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hanging times can lead to changing behaviour patterns. These can in turn lead to subtle but significant changes in a company’s corporate image and its branding. SGSS, as part of the broader Societe Generale group, is experiencing just such a period of change. Continuing the evolution of the Group’s business, look and feel over the past decade, Societe Generale group unveiled a new brand platform on March 15.

The contribution of SGSS to this initiative is to reinforce the partnership approach we take to our business. This approach is encapsulated in our division’s motto: “More than a partnership: a genuine team.” As team members, we share common objectives, and sometimes even the same resources. We therefore aim to create long-term, win-win partnerships with our clients, based on trust, both through the good moments as well as the difficult ones. It is for this reason that we need to be completely in tune with your needs in order to accompany you in the most appropriate manner, working hand in hand to obtain the best possible results for everyone. We look forward to demonstrating the underlying truth behind the motto ever more fully.

I would also like to pay tribute to Ramy Bourgi, former Head of Emerging Markets, who unexpectedly passed away in April. The interview with Ramy on page three represents his last-ever for a newsletter with which he has been involved since its launch nearly four years ago. It also reaffirms the company’s efforts in further expansion of its emerging markets capabilities, building upon the strong platform Ramy leaves behind.

Alain Closier,
Global Head,
Societe Generale
Securities Services

SNAPSHOT

NUMBER ONE RUSSIA RANKING

SGSS Russia (Rosbank) has been ranked top sub-custodian in Russia in Global Investor’s 2010 sub-custody survey. This reflects the quality of the 70-strong team at one of the largest Russian providers of local custody and fund services to Russian and international corporates, financial institutions and institutional investors. SGSS (Rosbank) is also actively involved in Russia’s long-term goal of becoming a fully-fledged international financial centre.
Fund Distribution Support –
Continuing challenges in a fragmented market

As has been noted previously in *Momentum*, fund markets everywhere face large-scale change in the near future as the requirements of, for example, the UCITS IV, AIMFD and T2S initiatives, begin to be felt. These changes will do nothing, though, to reduce the differences between countries, each of which retains its own language, regulation, tax rules and distribution practices. Beyond Europe, the situation is even more complex. These differences act as a handicap for asset managers. Their competitive position, based on global thinking, is weakened by the need to conform to local administrative and regulatory details, preventing them from focussing fully on adding value to clients.

As the new corporate motto underlines, at SGSS, we appreciate the true value of the fund manager’s time. Moreover, our experts can create time for the fund manager to focus on the core business of investing, by offering a single point of contact combined with solutions carefully adapted to individual needs drawing on our local services to support fund distribution (registration, representative services, market intelligence, local TA, KIID, ...).

Our offer is built around three pillars:

1. Single point of contact: we manage relations with each country through our local network of distribution experts. Our experts are responsible for co-ordinating all work carried out on the fund manager’s behalf locally and to adapt local services to individual distribution needs.

2. In addition to our standard TA services (the calculation of fees and commissions, extensive reporting capabilities, CRM and call centre) we offer a packaged range of services perfectly adapted to specific local requirements:
   - Fund registration to obtain the distribution agreement;
   - Local representation of the fund manager;
   - Central ordering hub connected to the main international distribution platforms;
   - Rerouting of orders through our central platforms in Luxembourg.

3. A customised offer tailored to meet individual client types and fund categories.

New Direct Orders Service for French Funds

From July 1st 2011, SGSS will offer a ‘direct orders’ service to institutional investors who do not want to hold a bank account in France. This will enable such investors to invest in any French-domiciled fund with SGSS as the custodian.

Previously there were barriers to direct investment in French funds. The new service has been developed to seize the opportunities arising from recommendations by France’s Haut Comité de Place on the attractiveness of the country’s financial marketplace.

SGSS will enable institutional investors interested in investing in French funds to take advantage of the flexibility of proprietary order-taking practices in Luxembourg. Their positions will be held in a register falling under the responsibility of the French custodian. They will thus benefit from the same level of protection provided by the French legal system as is the case today if they address their orders via a French-based banking establishment or via EUROCLEAR.

SGSS is a business division of Societe Generale and/or its related companies, which provides services only to investment professionals.
In his last interaction with Momentum, Ramy Bourgi, former Head of Emerging Markets at Societe Generale Securities Services, discussed the perceived attractions of investing in such markets, and the practicalities of doing so.

Momentum: Should international investors automatically invest in emerging markets?

Ramy Bourgi: As asset services providers it is clearly not our place to be offering investment advice to anyone, let alone vastly experienced international market participants. But the arguments in favour of investing in emerging markets are well documented. There is the potential for higher short-, medium- and long-term returns as the markets in question grow and develop, and if the original underlying investment decisions pay off. Buying into a new market at a relatively modest price will undoubtedly be attractive to at least some international investors who are looking to boost their overall portfolio returns, but only if the risk-reward ratios are seen as acceptable.

Momentum: If it’s beyond the company’s remit to issue investment advice, what might SGSS have to say on the subject that would be of interest to investors?

Ramy Bourgi: Our role is to enable them to translate their investment decisions into practical action, by executing their transactions simply, safely and profitably. There is no such thing as a free lunch and emerging markets are no exception, but more clients are moving into emerging markets and SGSS is recognised as a strong player in its selected emerging markets. We all, though, face extra risk (political and market related) so a great deal of effort needs to be taken when designing market entry strategies and accurately identifying our local partners. We need to be satisfied that we know the regulatory and operational risks and that we have the controls needed to mitigate those risks on all sides of the transaction.

Momentum: You mentioned regulatory risk as a factor in the equation. How are regulatory changes impacting emerging markets?

Ramy Bourgi: Emerging markets regulation varies. The most important factor is that emerging markets are recognising that they have to be purer than pure. This means that, sometimes, we’re seeing a degree of unnecessary bureaucracy as the markets are keen to avoid being thought to suffer from reputational issues. In markets where we offer fund administration, we clearly abide by the regulatory environment. But it has not moved like we’ve seen the movement in Europe. In short, UCITS IV has not really come into effect yet in emerging markets.

Momentum: You have engineered a series of expansions in recent years. Can you remind us briefly of some key details?

Ramy Bourgi: Our role is to enable them to translate their investment decisions into practical action, by executing their transactions simply, safely and profitably. There is no such thing as a free lunch and emerging markets are no exception, but more clients are moving into emerging markets and SGSS is recognised as a strong player in its selected emerging markets. We all, though, face extra risk (political and market related) so a great deal of effort needs to be taken when designing market entry strategies and accurately identifying our local partners. We need to be satisfied that we know the regulatory and operational risks and that we have the controls needed to mitigate those risks on all sides of the transaction.

In addition to his contribution to the international development of the business, Ramy’s colleagues will remember him for his warm personality, enthusiasm and genuine values.

Ramy Bourgi was Head of Emerging Markets for Societe Generale Securities Services from September 2007 to April 2011 and drove the business forward to the position it occupies today. He began his career in 1986 as a Financial Analyst for Dar Al-Handasah Consultants UK Ltd. He then joined Crown Agents Asset Management Ltd in 1987 as Assistant Fund Manager, moving to become Marketing Manager for the Middle East and Europe at Chemical Investment Group, Chemical Bank (London) in 1988. In 1989 he returned to Crown Agents Asset Management Ltd as Regional Manager for Business Development, EAME, Ramy then worked for JPMorgan, now JPMorgan Chase Bank, between 1992 and 2005 where he held several positions before being appointed Co-Head of Worldwide Securities Services in EMEA.
Congratulations to Andrew Duffin, Senior Sales and Global Relationship Management Executive at SGSS. Andrew recently completed his first marathon, the London Marathon, on April 17, in a time of 4h 10mins. “It was brilliant but a lot tougher and hotter than I imagined,” he said. To date, Andrew has raised around €3,500 in sponsorship from SGSS colleagues, clients, and Societe Generale itself, for Care International. Care International, a charity partnered by Societe Generale, is the third-largest aid agency in the world. It focuses mainly upon 70 of the world’s poorest countries.

Andrew prides himself on his long-term fitness, but had never previously run any distance in the open air other than in his Saturday afternoon football matches. Training for the Marathon took him to places he had literally never been before. “Where I live, in Wilmington in north Kent, you don’t have to run far to get to the country, and I discovered routes and places I didn’t know before,” he told Momentum. “And one run I did in Paris while visiting on business took in a whole series of iconic names and sites including the Champs-Elysées, the Arc de Triomphe, the Louvre, Notre Dame and the Eiffel Tower. Compared to that, running round London is just a little bit less uplifting.”

Andy followed the London Marathon’s own guidance on building up for the big day, starting with a run of around six miles when he started his training on January 2, quickly building up to his first 21-mile run in March. His eventual time compares well with his pre-race target of “anything around four hours”.

SGSS appointed Mathieu Maurier as Global Head of Sales and Relationship Management to replace Sébastien Danloy. He became a member of the SGSS International Management Committee and reports to Alain Closier, Global Head of SGSS. Previously Deputy Head of SGSS Russia at Rosbank, he has over 16 years’ experience in the international securities services industry. His principal responsibilities are to pursue the SGSS commercial development strategy and to accompany its clients in their growth and development, in particular through the presence of the business in 28 countries worldwide.

Mathieu has a Master of Science in Banking and Corporate Finance from the University of Nantes. He joined Societe Generale in 1994 as an Account Manager for the institutional clearing and custody unit in Paris.

Preparations are now well under way for the migration of assets managed by the local Russian subsidiary of Fleming Family & Partners to SGSS Russia (Rosbank). Fleming Family & Partners awarded the mandate to provide fund depositary and transfer agency services for its open-ended and closed-ended local mutual funds in December; migration of the assets, with an approximate net asset value of €500m, is scheduled to be complete by the middle of this year.

The mandate demonstrates the credentials of SGSS in Russia, and how international investor services can be extended to Moscow and beyond.

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For further information

For more information

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