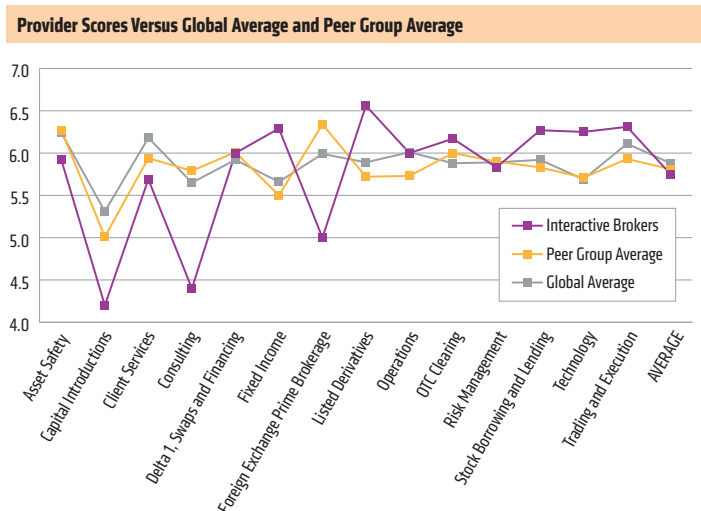
Its score for Client Services (5.69) would have been higher, but for a few respondents. One UK client suggested that Interactive Brokers mishandled the Brexit transition which had a detrimental effect on its account. "We were left in the dark about issues possibly affecting our account and we were not able to operate in an acceptable way for almost three months. We were completely frustrated by this because it hindered our business and the relationship with our clients."

Yet the firm can take solace in the fact that it beat the industry average for several key service areas that generate significant revenues. These include Listed Derivatives (6.56), Fixed Income (6.29), Stock Borrowing and Lending (6.27), Technology (6.25) and Trading and Execution (6.31). "Fully automated, wide diversity of products," said one US-based fund manager.

Year-on-Year Comparison			
Category	2021	2020	Difference
Asset Safety	5.92	n/a	n/a
Capital Introductions	4.20	n/a	n/a
Client Services	5.69	n/a	n/a
Consulting	4.40	n/a	n/a
Delta 1, Swaps and Financing	6.00	n/a	n/a
Fixed Income	6.29	n/a	n/a
Foreign Exchange Prime Brokerage	5.00	n/a	n/a
Listed Derivatives	6.56	n/a	n/a
Operations	6.00	n/a	n/a
OTC Clearing	6.17	n/a	n/a
Risk Management	5.83	n/a	n/a
Stock Borrowing and Lending	6.27	n/a	n/a
Technology	6.25	n/a	n/a
Trading and Execution	6.31	n/a	n/a
<b>TOTAL</b>	<b>5.75</b>	<b>n/a</b>	<b>n/a</b>



Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Listed Derivatives	11.3	14.6
Fixed Income	11.0	14.3
Technology	9.8	9.4
Foreign Exchange Prime Brokerage	-16.5	-21.1
Capital Introductions	-21.0	-16.2
Consulting	-22.1	-24.0



# J.P. Morgan

With 61.5% of respondents for J.P. Morgan returning from last year's survey, the bank has seen its overall average score rise higher up the Good scale (5.00-5.99).

Although this is below the global average, the bank surpasses the average at a category level in OTC Clearing, Consulting and Delta 1, Swaps and Financing for both the global sample and against a peer group average for the largest primes.

In common with many of its peers, the bank's score for Cap Intro is relatively low, remaining, as last year, in merely Satisfactory range (4.00-4.99). Whether this is a judgment on the quality of the actual service received or possibly a result of unrealistic expectations in the current climate, is up for debate.

The two other relatively low scoring categories, Operations and Foreign Exchange Prime Brokerage, do come in for criticism from a few, mostly smaller, clients. Regarding Operations, one client laments the fact that "It's become very clear that we're no longer a priority client. Queries typically will go unanswered for days regardless of the urgency assigned by the client. When we finally get responses, they are unhelpful and lack thought."

Another provides a mixed review, on the one hand damning the FX prime brokerage service - "We are extremely disappointed in the lack of personal service we receive from JPM, not being a big player in this market we expect a little more help which we don't receive" - and on the other praising the banks offering for Listed Derivatives ("We are very happy with the service we receive from JPM").

One European client is complimentary about the bank's electronic trading capability; less so about its manual trading.

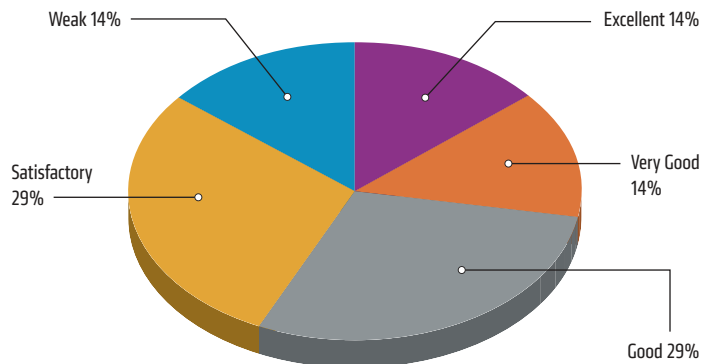
Overall, the spread of opinion from J.P. Morgan's response pool is relatively wide. Of all the ratings at a category level, Excellent, Very Good and Weak attract an equal proportion (14%) with Good and Satisfactory registering just 30% each.

## Year-on-Year Comparison\*

Category	2021	2020	Difference
Asset Safety	6.28	6.23	0.05
Capital Introductions	4.85	4.64	0.21
Client Services	5.78	5.12	0.66
Consulting	5.94	5.18	0.76
Delta 1, Swaps and Financing	6.03	5.56	0.47
Fixed Income	5.72	5.52	0.20
Foreign Exchange Prime Brokerage	4.71	5.00	-0.29
Listed Derivatives	5.69	6.00	-0.31
Operations	5.16	5.04	0.12
OTC Clearing	6.45	6.38	0.08
Risk Management	5.50	4.79	0.71
Stock Borrowing and Lending	5.55	5.74	-0.19
Technology	5.48	4.77	0.71
Trading and Execution	5.52	5.25	0.27
<b>TOTAL</b>	<b>5.60</b>	<b>5.37</b>	<b>0.22</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.

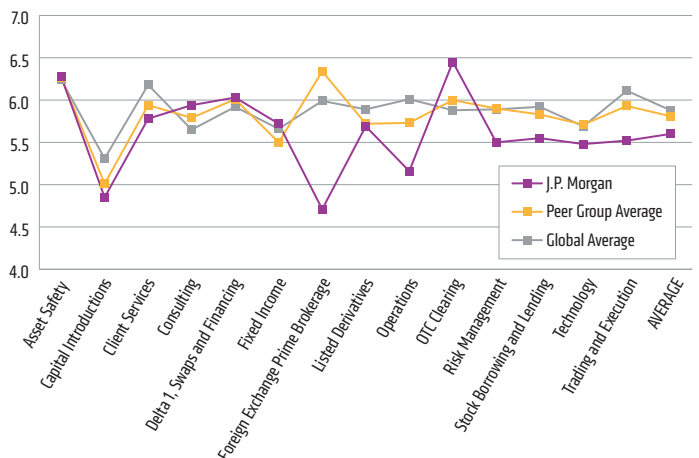
## Spread of Opinion (%)



## Percentage +/- Global Average (Top/Bottom 3)

Category	Vs Global (%)	Vs Peer Group (%)
OTC Clearing	9.8	7.5
Consulting	5.2	2.6
Delta 1, Swaps and Financing	1.9	0.4
Trading and Execution	-9.7	-6.9
Operations	-14.2	-10.0
Foreign Exchange Prime Brokerage	-21.3	-25.7

## Provider Scores Versus Global Average and Peer Group Average



# Lazarus Capital Partners

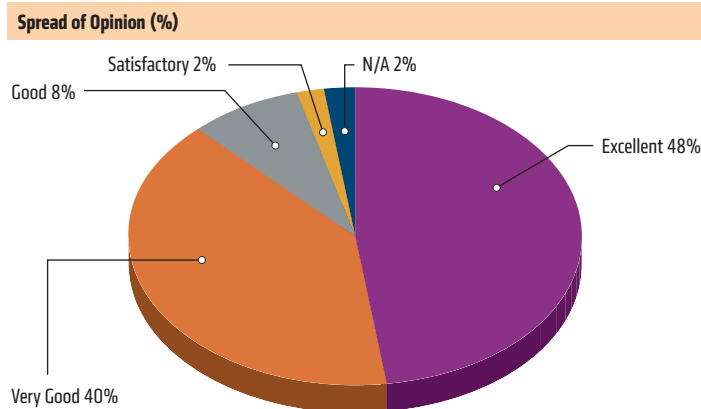
Lazarus Capital Partners stands out in this year’s cohort for a few reasons. Based in Australia, it focuses primarily on hedge fund managers with AUM of up to \$5 billion. In its first appearance on the Global Custodian PB survey, it has made an impressive entrance with all category scores in Very Good territory (6.00-6.99) with exception of Listed Derivatives and Technology in the upper fives.

For its highest scoring category, Client Service, the firm receives numerous plaudits from participating clients. “Lazarus Capital Partners is a high touch business, allowing full coverage during operating hours without any delays in response times. All personnel are highly trained and communicate effectively,” says one.

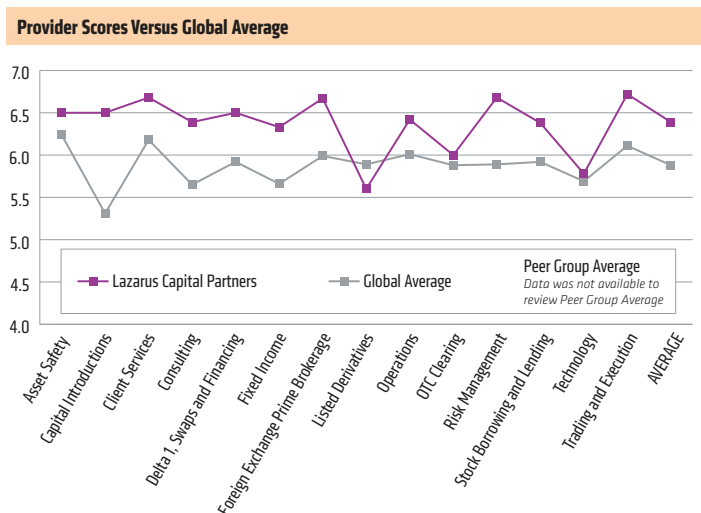
Bucking the trend in the survey as a whole, Capital Introduction is one of the areas where LCP distinguishes itself. “Lazarus Capital Partners have been more than capable when it comes to delivering capital introductions for our funds. They understand our business and our funds, and as a consequence they have consistently been able to identify and introduce [us] to the right ‘fit’ investor,” says one client.

The firm itself has had a strong risk focus over the past year. “Prior to the COVID sell-off in February 2020, we made efforts to ensure that our clients were adequately collateralised, which served the business and our clients well as there was minimal forced deleveraging and they were able to hold their positions through the selloff and into the recovery,” the firm explains. “Since then, the frequency of our risk committee meetings has increased from monthly to weekly, systems have been developed to provide clients with daily updates of their portfolio values and collateral adequacy, and we have enhanced our pre-existing risk management processes.” This is clearly paying off. According to one client, “The quality of risk management at Lazarus is one of the main reasons for using them.”

Year-on-Year Comparison			
Category	2021	2020	Difference
Asset Safety	6.50	n/a	n/a
Capital Introductions	6.50	n/a	n/a
Client Services	6.68	n/a	n/a
Consulting	6.39	n/a	n/a
Delta 1, Swaps and Financing	6.50	n/a	n/a
Fixed Income	6.33	n/a	n/a
Foreign Exchange Prime Brokerage	6.67	n/a	n/a
Listed Derivatives	5.60	n/a	n/a
Operations	6.42	n/a	n/a
OTC Clearing	6.00	n/a	n/a
Risk Management	6.68	n/a	n/a
Stock Borrowing and Lending	6.38	n/a	n/a
Technology	5.78	n/a	n/a
Trading and Execution	6.72	n/a	n/a
<b>TOTAL</b>	<b>6.39</b>	<b>n/a</b>	<b>n/a</b>



Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Capital Introductions	22.3	n/a
Risk Management	13.6	n/a
Consulting	13.1	n/a
OTC Clearing	2.1	n/a
Technology	1.5	n/a
Listed Derivatives	-5.0	n/a



# Morgan Stanley

Just over 73% of respondents for Morgan Stanley also rated the bank in 2020. They have helped it recover from last year's relative dip. Once again the bank records all category scores in Very Good territory (6.00-6.99). It also outperforms in all service areas compared to both average global scores and its peer group of large prime brokers that it regards as its main competitors.

Where Morgan Stanley most pulls ahead of its peer group is in the area of Capital Introductions. "Very strong team. The weekly, monthly, and quarterly market colour reports they put together are substantive and very much appreciated," says one client. "The proactive outreach to provide customised content by phone and email is differentiated. Whenever we have a question, the response is immediate and always accompanied by a willingness to jump on a call. The annual fall hedge fund conference this year was virtual and exceptional. We've done a fair number of these and the preparation before and smooth running day of were second to none."

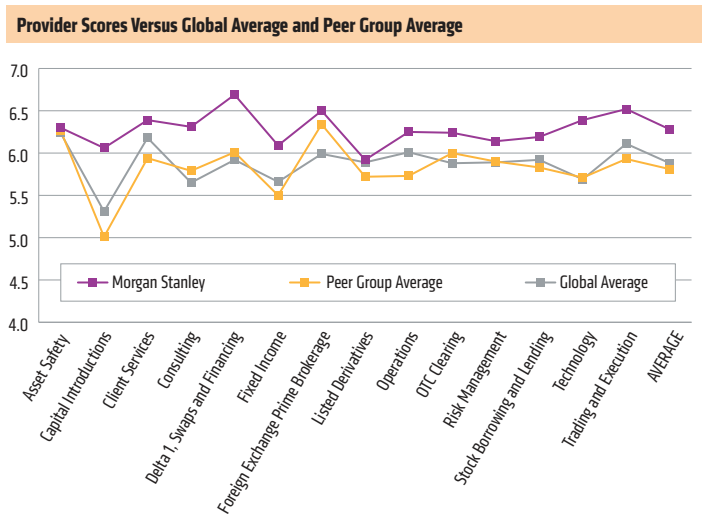
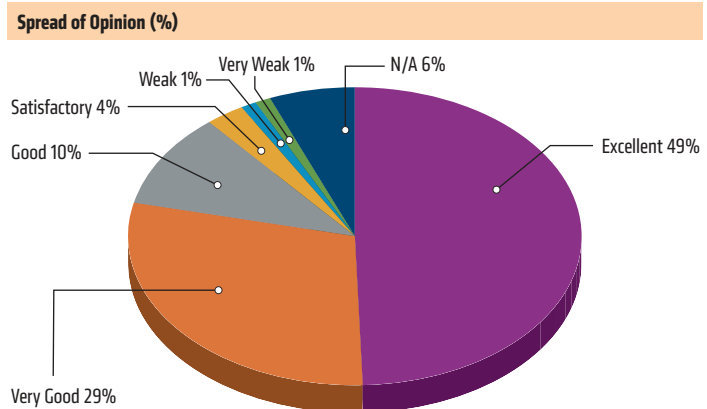
Delta 1, Swaps and Financing is the bank's highest scoring category (6.69). It is also the area where the highest percentage of respondents – over 70% – award it the top mark of 7.00. "Access to markets and low financing terms is most important," says one Hong Kong-based client.

Client comments in other areas are also positive, reflecting the high scores. "Morgan Stanley offers excellent client service and has been a great partner for us in all capacities," says one. Trading and Execution, meanwhile is described as "Excellent all round, from competitive pricing, algos offered, and best execution." As to the future, another client declares, "Morgan Stanley has been a great partner for us and I look forward to expanding our business with them in 2021/2022."

Category	Vs Global (%)	Vs Peer Group (%)
Capital Introductions	14.1	21.0
Delta 1, Swaps and Financing	13.1	11.4
Technology	12.3	12.0
Client Services	3.4	7.5
Asset Safety	0.9	0.5
Listed Derivatives	0.5	3.6

Category	2021	2020	Difference
Asset Safety	6.30	6.42	-0.12
Capital Introductions	6.06	5.75	0.31
Client Services	6.39	6.09	0.30
Consulting	6.31	5.94	0.37
Delta 1, Swaps and Financing	6.69	6.27	0.42
Fixed Income	6.09	5.58	0.51
Foreign Exchange Prime Brokerage	6.50	5.25	1.25
Listed Derivatives	5.92	5.81	0.11
Operations	6.25	5.72	0.53
OTC Clearing	6.24	5.95	0.29
Risk Management	6.14	6.02	0.12
Stock Borrowing and Lending	6.19	6.23	-0.04
Technology	6.39	5.89	0.51
Trading and Execution	6.52	6.04	0.48
<b>TOTAL</b>	<b>6.28</b>	<b>5.94</b>	<b>0.34</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.



# Pershing

“As the world continues to evolve and adapt around the impacts of the global pandemic, alternative asset managers too have had to pivot to an environment of ongoing change,” says Pershing. “With many firms changing the way they do business – from remote work to virtual operations and due diligence, to capital raising – hedge funds are taking a closer look at their counterparty relationships, placing a greater value on risk management and overall value proposition, in addition to their core services.” Both Risk Management and Asset Safety scores for Pershing are slightly up on last year and comfortably in Very Good range.

Pershing’s highest score and the area where it most exceeds both global and peer group averages is Foreign Exchange Prime Brokerage (6.65), though one client argues for some reorganisation, saying: “We would prefer to be able to execute bulk FX trades at a single rate through NETX360 and then allocate to our separate Funds, as opposed to the current setup, which only allows individual FX trades per fund to be done through the platform.”

By contrast, Consulting has fallen from Very Good to Satisfactory, though one respondent finds the “consulting team at Pershing very helpful and informed of latest trends and technology.”

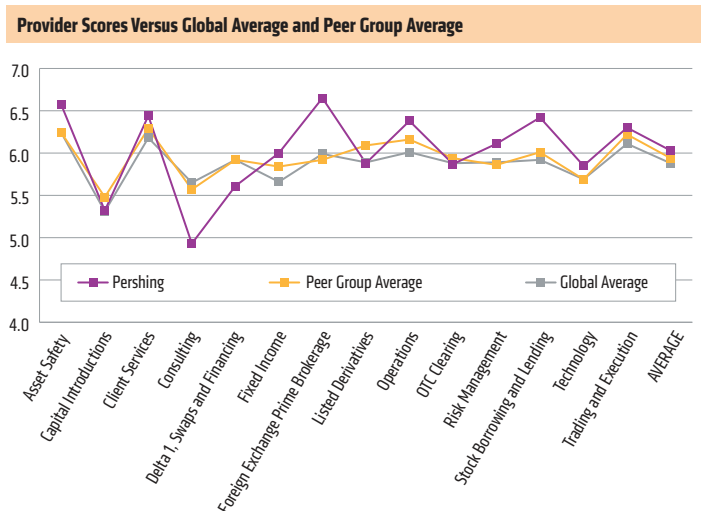
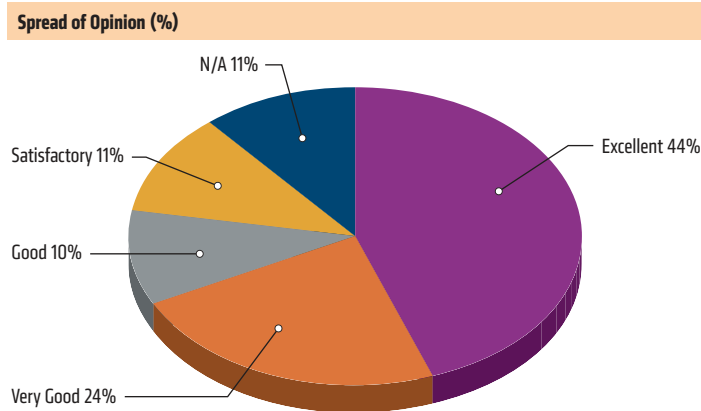
When it comes to Capital Introductions (5.32), the firm itself notes that, “We launched a Cap Intro webcast series in 2020 to bring investor insights directly to managers in the new virtual environment. These events provide managers a unique opportunity to hear directly from allocators and fellow managers their views on a hot topic impacting the alternative investments industry.”

This appears to have had a positive effect on client perception, with one commenting that, “Pershing Prime cap intro has been very proactive in reaching out to assist us. I am very impressed with the team and the introduction they can make, also with the industry updates and programs they offer.”

Percentage +/- Global Average (Top/Bottom 3)		
Category	Vs Global (%)	Vs Peer Group (%)
Foreign Exchange Prime Brokerage	11.1	12.4
Stock Borrowing and Lending	8.4	6.9
Operations	6.2	3.7
Listed Derivatives	-0.3	-3.5
Delta 1, Swaps and Financing	-5.3	-5.2
Consulting	-12.7	-11.5

Year-on-Year Comparison*			
Category	2021	2020	Difference
Asset Safety	6.57	6.58	0.00
Capital Introductions	5.32	5.14	0.18
Client Services	6.44	6.42	0.02
Consulting	4.93	6.18	-1.25
Delta 1, Swaps and Financing	5.61	6.05	-0.44
Fixed Income	6.00	6.08	-0.08
Foreign Exchange Prime Brokerage	6.65	6.17	0.48
Listed Derivatives	5.88	6.42	-0.55
Operations	6.38	6.31	0.08
OTC Clearing	5.87	6.35	-0.48
Risk Management	6.11	5.98	0.13
Stock Borrowing and Lending	6.42	6.05	0.38
Technology	5.85	5.75	0.10
Trading and Execution	6.30	5.90	0.39
<b>TOTAL</b>	<b>6.03</b>	<b>6.09</b>	<b>-0.06</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.





# TD Securities

Although only a fifth of TD Securities' response pool this year are returnees from 2020, the firms overall score is similar to last year, with the bulk of category scores as well as overall average in Very Good territory (6.00-6.99).

In the last 12 months, says the bank, the dislocation that arose out of COVID-19 has presented lots of opportunities for managers with growth in a variety of areas including Municipals bonds, Convertible bonds, SPACs, Cannabis, and Event Driven. "Additionally, we have seen a lot of the conversation in 2021 around shorts as well as leverage, and we believe with our thoughtful risk framework we will continue to offer long-term and stable solutions for our clients."

Innovations from TD Securities in the past 12 months include a new version of its portfolio margin methodology, allowing it to service more managers. "Additionally," says the firm, "we have expanded our capital introduction team as well as stock loan team."

Capital Introductions (6.04) is the category where TD most exceeds the global average and peer group average scores. One client is effusive in its praise for this service, albeit in a backhanded way: "Amazing service, and they probably work harder as they are smaller or growing. The actual Cap Intro team seems lazy or was to me; the Prime side works extremely hard and makes up for that."

Although Consulting is not one of the firm's highest rated service areas (5.67), it is well regarded by at least one client who praises the "excellent breadth and experience on the team. Hope to see them expand the group."

Looking ahead, TD expects there to be "greater scrutiny to shorting as well as the synthetic market in general. Continuing as we have before, we are in regular conversations with both the regulatory managers and our internal risk team in efforts to mitigate such risks in the market."

Percentage +/- Global Average (Top/Bottom 3)

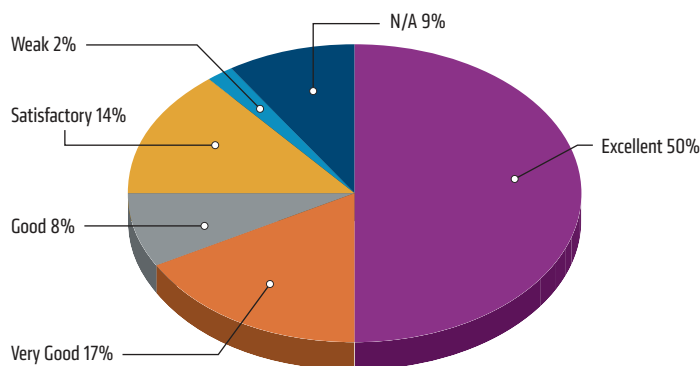
Category	Vs Global (%)	Vs Peer Group (%)
Capital Introductions	13.7	10.3
Client Services	9.4	7.4
Stock Borrowing and Lending	8.6	7.1
Consulting	0.3	1.7
Foreign Exchange Prime Brokerage	-8.1	-7.0
Fixed Income	-14.2	-16.8

Year-on-Year Comparison\*

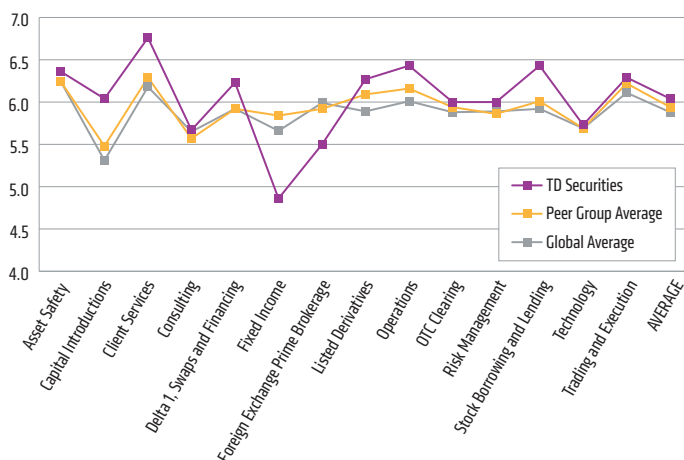
Category	2021	2020	Difference
Asset Safety	6.36	6.33	0.03
Capital Introductions	6.04	6.47	-0.43
Client Services	6.76	6.86	-0.10
Consulting	5.67	6.50	-0.83
Delta 1, Swaps and Financing	6.23	6.00	0.23
Fixed Income	4.86	6.33	-1.48
Foreign Exchange Prime Brokerage	5.50	5.00	0.50
Listed Derivatives	6.27	6.00	0.27
Operations	6.43	6.17	0.27
OTC Clearing	6.00	6.00	0.00
Risk Management	6.00	5.00	1.00
Stock Borrowing and Lending	6.43	6.17	0.27
Technology	5.73	5.75	-0.02
Trading and Execution	6.29	6.60	-0.31
<b>TOTAL</b>	<b>6.04</b>	<b>6.12</b>	<b>-0.08</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.

Spread of Opinion (%)



Provider Scores Versus Global Average and Peer Group Average



# Wells Fargo Prime Services

Almost 70% of respondents for Wells Fargo also rated the bank in 2020. Despite a small dip in overall average from Very Good to the upper end of Good range, the fall seems to be attributable to drops in one or two specific areas: notably, OTC Clearing (4.86), and Stock Borrowing and Lending (5.50).

That said, client comment on both of these areas is positive. Regarding OTC Clearing, one client says, “Wells Fargo’s account reps have consistently made our lives easier by following up with counterparties on our behalf and ensuring that settlement issues are minimised.” On Stock Borrowing and Lending, another notes, “The stock loan portal is user friendly and easy to use. Also, the stock loan desk is responsive and overall does a great job for our firm.” Another does, however, have a gripe about the technology underpinning the service, suggesting that, “Wells’ borrowing/lending technology is not as automated as our other prime, making it a bit more cumbersome to use.”

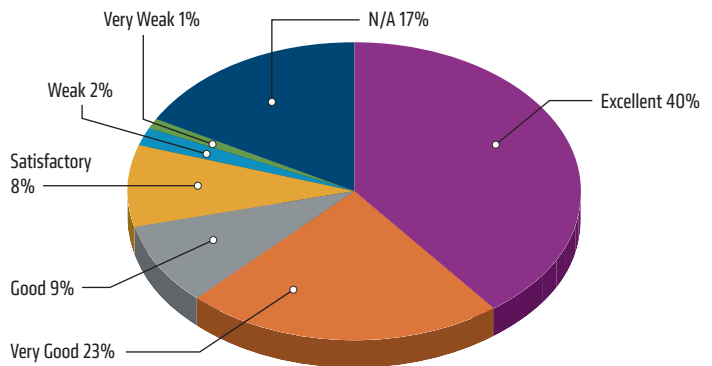
Where the bank can be most pleased with client feedback is in Consulting, which has recorded a huge rise from 5.65 to 6.67. It is also 18% above the global average and 19.6% above the average for its mid-tier peers. “The Wells consulting team has been helpful on a number of occasions in recent years, particularly helping us with vendor selection (e.g., marketing/graphic design firms, back/middle-office partners, etc.),” notes one client.

Wells itself points to recent enhancements in its electronic execution capabilities following the 2020 launch of the “Daytona” platform: “The platform gives us a suite of execution products to meet the needs of all segments of the quantitative community ranging from low latency / co-location to high-touch outsourced trading. Additionally, we continue to build out operational infrastructure and expand our client product offering to make Wells Fargo more competitive with full service prime brokers. This is a gradual progression of a multi-year buildout that began years ago.”

Year-on-Year Comparison*			
Category	2021	2020	Difference
Asset Safety	6.09	6.74	-0.65
Capital Introductions	5.57	5.63	-0.05
Client Services	6.50	6.29	0.21
Consulting	6.67	5.65	1.02
Delta 1, Swaps and Financing	5.38	6.00	-0.62
Fixed Income	6.00	6.25	-0.25
Foreign Exchange Prime Brokerage	n/a	n/a	n/a
Listed Derivatives	6.70	5.88	0.83
Operations	6.45	6.36	0.09
OTC Clearing	4.86	6.33	-1.48
Risk Management	5.50	6.15	-0.65
Stock Borrowing and Lending	5.50	6.31	-0.81
Technology	5.61	5.93	-0.32
Trading and Execution	6.09	6.51	-0.42
<b>TOTAL</b>	<b>5.92</b>	<b>6.15</b>	<b>-0.24</b>

\*Rounding to two decimal places may result in minor discrepancies in the Difference column of up to 0.01.

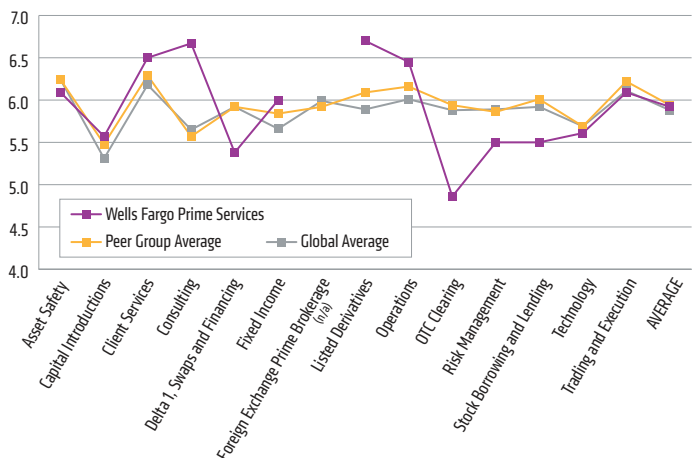
### Spread of Opinion (%)



### Percentage +/- Global Average (Top/Bottom 3)

Category	Vs Global (%)	Vs Peer Group (%)
Consulting	18.0	19.6
Listed Derivatives	13.7	10.0
Operations	7.2	4.7
Stock Borrowing and Lending	-7.2	-8.5
Delta 1, Swaps and Financing	-9.0	-9.0
OTC Clearing	-17.3	-18.2

### Provider Scores Versus Global Average and Peer Group Average



# Others

Several providers failed to garner enough responses for a full assessment, but a few broad observations are worth making beyond the impact of the Archegos collapse on one or two directly (and well reported elsewhere).

## Bank of America Merrill Lynch

BAML gets top scores for Foreign Exchange Prime Brokerage, OTC Clearing and Listed Derivatives. Conversely, Consulting and Cap Intro are only in Satisfactory territory.

Regarding the latter, one respondent says, “Their funding isn’t great, intros are stale relative to other banks; has had turnover.”

## Credit Suisse

While Asset Safety attracts high scores from a limited response pool, Risk Management is rated Very Weak. “Obviously Credit Suisse has had their Risk Management issues, being in the news way too much,” says one client. The same respondent is, however, complimentary about the FX Prime Brokerage service. “We are extremely happy with the service we receive. The one-on-one contact really helps a firm like ours that do not have a huge presence in the FX markets.”

## Nomura

Before curtailing its involvement in this year’s survey after an encouraging start, Nomura had actually garnered some impressive category scores. “Both the sales coverage and the middle-office support are great!” says one Hong Kong-based asset manager.

## How to read the provider charts and tables

### Year-on-Year Comparison

This table presents the results by category for each provider on a scale from 1 (Unacceptable) to 7 (Excellent) alongside the previous year’s results and the difference between them. As a general rule, any score above 5.00 is considered Good, even if it represents a decline year-on-year. Scores in Satisfactory range (4.00-4.99) suggest that respondents do not see the quality of a particular service as a deal-breaker but believe there is ample room for improvement. Anything below that should be regarded as a negative view. Apart from the individual category scores, some indication of changes in sentiment can be gleaned from shifts in the number of category scores falling in each broad segment.

### Spread of opinion (%)

This pie chart presents the proportion of votes in each rating segment aggregated across all categories. This provides an indication at a glance of how the bulk of respondents feel about the bulk of services as well as suggesting whether respondents seem to share a common experience or if there is a mixture of views across the

spectrum. Again, as a general rule, it is fairly unusual for any one respondent’s scores across all categories to deviate significantly from one category to the next. Outliers at that level are very much the exception.

### Provider Scores Versus Global Average and Peer Group Average

This line graph provides an at-a-glance indication of how a provider’s results compare to both a global average and a peer group average as well as the extent to which it exceeds or undershoots these averages in each particular category.

### Percentage +/- Global Average (Top/Bottom 3)

This table amplifies the results of the previous graph by indicating the percentage outperformance and underperformance of a provider in its top three and bottom three categories in terms of deviation from the global average. In practice, almost all rated providers, including those whose overall result sits in the bottom quartile, have at least one or two service areas in which their clients have rated them above the pack.

## Barclays

As with many providers, Consulting and Capital Introductions are the bank’s lowest scores, though overall, those clients who have responded seem happy to envisage a continued relationship.

## IG Prime

While IG Prime has not received sufficient responses for analysis, it has provided some useful comment on market conditions through the provider questionnaire. “Post the Archegos event, all prime brokers have had deep dives on their business from a risk

appetite perspective to ensure the leverage extended is still appropriate. There is an expectation that more regular and more dynamic margining will be forthcoming from prime brokers to their clients,” says the firm.

In terms of its own services, IG Prime highlights several changes over the past year, including: platform improvements to both IG’s proprietary DMA platform as well as external platforms, such as Bloomberg EMSX; OMS improvements resulting in higher order capacities and lower latencies through APIs.