

# THE TIMES

## Barclays wins Barings deal on asset management

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BARINGS is to close its custodian business in July and recommend that asset management clients representing assets worth £10 billion use Barclays Bank for global custody services instead.

A growing number of fund managers are seeking to hand over custodian services to a third party because of the growing need for economies of scale in global custody, a perceived need to concentrate on core business activities and as a result of the collapse of Barings last year.

Baring Asset Management ran into controversy after the collapse of Barings, Britain's oldest merchant bank, in February last year. Asset management clients had used Barings as their custodian and signed

agreements with the bank allowing their cash to be placed on deposit there.

When the parent company collapsed, more than £600 million in asset management client cash was frozen, creating panic among clients.


Equity assets were ring fenced and therefore protected from creditors.

Barings, which is now owned by ING, the Dutch banking group, is the first integrated house to use a third party for custodian services. Others are expected to follow after last week's award of Britain's biggest global custody contract by the Prudential, which appointed Midland Bank and Mellon Trust of the US to handle services for £45 billion of assets.

Kevin Lee, a director of Baring Asset Management, said the firm had recognised that it was unlikely to remain in custody services before the collapse of its parent. He said the main motivator was the additional expenditure required for the implementation of rolling settlement under Crest this summer.

He said he expected clients to take advantage of the agreement reached with Barclays as Barings will reduce its management fees by the amount the client pays to Barclays. It plans to complete the transfer of custody services by the middle of the year. Baring Asset Management has £25 billion under management.

Baring Asset Management started an independent review using Thomas Murray, the custody consultants, in July last year. It reviewed ten custodians before choosing to deal with Barclays.



	Bank Buys	Bank Sells
Australia \$ ...	2.16	2.00
Austria Sch ...	18.81	15.31
Belgium Fr ...	49.20	44.90
Canada \$ ...	2.209	2.049
Cyprus CypL ...	0.748	0.693
Denmark Kr ...	9.30	8.50
Finland Mkt ...	7.35	6.70
France Fr ...	8.09	7.44
Germany Dm ...	2.40	2.19
Greece Dr ...	389.00	364.00
Hong Kong \$ ...	12.57	11.57
Ireland Pt ...	1.62	0.94
Israel Shk ...	5.2100	4.5600
Italy Lira ...	2544.00	2585.00
Japan Yen ...	177.30	161.30
Malta ...	0.592	0.537
Netherlands Gld ...	2.669	2.439
New Zealand \$ ...	2.47	2.25
Norway Kr ...	10.44	9.64
Portugal Esc ...	244.00	225.50
S Africa Rd ...	ref.	5.37
Spain Pta ...	196.00	183.00
Sweden Kr ...	10.63	10.53
Switzerland Fr ...	1.94	1.76
Turkey Lira ...	ref.	87874.0
USA \$ ...	1.640	1.510

Rates for small denomination bank notes only as supplied by Barclays Bank PLC. Different rates apply to travellers cheques. Rates as at close of trading yesterday.

