On the move...

- **Simon Baines**, AMCT, has left his position as head of customer management at Nationwide Building Society and joined Standard Life as director of customer insight.

- **Irvine Caplan**, FCT, special projects director and previously commercial outsourcing director and investment management director for Royal Mail Group, has taken retirement from RMG, and is now working as an independent consultant and adviser on treasury and outsourcing.

- **Stuart Fitzsimmons**, AMCT, has been appointed treasury manager of Britax Childcare Group. He was previously manager of European treasury operations for Hertz Europe.

- **Swee Guan Goh**, AMCT, previously ASEAN area auditor for British American Tobacco Singapore, has joined M+W Zander (S) as treasury manager for Asia.

- **Rohan Gunatillake**, AMCT, previously senior assistant directorate accountant at Kettering General Hospital NHS Foundation Trust, has been appointed management accountant at Northamptonshire Healthcare NHS Trust.

- **Dominic Hart**, AMCT, has left his position as head of treasury product control at Kaupthing Singer & Friedlander and has been appointed treasury manager of Motability Operations.

- **Nicholas Smith**, AMCT, has been appointed senior risk management consultant at Taylor Risk Consulting. He was previously insurance manager for ICI.

- **Paul Tydeman**, AMCT, previously group treasury manager for Virgin Atlantic Airways, has joined Fujitsu Services as assistant group treasurer.

- **Martin Wise**, MCT, has joined Sage Holdings as chairman. He was previously a senior vice president of Merrill Lynch.

MEMBERS' DIRECTORY

Members' contact details are updated regularly at **www.treasurers.org**. *Email changes to Matthew Trickey:* **mtrickey@treasurers.org**, *or phone +44 (0)20 7847 2557.*

CAREERS

For up-to-date treasury vacancies and careers articles, log onto: **www.treasurers.org/careers/index.cfm**

Corporate legal work 'unfit for purpose'

A major shake-up of regulation of corporate legal work is overdue, an independent report has suggested.

The Law Society commissioned Nick Smedley, former senior civil servant in the Ministry of Justice, to carry out a review of the regulations, which cover a range of services central to treasury including mergers and acquisitions, corporate insolvency and re-structuring, banking and financial services, changes in a corporate client's assets and securities, and/or ownership, commercial property, tax and pensions.

Heslett: very high ethical standards

Smedley's report concluded that the current regulatory arrangements were not fit for purpose and that radical change was required.

Smedley said there was a need for greater expertise and understanding at the Solicitors Regulation Authority, for greater engagement with the legal profession and its clients, and for a sophisticated regulatory approach that recognised differences between various parts of the solicitor's profession.

Regulation should aim to avoid failures, rather than deal with them after the event, he added.

"There are many lessons to learn from recent experience at the Financial Services Authority, including the importance of outcome-based regulation, maintaining an eye on the strategic picture rather than individual transactions in firms, and involving practitioners and supervisors in the oversight arrangements," Smedley said.

He added: "My aim is to capitalise on the very high ethical standards already prevailing in the solicitors' profession, and to support that with the most up-to-date thinking on regulatory structures and regulatory purposes."

Law Society vice president Bob Heslett said: "Nick Smedley's report is an invaluable contribution to thinking on the way in which corporate legal work should be regulated.

"I am sure it will be immensely useful to Lord Hunt, as he carries out his review of regulation of the solicitors' profession as well as to the SRA and to the Law Society Council." ■

Insolvencies pose pension dilemma

The rising level of corporate insolvencies is posing a tough dilemma for members of final salary pension schemes, according to employee risk and benefits management firm Aon Consulting.

The members' options are whether to transfer out of their scheme or to stay put but risk major retirement losses if the business subsequently goes under.

Aon said that the highest earners faced the hardest choice, as they stood to lose up to two-thirds of their pensions if their employer became insolvent and was unable to fund the scheme.

Defined benefit schemes offer certainty of income, so most people prefer to remain with them under normal circumstances, but a steady stream of company bankruptcies and falling funding levels for pension schemes have created uncertainty. While the Pension Protection Fund offers some reassurance, its benefits carry a number of restrictions.

This, said Aon, had made the option of transferring out to a defined contribution plan worth considering, especially for higher earners.

"In general terms, the higher your deferred pension, then the bigger the impact that insolvency could have on you," said Paul McGlone, principal and actuary at Aon.

He added: "But forecasting insolvency is clearly not a trivial exercise. Members also need to recognise that while staying put gives the option to transfer out later, once you do transfer then that decision is irreversible."

A decision to transfer out also has implications for members remaining in the scheme, who will potentially get less than they would otherwise have done if insolvency occurs later on. ■

Loan default rate continues to soar

The default rate on bank loans to speculative-grade corporations will move even higher this year while recovery rates on leveraged loans will fall even further, Moody's Investors Service has predicted.

A report from the group put the US leveraged loan default rate at the end of last year at 3.5%, compared with 0.3% for 2007, and forecast a further sharp deterioration, to 11.1%, by the end of 2009.

First-lien loan recovery rates ended 2008 at 63.4%, down from 68.6% at the start of the year, while senior unsecured bond recovery rates plunged from 61.8% to 33.0% over the same period.

Of the 86 issuers that defaulted on $54.4bn of bank debt in 2008 (compared with 26 defaulters and $3.8bn in 2007), all but 10 were based in North America.

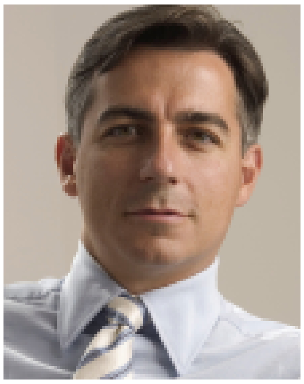
Asset managers ready for change

Recent market volatility has persuaded asset managers to accept the need for change in their industry.

In a survey of 140 professionals by management solutions group Sophis, 63% agreed that risk management requirements had altered; 35% thought that they had changed "significantly".

The survey also reported that 75% of asset managers planned to increase the number of stress tests and value at risk reports they carried out, with 65% saying they would improve pricing and data models, and 73% agreeing it was essential to take an integrated view of risk that included derivatives.

Asset managers interviewed said the most important consideration when investing in new risk management tools were real-time consideration of net asset value, a range of simulation and risk scenarios, fund returns analysis and performance attribution, and cross-asset value at risk.



Roussotte: asset managers recognise the need for change

"The buy-side recognises that it needs the same robust systems and processes as the sell-side, regardless of whether new regulation is introduced," said Sebastian Roussotte, chief operating officer for Sophis UK. "Institutional and retail investors alike need confidence that their investments are being well managed. Asset managers and hedge funds will increasingly be asked for transparency and regular reporting not only about performance of their funds but also about the risks being taken." ■