

OCBC Securities seals back-room operations deal

Citi will provide custody services for 14 equity markets, clearing for HK

By **CHOW PENN NEE**

OCBC Securities has outsourced its custody services to Citi, which said yesterday that it would provide them across 14 equity markets - Australia, Canada, China B (Shanghai and Shenzhen), Europe, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, the Philippines, Taiwan, Thailand and the UK.

Holding securities in custody means safekeeping, monitoring and administering them. Custody includes the collection of interest income and dividends, claiming of withholding tax and other services.

Citi also said that it would provide direct clearing services for the Hong Kong market where OCBC Securities is a direct clearing member of the Hong Kong stock exchange.

Neither OCBC Securities nor Citi would say how much the outsourcing contract is worth or how much OCBC Securities would save. OCBC Securities said that customers would not be charged more on retail trades as a result of the tie-up.

Demand from customers wanting to trade in foreign markets has increased three-fold in the past five years, said OCBC Securities managing director Hui Yew Ping.

"Our revenue contributions have increased seven-fold."

With this increased appetite for trading foreign securities comes the need for more consistent service across the 14 key markets, which Citi can provide, he said.

Clients can expect timely notification of corporate action and updates on regulatory changes as well as fast turnaround on dividend payments.

At present, dividend payment differs from country to country. In some

countries, dividends are paid on due dates, while in others, the money is only credited after the due date.

Citi aims to remove the "nuances" of different markets, said managing director and regional head of direct custody and clearing for Asia-Pacific Mike Sleightholme.

"Citi has the largest and most extensive direct custody and clearing network globally and in the Asia-Pacific and our in-depth local market knowledge and expertise has allowed us to develop this solution for OCBC Securities," he said.

Typically, local brokers and securities firms in Singapore do not appoint independent custodian banks to provide securities services, but rely on in-house services or other brokers' custody and clearing services.

OCBC Securities said that it was the first local securities firm here to offer direct custody services across such an extensive network of markets through a service provider that has wide global reach.