

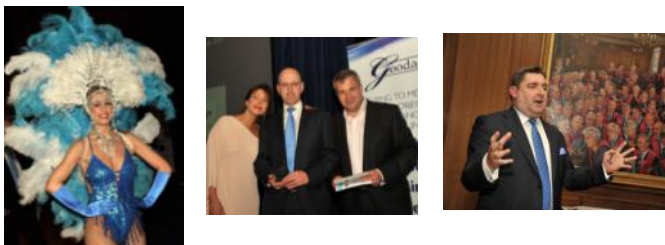


At a presentation attended by Stockbrokers, Fund Managers and Investment Banks at the Royal College of Surgeons in London, LBC 97.3's James Max announced the winners of the Systems in the City Awards 2011. PR Guru Suzanne Brocks from Buchanan Communications presented the winners with their respective Awards.

The Systems in the City Awards commend companies and individuals who provide services to companies operating within the Securities Industry. The Awards, which have increased in popularity over the years, are determined by nominations from user firms themselves.

A pre requisite for nominees was that products and services had to reach a high standard before entries to the Awards could be accepted. An independent panel of judges then determined the Award winners based on their performance during the past 12 months.

This Awards presentation took the form of a champagne reception sponsored by Penson Financial Services, followed by dinner, the Awards Ceremony and evening entertainment:



The winners were:



### Company Awards

- Best Corporate Action & Reference Data Provider XSP
- Best Data Feed Provider Interactive Data
- Best Data Innovation Award SIX Telekurs
- Best Information Display System Interactive Data
- Best Custody System Cofunds
- Best Clearing Service Penson
- Best Marketing Material 3i Infotech
- Best Institutional Settlement System GBST
- Best New Development peterevans
- Best Retail Settlement System JHC
- Best Wealth Management System TD Waterhouse
- Best Website Development MBA Systems
- Most Cost Effective Solution Pulse
- Most Effective Outsourcing Support Pershing
- SIMA Award for Best Newcomer Babel Systems
- Most Effective STP Solution Broadridge

### Individual Awards

- APCIMS Awards for Exceptional Customer Service Bonnie O'Brien, Pershing
- Best Newcomer George Still, Thomson Reuters
- CEO of the Year Tom Carey, Broadridge
- Sales Executive of the Year Huw Thompson, TD Waterhouse

A raffle for Chelsea Flower Show tickets, kindly donated by Brewin Dolphin took place at the event, in aid of The Prince's Trust Charity.

## In this issue :

- Regulatory Update
- PIGS Crisis!
- RDR Gap Fill
- PR & The City
- Events 2011
- Systems Survey

Clearing,  
Settlement  
& Custody

Execution  
Services

Outsourcing

Equity  
Finance

Multi-Asset  
Classes



## Knock Out Service.

**Champion Standards.** Innovative services for institutional and retail trading firms seeking flexibility, reduced overheads and a partnership approach.

- Robust, scalable and cost effective solutions
- Cutting edge technology
- Local expertise with global reach



**Learn More:** [enquiries@pensonuk.com](mailto:enquiries@pensonuk.com) | +44 (0) 20 7549 1555 | [www.penson.com/pfsl](http://www.penson.com/pfsl)

Penson Financial Services Ltd. is a member of the London Stock Exchange, Chi-X Europe, BATS Europe, NYSE Arca, NYSE Euronext, and SmartPool, and is authorized and regulated by the Financial Services Authority. The Penson Worldwide group of companies includes Penson Financial Services, Inc., Penson Financial Services Canada Inc., Penson Financial Services Ltd., Nexa Technologies, Inc., Penson Futures, Penson Asia Limited, and Penson Financial Services Australia Pty Ltd, among other companies. Headquartered in Dallas, Texas, Penson has served the clearing needs of the global financial services industry since 1995.

# Financial PR and the City

**In these days of uncertain economic times, the importance of good communication becomes ever more paramount.**

The duty of a PLC to its shareholders, both private and institutional, as well as to the research community, the press and public as a whole, is a relationship that is essential, even critical.

A good financial public relations consultancy will herald, promote and spearhead a Company in good times, from start up through growth. Yet in bad times or uncertainty, it is there to advise, protect and guide the Company via a specified communications programme, with clarity through key messages, and agreed spokespeople in measured response to enquiries.

In the current economic environment, PLCs may come under pressure from their Board to cut retainers, deeming many overheads such as marketing and Public Relations, an unnecessary cost. This is unwise.

A company seldom needs to communicate its messaging more accurately or professionally than when times are difficult. The more effectively a PLC communicates with its audience, the more comfort is given and the more respect a Company demands. The assumption that "no news is good news" does not necessarily ring true in these circumstances.

The role of Financial PR dates back to the 1960s, gaining prominence in the 1980s however, now almost every PLC deems it essential within the advisory circle surrounding their Company. Financial PR is serious business and communicating properly is essential, not 'spin'. What companies now realise is that Financial PR is a vital tool. Credible and efficient companies are those whose message is understood and properly conveyed to the correct audiences.

With the financial calendar the traditional starting point for most programmes, principally the goal is to see that a Company is understood, in terms of its activities and objectives, and is favourably regarded in the financial and capital markets and investment community.

## About Buchanan

**At the heart of the City for 25 years with senior, sector focused expert consultants**

A financial and corporate communications consultancy with long-term client relationships based on sound advice and the highest quality service delivery to support and guide clients through their communications challenges.

Consistently handling more Initial Public Offerings than any other agency in London, Buchanan's core consultancy services include: financial and corporate public relations, investor relations, M&A, crisis management and financial calendar work.

Buchanan has over 100 clients, the majority of which are companies quoted on one or more international stock exchanges.



**Suzanne Brocks, Director,  
Buchanan Communications**

The key audiences include: analysts to increase institutional exposure and encourage independent endorsement, media to raise company and management profile, investors to create liquidity to assist the rating and ensure a diverse but knowledgeable shareholder base and private client brokers to create demand for stock and ensure a knowledgeable shareholder base. These audiences, together, should provide profile development, maintain a strong market rating, share price support and encourage liquidity. Additionally, a good consultancy will oversee full and timely public disclosure of material information and work with legal staff in complying with rules in securities exchanges, and other regulatory authorities.

They will effectively and professionally respond to enquiries from shareholders, professional investors, brokers and the financial media. They aim to maintain productive relations with the firm's investment bankers, specialists in its stock, identifying the firm's particular investment audience, arranging analysts meetings and other presentations and generating publicity.

A clear communications strategy can put a Company in a strong position in the support of its investors. The City sees this as effective and will be appreciative. A clear strategy can prevent 'surprises' and stop 'lows' being disastrous, helping the audience to understand the strategy and be supportive of a Company's particular path or point of their corporate journey.

Financial public relations advisors and consultants tend to hail from all the professional City backgrounds: law, media, journalism and banking/broking/investment. An agency accordingly can harness all the skills required to provide an educated essential PR strategy and programme of initiatives, as well as enhance existing relationships, make effective introductions and ensure a Company is on the radar of City editors, sector analysts, and the most influential and useful City audiences.

Company news is a valuable commodity. Those who have maintained regular contact through consistent news flow will find that when people are confident to invest again, they are the ones who will be respected and thus rewarded, enhancing the Company's value through both reputation and share price.

Put simply, "It's good to talk".

Training and the development of your staff is one of the most important investments your organisation will make.

Goodacre UK offers a comprehensive and effective training service designed to meet the compliance, HR, marketing and operational needs of your firm. Our training courses cover a range of subjects of relevance to the investment industry, from Introductory sessions through to detailed learning programmes.

A list of forthcoming courses can be found by visiting [goodacreuk.com](http://goodacreuk.com)

## In-House Training

The majority of our courses can also be run on an in-house basis at very competitive rates.

- Courses can be tailored to meet your specific learning objectives
- Training takes place at convenient dates
- Train at the venue of your choice
- Save time on travel
- All of our trainers are experienced and run the training in a practical, interactive and engaging style.



## RDR Gap Fill Training



Goodacre UK now provides RDR Gap-Fill Training for both the LSE and PCIAM Qualifications.

### **THE ISSUE:**

All Retail Investment Advisers must be RDR compliant to continue in the business. To meet the new RDR Level 4 standards, advisers who already hold the PCIAM or LSE qualifications will be required to fill any gaps in their knowledge by 31<sup>st</sup> December 2012.

### **THE SOLUTION:**

To simplify matters for you, we have designed several programmes which will deliver the right amount of training in ways that will cause the minimum amount of disruption to your daily workload, at the lowest possible price. Courses can be run on an in-house basis or at our training centres.

**Straightforward Gap-Fill Training from Securities Industry Specialists**

**For further Training information, please contact [emma.healy@goodacreuk.com](mailto:emma.healy@goodacreuk.com)  
or call +44 (0)20 7422 0063**

Goodacre is an accredited training provider of the Chartered Institute for Securities and Investment CPD Scheme.



ACCREDITED CPD PROVIDER



Based on over 25 years research, development and customer experience, peterevans' xanite; a full multi-entity, multi-currency, real time front to back system, for Private Client Stockbrokers and Wealth Managers.

**Covers:**

- Retail Web Access
- iPhone App for mobile trading
- Customer Services support
- Middle and Back Office

**Supports the full trading lifecycle including:**

- Portfolio Management
- Trade Execution
- Clearing and Settlement
- Asset Servicing

For all account types including Tax wrappers such as ISAs & SIPPs

**Wide range of assets supported including:**

- UK & International Stocks
- Funds
- Gilts & Bonds

Delivered via a SaaS model, xanite is fully managed, highly resilient, highly scalable, has 24/7 monitoring and no desktop IT footprint.

**Links to Crest and 3rd Party Custodians.**

Charged on a transactional tariff, this dynamic and innovative approach liberates brokers, securing them a greater share of the cost savings and keeps businesses responsive to market needs and regulations.



our vision

peterevans



# Clients Direct Ultimate Support for IFAs



*MBA Systems has designed Clients Direct to enable investment management firms to provide the ultimate support to their IFAs. At this year's Systems in the City, the award for "Best Website Development" was presented to MBA Systems for: Clients Direct.*

An internet based system, Clients Direct allows investment managers to support a website for each of its IFAs in the IFA's own livery and identity. IFA clients can then have direct access to the dynamic details of their portfolios, accounts and total assets, which are managed by their IFA's investment manager.

Features of Clients Direct:

- IFAs' clients have instant online access to their account details.
- Information is presented in each IFA's branding and livery, enhancing their professional image.
- Up-to-the minute valuations of stock portfolios can be viewed with primary and secondary sector weightings.
- A picture and composition of a client's total wealth is incorporated, including assets not managed by the investment manager. Having all assets in a single picture enables an IFA to create an optimum investment profile of their client.
- There is a two-way dialogue for messages and instructions.
- A sophisticated order management application is incorporated for asset allocation and portfolio rebalancing.
- Demand is reduced on investment managers' systems.
- The system can be tailored to the business operation and offering of the investment manager.
- It meets the highest international banking security standards.
- There are different permission levels for access within an IFA firm.
- Investment managers are provided with information on IFA usage.
- High quality printed reports are branded according to the relevant IFA's livery.

Using Clients Direct, an investment manager can help its IFAs impose a strong, professional image and approach. The IFA's clients are kept better informed. Overall it supports compliance and strengthening the confidence that investors have in their IFA and investment management firm.

Mike Bradford (right) Managing Director of MBA Systems, receiving the award for 'Best Website Development' from LBC broadcaster, James Max, for MBA's system: Clients Direct



**For more details about the Clients Direct from MBA Systems, visit: [www.mbasys.co.uk](http://www.mbasys.co.uk), email: [smt@mbasys.co.uk](mailto:smt@mbasys.co.uk) or telephone: 01962 841494**

## The Annual Goodacre System Survey

**If you are a System or Clearing Service User, what do you think of your Supplier?**

**If you are a System or Clearing Service Provider, what do you think of your Product, the Competition and your Customers?**

**Complete the Survey today for your chance to win a Champagne Gift Set.**

**If you are a System or Clearing Service User click [HERE](#)**

**If you are a System or Clearing Service Provider click [HERE](#)**

**The results of this survey will be presented at a half day seminar on 28th July 2011 at the London Chamber of Commerce where a panel debate will take place on; 'To Clear, or not to Clear?'**





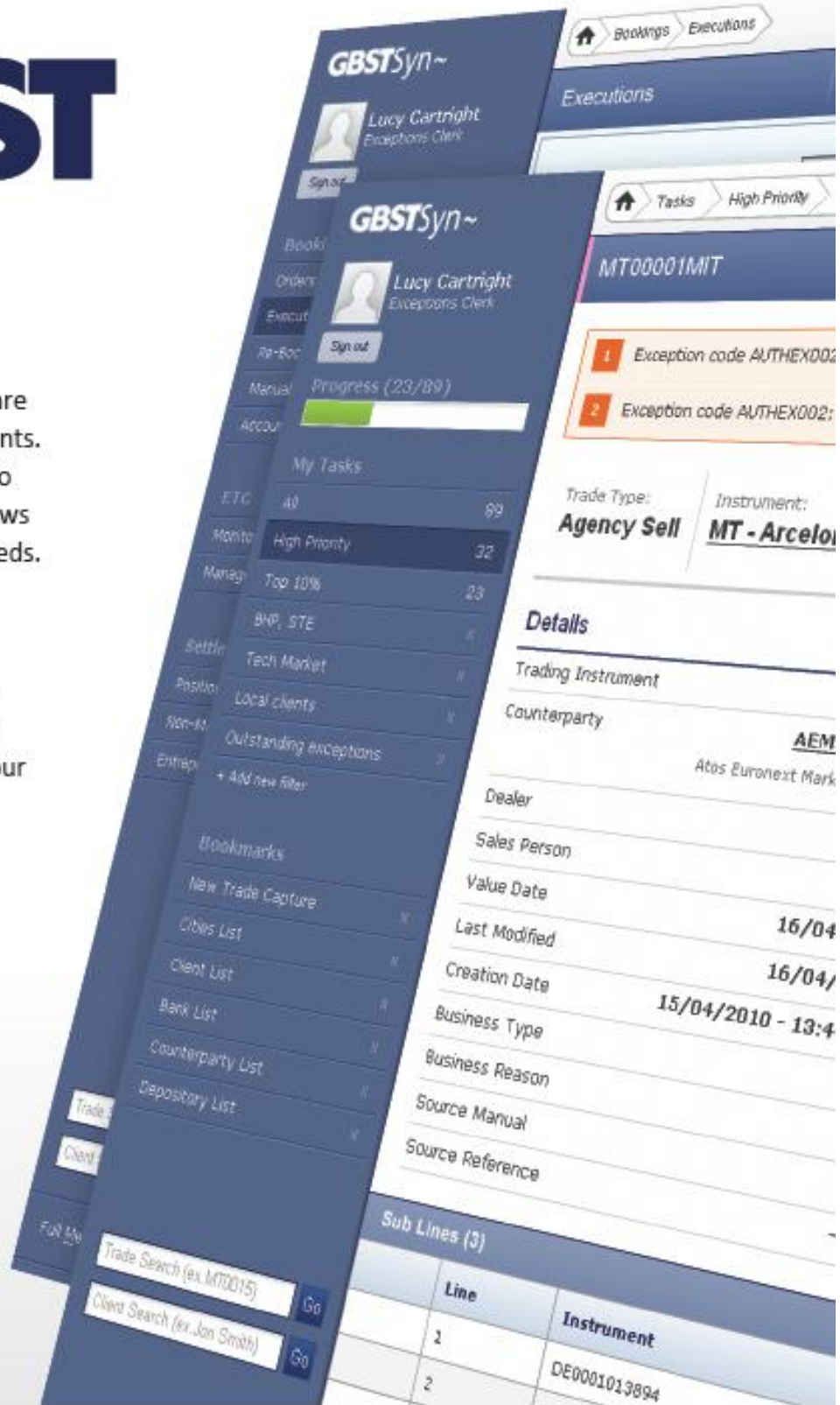
GBST is a leading provider of next generation securities processing and wealth management solutions.

Our cutting edge Syn~ platform is already redefining the way solutions are provided to financial market participants. Uniquely Syn~ allows our customers to continuously model business work flows to support ever changing business needs.

Our products have a simple goal in mind: to substantially increase our customers operational effectiveness.

With offices in Europe, Asia, Australia and North America GBST can meet your requirements be it local or global.

**GBST would welcome the opportunity to discuss your potential requirements, wherever you are in the world.**



Daniel Carpenter  
+44 (0)20 7613 8800  
daniel.carpenter@gbst.com

London  
64 Paul Street  
London EC2A 4NG  
UNITED KINGDOM

Paul Beal  
+61 7 3331 5555  
paul.beal@gbst.com

Brisbane  
5 Cribb Street  
Milton QLD 4064  
AUSTRALIA

Roy Staines  
+1 646 649 9380  
roy.staines@gbst.com

New York  
75 Broad Street  
New York NY 10004  
USA

Donal O'Brien  
+852 2823 9511  
donal.obrien@gbst.com

Hong Kong  
26/F. Overseas Trust Bank Building  
160 Gloucester Road  
Wan Chai, Hong Kong

**GBST**  
www.gbst.com

# Regulatory Reforms and Reactions

A number of major regulatory initiatives are still underway, creating a shifting regulatory picture both globally and in the UK for the foreseeable future. Getting regulation “right” is the current theme for the FSA as it seeks to influence the EU on a number of key regulatory developments and simultaneously deal with the debate over the new UK regulatory architecture. A few of the issues on the immediate horizon are considered here.

## *Basel III Reforms: Update and Reactions*

On 15 June 2011 George Osborne announced that he supported the proposal of the Independent Commission on Banking that UK banks ought to implement changes which go above the minimum standards in Basel III by increasing the minimum regulatory capital requirements to protect banks against future losses. In addition to this, banks may have to ring fence retail banking from investment banking so that if the investment arm of a bank collapsed it would not harm deposits held by the retail arm.

The Basel III reforms are directed at internationally active banks and are aimed at reducing the probability and severity of future financial crises. The reforms are due to come into effect from January 2013 in several phases. Basel III was considered necessary because Basel II, which was adopted in 2004, did not do enough to prevent the previous financial crisis. Basel II was of course, a response to a need to update Basel I in 1999.

The Basel Committee on Banking Supervision (“BCBS”) was formed to enhance understanding of key supervisory issues and improve the quality of banking supervision worldwide. Therefore, Basel III is not itself legally binding. It requires implementation at a national level into our legislation and regulation. Basel II was implemented in the EU via a Capital Requirements Directive called CRD 3 which was initiated by the European Commission. CRD 4 will therefore be used to implement the Basel III requirements in the EU. On a practical level in the UK, CRD 4 is likely to be implemented into the FSA Handbook, in particular into the GENPRU and BIPRU Sourcebooks. If the EU follows the BCBS timetable, GENPRU and BIPRU will need to be updated by January 2013. Confirmation of the new rules supported by Osborne is due to be announced in September 2011.

## *Global Transparency Reforms*

In addition to Basel III, the Financial Services Act 2010 imposes a high degree of transparency on bank capital, liquidity, collateral and counterparty risk. The MiFID II Review and the European Market Infrastructure Regulation (“EMIR”) are also aimed at increasing transparency. These regulatory changes impose significant additional data and reporting requirements by banks. For example, under the UK liquidity rules, banks will be required to identify, measure, monitor and stress test their liquidity risk with greater scrutiny and regularly report their findings to the FSA. The increased cost burden which is inevitably going to be incurred under the new rules is likely to be passed on to customers. However, despite the amount of resource required to adapt to the new regulations and the criticism the new reform has received, some in the industry are relatively optimistic.

A recent report released by Capco business and technology consultants, and written by the Economist Intelligence Unit shows that generally UK banks are more positive about the global reforms than their US counterparts. In a survey of 60 senior executives split equally between UK and US based financial institutions across the areas of risk, trading, regulation and operations the findings show that 32% of UK respondents strongly agree that the new regulatory framework provides an opportunity to gain market share. This is compared to 20% of US respondents. It is worth noting that the strongest response came from traders. Risk and compliance executives are understandably less enthusiastic.

## *Other Key FSA Initiatives*

Sheila Nicoll, Director of Conduct Policy at the FSA recently highlighted several other areas of regulatory reform that are currently on the radar, including RDR, PRIIPS and UCITS. This summer the FSA will publish a paper aimed at addressing a number of questions that have been raised in relation to the RDR proposals and their implementation. This ought to be a useful publication providing some guidance for those who are preparing for the December 2012 deadline. Her speech also highlighted the fact that the FSA intends to proceed with RDR in advance of overlapping developments in Europe arising out of, for example, the MiFID II Review and despite an uncertain European timetable.

The FSA has raised its concerns with the European Commission over the proposed implementation of Packaged Retail Investment Products, or PRIIPS, on the basis that it could lead to an uneven playing field and defeat the purpose of the initiative. One of the overlapping questions that has emerged in the MiFID II Review is whether regulatory powers should be strengthened over product design. In June 2011 the FSA has finally released its own Feedback Statement on the subject of Product Intervention and although the final position will depend in part on the outcome of the MiFID II Review, the indications are that the FSA is considering additional interventions in the area of product design. All parts of the product life cycle are of interest for regulatory action and the FSA’s thinking on this issue will also be relevant to the approach taken by the Financial Conduct Authority (“FCA”).

UCITS 4 is due to be introduced on 1 July 2011. A key initiative of UCITS 4 is replacing the current Simplified Prospectus document with a standardised Key Investor Information document (to be known as KIID), aimed at changing fee disclosure. Work on UCITS 5 is also underway, which is aimed at increasing investor protection, taking on the lessons learned from the Madoff fraud.

## *Final Thoughts*

There are numerous other regulatory developments and the extent of forthcoming regulatory change is going to demand an extraordinary amount of time, energy and resources from both industry and regulators. Firms are being urged to actively engage with the FSA and with ESMA in an effort to ensure a UK influence over a number of key initiatives such as, for example, the MiFID II Review, EMIR, and PRIIPS. At the same time, it is still unclear how the new UK regulatory structure will operate in practice and the interaction between the PRA and FCA in particular. So for the immediate future, the state of regulatory reform remains uncertain in many key respects and still ‘in development’.



*Josie Marwick and Dianne Bell of*



# Sexism and the City

The Coalition recently announced proposals for changes to employment law, including extending the qualifying period for unfair dismissal claims from one to two years. The Government's rationale for this is that it will give business more confidence in taking on staff as they will be easier to dismiss, and it estimates that the change will reduce claims by about 4,000 per annum. This sounds like good news for employers; however what a qualifying period will not change are rights to claim compensation and other remedies for those who are not currently subject to a qualifying period. These include anyone who has been dismissed for a discriminatory reason, including their sex.

Discrimination claims are on the increase; firstly because there is no need for a qualifying period and secondly because of the current cap on compensation for unfair dismissal claims. In general terms the maximum pay out for an unfair dismissal claim is £68,400, whereas compensation for discrimination is potentially unlimited. In both cases compensation is for the most part awarded for loss of earnings. For many City workers, an award of £68,400 is only going to cover a few months' loss and may not even touch their bonus. It is for that reason, for high earners, why you rarely see an unfair dismissal claim alone, but instead some form of discrimination will also be alleged.

Historically, there have been a wealth of successful claims where city heavyweights have ended up on the wrong end of a judgment and claimants' have been awarded significant damages. But, it is not all one way and commentators have perceived something of a "sea change" in attitudes particularly in the claims of sex discrimination by women working in the City. 2010 saw an HBOS employee who was allegedly "no covering wallflower", lose her claim for £600,000 regarding sexual advances. Also making it onto the front page of every national newspaper for at least a week last year was the case of *Jordan Wimmer v Nomos Capital LLP and Others*. For some of the

press this was reporting heaven as the claims made by Ms Wimmer were salacious and included allegations of escort girls in the boardroom to the hiring of a Russian hit man to kill her. However, despite the allegations, Ms Wimmer was not a "persuasive" witness and her claims failed. Interestingly the Tribunal found, that on all the evidence before it, in many instances her evidence that she had been offended by the behaviour complained of, was not credible. This case also highlights where there is publicity surrounding a case, how hard it is to report it fairly. To report that Ms Wimmer alleged that she was consistently sent derogatory emails of a sexist nature is not really any different to reporting that sexist emails were not sent consistently. Either way the story is essentially the same.

Sex discrimination claims by men, previously a rare occurrence are also hitting the headlines. Eversheds LLP, particularly conscious of its obligations, recently adjusted its scoring in a redundancy exercise to favour a pregnant female employee over a male colleague, resulting in the man's dismissal. He was successful in his sex discrimination claim and the £123,000 award is being appealed. For those not in the know, Eversheds is a law firm which just shows how tricky this area is and the scope for getting it wrong, and of course, why you must get it right.



Alexandra Carn, Partner

(Edwin Coe LLP acted for Nomos Capital LLP in the case of *J Wimmer v Nomos Capital LLP & Others*)

## 'A Practical Guide to the Regulatory Agenda'

Friday 29th July 2011 09:30-13:00

Barlow Lyde & Gilbert LLP, Beaufort House, EC3A 7NJ  
£99 including Lunch

The following topics will be covered:

- General FSA Update
- Latest US Hire Act/ FATCA Implications
- European Issues; MiFID II & Dodd Frank
- Basel III Regulations
- Client Assets—The October Deadline

Speakers:



For full details visit [goodacreuk.com](http://goodacreuk.com), call +44 (0)20 7422 0063 or email [events@goodacreuk.com](mailto:events@goodacreuk.com).

Price subject to VAT.

# PIGS: Countries Undergoing or Close To EU / IMF rescue

Exclusive Analysis is a specialist intelligence company that forecasts commercially relevant political and violent risks worldwide. They leverage their source network and methodology to deliver accurate, decision-ready forecasts to a broad range of sectors including insurance and reinsurance, financial services, shipping, banking, oil and gas, aviation, mining, cargo and logistics, governments, NGOs and media. Exclusive Analysis's team of global economists and political risk experts have highlighted the core problems and key risks to Western European countries undergoing or close to EU/IMF rescue. Greece, Ireland, Portugal and Spain are examined below. Key risks are analysed and forecasts, where relevant, are provided to inform future planning decisions.

## Greece Core Problems

- Long established inaccurate and fraudulent government accounting.
- High government and current account deficit and exceptionally high and growing stock of outstanding public debt.
- Low sub investment grade credit ratings, on levels below defaulted Argentina.
- Near total loss of market confidence, with very high default probability priced in by markets.
- Renegotiation is likely in the next one month, if not sooner

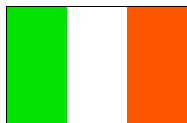


## Greece Key Risks

- Greece is now rated on a par with Cuba and worse than defaulted Argentina.
- Debt renegotiation is viewed as very likely within the one to three-month outlook
- Post 2013, once the ESM replaces the EFSF, existing Greek bondholders will very likely face some level of capital write-downs or 'haircuts' as senior unsecured debt will be subordinated to ESM loans.
- In this scenario, the risks of a Greek exit from the Eurozone will increase, although the political costs of doing so for the rest of the Eurozone will be a strong mitigating factor
- Greek debt is presently trading the worst of any major country and a recovery in public finances and market perceptions is unlikely, given the exceptional stock of borrowings outstanding.

## Ireland Core Problems

- Meltdown of financial system, following excessive property related lending.
- Guarantees to bank creditors and the cost of rescuing the banks were the direct cause of the sudden jump in government deficits – the public sector itself had only modest deficits.
- Economic slowdown caused a sharp downward spiral in property prices, in turn expanding state funding needs.



## Ireland Key Risks

- Further large losses and extension of emergency recapitalisation and nationalisation have followed stricter stress testing showing recapitalisation requirements of €24bn, absorbing the majority of the €35bn EU rescue facilities for Irish contingencies. However, losses were concentrated within the commercial property segment.
- Potential for contagion of other banking assets such as residential property and commercial and industrial lending, against a background of minimal growth and high unemployment.
- Growing magnitude of the cost of bank rescue increases risk of widespread debt renegotiation in the three-year outlook, with risks to weaker bank bondholders in the near term.
- Failure to meet government obligations will likely take the form of closing banks and failing to honour prior guarantees to senior bondholders, having already severely written down subordinated debt, as a first stage alternative to renegotiating the whole outstanding sovereign debt at the Republic level.

## Portugal Core Problems

- Portugal has not generated a property based crisis, nor the type of fraudulent accounting seen in Greece.
- It has avoided financial crisis, excluding the 2008 nationalisation of BPN.
- Built up a large current account deficit and heavy government borrowing stemming from relatively uncompetitive economy; has lost market support to fund itself.
- Political and civil tolerance towards an unsuccessful series of intervention packages has waned, creating greater volatility and market distrust.



## Portugal Key Risks

- Portugal has sought EU and IMF support after an extended and unsuccessful effort to resist rescue.
- Concerns about future possible haircuts on senior debt holders and recent ratings downgrades will likely exert upward pressure on bond yields, as seen in Greece and Ireland.
- Funding problems could extend the crisis to the banking sector. Although Portuguese banks are not responsible for a bubble such as in Ireland, they are reliant on ECB for funding and have significant redemptions in 2011-2013.
- Further fiscal tightening raises risk of increased civil disorder and political instability.
- Portugal has not identified a method to boost its stagnant

## Spain Core Problems

- Previous Spanish growth heavily based on property. Spanish savings banks, managed by regional and political leadership rather than banking executives, have been particularly badly hurt by property exposures.
- Policy responses have been expansionary, increasing deficits at regional as well as national level. Regions are running lengthy arrears in making local payments and are reported to have hidden deficits.
- Selected regions are now largely rejected by wholesale markets and increasingly are having to turn to local retail investors who are in turn showing signs of saturation.
- The full extent of losses in the banking system is unclear and Bank of Spain estimates for the cost of recapitalising its 'cajas' and banks are lower than many other calculations, including those of some rating agencies.
- Spain is forcing banks to recapitalise, but with FROB, the state rescue fund, acting as the capital source of last resort.



## Spain Key Risks

- At the time of writing, markets are distinguishing between Spain and Portugal, with the former showing improved market performance. However, Spain would be an obvious next target if a shock event stimulates market hostility.
- New problems are surfacing as banks undergo merger and most of the cajas appear reliant on state help to meet their capital goals, rather than new equity funding from the markets. The Bankia flotation is viewed as a key test of the larger or stronger cajas to fund in public markets, without which a larger burden would be placed on state funding through the rescue vehicle FROB.
- Additional bank failures, or serious funding problems for a region such as Catalunya, Valencia or Castilla La Mancha (or a major municipality such as Madrid) has the potential to trigger renewed market hostility to Spain, increasing its borrowing costs. Equally, a failure to impose fiscal discipline on its regions to meet their deficit target of 1.3% of GDP (less than half the prior year's figure in the case of Catalunya) would threaten achievement of overall targets and government credibility.
- A Spanish rescue would likely swamp the resources currently available to the EU for bail outs, and Spain is itself committed to make sizeable contributions to the rescue



**Exclusive Analysis**  
Turning Insight into Foresight



## INTEGRATED WEALTH MANAGEMENT FROM THOMSON REUTERS

### NEXT GENERATION STRAIGHT THROUGH PROCESSING FOR FRONT AND BACK OFFICE

Integrated Wealth Management from Thomson Reuters means best-of-breed components in a comprehensive front-to-back solution for stockbrokers and wealth manager member firms. It provides:

- Full client life-cycle including client acquisition, assessment and wealth planning, relationship management and on-going portfolio review
- Front-to-back trading life-cycle and asset servicing from investment decision, rebalancing, order generation to clearing and settlement, including full support for investment accounting, custody and regulatory reporting
- Client management and reporting, including performance measurement, client reporting, CGT and fees processing
- Multiple legal or operating entities with different locations, base currencies, accounting rules, to support multiple branches or businesses or third party clearing
- Client-defined, exception driven, business process workflow empowers management to focus on improvement, with MIS to identify patterns of exceptions and root cause.

To find out more, please contact us at [markets.betaglobal@thomsonreuters.com](mailto:markets.betaglobal@thomsonreuters.com)



**THOMSON REUTERS**

# Forthcoming Events

## The Securities Industry Conference

Friday 7<sup>th</sup> October 2011

The Royal Bank of Scotland Auditorium, Bishopsgate

The Securities Industry Conference is the only City based event which consistently provides the full range of speakers across all sectors of the Securities Industry. Delegates will be provided with an insight from senior City Executives who will be discussing the current state of the Market and the next 25 years in the City.

Past speakers include:



Angela Knight

British Bankers' Association



Aaron Heslehurst

BBC News



Richard Gooding

London City Airport



Michael Wilson

ITV



Brian Winterflood

Winterflood Securities



Xavier Rolet

LSE

Attendance is by VIP invitation only. If you would like to be considered for a complimentary place, please email [vip@goodacreuk.com](mailto:vip@goodacreuk.com).

## The Daily Telegraph Wealth Management Goodacre Awards

Thursday 24<sup>th</sup> November 2011, Mansion House, London

The purpose of the Daily Telegraph Wealth Management Awards is to recognise and promote quality of service from Wealth Managers and Stockbrokers. These Awards are unique in that the winners in each category are determined by the investors themselves, by voting on [www.stockbrokingguide.com](http://www.stockbrokingguide.com).

In partnership with The Daily Telegraph, the Awards dinner is arranged at a highly prestigious venue, e.g. previously this has taken place at Kensington Palace, the House of Lords and The Mansion House.

Last year's event was hosted by James Caan of Dragon's Den, in front of an audience of 230 guests.



### Custom Designed Events

Our Events team has extensive, industry wide experience in event management, marketing and conference production. If you are looking to raise awareness of your products and services, Goodacre can deliver highly targeted, informative and cost effective events for you.

For further details of Goodacre's Events, please contact [emma.healy@goodacreuk.com](mailto:emma.healy@goodacreuk.com) or call +44 (0)20 7422 0063.

Goodacre UK Ltd  
60/62 Commercial Street London E1 6LT  
[goodacreuk.com](http://goodacreuk.com)  
+44 (0)20 7422 0063

