

Operations Management

LAZARD PULLS OUT OF CUSTODY BIZ.

U.K. investment manager Lazard Brothers Asset Management is getting out of the global custody business for its own clients and has appointed Bankers Trust as global custodian of its £4 billion in assets under management, according to Nick Parkes, coo of Lazard Brothers. Parkes said the move is being prompted by the necessary preparations for Crest, which will go live in July. Lazard Brothers also decided the cost of maintaining custody operations in-house had become unjustifiable. "It is in the firm's clients' best interest to outsource this operation to an independent professional in the settlement market," Parkes said. *(continued on page 18)*

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Other firms that have jumped on the outsourcing bandwagon in anticipation of Crest include AMP Asset Management and Baring Asset Management. Parkes said another factor behind the decision to outsource is that Lazard Brothers does not want to shoulder the inherent risks of maintaining an extensive subcustody network. Currently, Lazard Brothers has its own subcustody network of foreign banks in approximately 25 markets. He said Lazard Brothers decided it would be best to rely on the subcustody network of a specialized global custodian. Parkes would not comment on the possibility of job losses but said savings from staff cuts were not the principal reason for closing the business. He would not say how many people worked in his custody area.

Parkes would not disclose which other custodians were considered for the mandate, but said RFPs were sent to 11 leading players. In reaching a decision, Lazard Brothers hired the services of U.K. custody consultant Thomas Murray. Parkes said Lazard Brothers was particularly impressed with BT's quality of staff and technology. Also, he said, feedback from Bankers' existing clients for custody was positive. —Stephanie Apap-Bologna

