Deals of the Year 2006 kicks off

As summer draws to a close the ACT is preparing to receive nominations for *The Treasurer*'s Deals of the Year Awards 2006.

Matthew Hurn, Group Treasurer of DSG International and Chairman of the ACT's Editorial Committee, said: "We are delighted to have a panel of great experience, with billions of issuance behind them. Banks are strongly encouraged to propose their preferred deals from September onwards.

"Members of the ACT and European national treasury associations will be given the opportunity to nominate their favourite deals in November."

All deals must have been executed between 1 October 2005 and 31 December 2006 and can be in any currency providing the company has a UK or European listing.

Hurn said: "The deals are judged from the treasurer's perspective and should demonstrate 'excellence in corporate treasury'.

"It's not about how many noughts there are in the deal, but how it was executed, in what sort of market and the level of innovation."

Last year Land Securities scooped the top prize in the Loans category and was the overall winner for its £2bn revolving credit finance.

The winners will be announced at the Deals of the Year Awards lunch on Friday 19 January 2007.

If you have any queries or need more information on how to make a nomination, visit www.treasurers.org/thetreasurer/doty.cfm or phone Michael Henigan on 020 7213 2023 or email him at mhenigan@treasurers.org. ■

Magnificent seven: last year's DOTY winners.

Trema merges with US rival in private equity deal

Treasury technology company Trema and its rival Wall Street Systems have been acquired by global private equity firm Warburg Pincus.

The organisations, which currently have a joint total income of $120m, will be combined and operate under the name Wall Street Systems.

Joel Mandelbaum, President and CEO of Wall Street Systems, said: "Wall Street Systems and Trema are undisputed leaders in treasury, foreign exchange and back-office solutions. Our vision is to deliver flexible, functionally rich, seamless and scalable transaction processing solutions to help clients improve their workflow and greatly reduce their transaction costs."

Wall Street Systems is known for developing transaction processing software for a broad range of financial institutions and major multinational corporations.

Michele Fitzpatrick, Director of Sales and Account Manager at Trema, said: "Trema will appreciably enhance its delivery capacity in the US, where we see very strong momentum, while Wall Street Systems strengthens its presence in Europe."

Together, the companies currently employee more than 500 people, service 300 corporate, bank and central bank clients and operate out of 13 offices worldwide. ■

On the move...

- **Elena Afanasieva**, AMCT, has joined JPMorgan as Project & Controls Accountant. Previously she was Risk Manager at Egg.
- **William Aherne**, AMCT, has been appointed Head of Project Advisory Services at Bruce Shaw Partnership. Previously he was Senior Manager Global Project Finance at Bank of Ireland.
- **Ovinder Assi**, AMCT, formerly Treasury Accounting & Compliance Manager at Kodak International Finance has been appointed Treasury Manager at Esselte Group Holdings.
- **Sanjay Bailur**, AMCT, previously Principal at AT Kearney, has been appointed Director at AlixPartners.
- **Julia Bennett Borghini**, AMCT, has joined Treofan Germany as Head of Group Treasury.
- **Keith Brooks**, MCT, previously Finance Director at Serica Energy, has been appointed Director at Mitra Energy.
- **Vasgen Edwards**, AMCT, previously UK Region Manager at GE European Equipment Finance, has joined Lloyds TSB Bank as Head of Corporate Asset Management.
- **Nicholas Franck**, AMCT, has joined International SOS as General Manager, Group Treasury. Previously he was Director, Treasury Consulting, at CFO Solutions.
- **Amanda Giddings**, MCT, formerly Treasury Analyst at Kingfisher, has recently joined PricewaterhouseCoopers as a Consultant.
- **Michael Hickland**, AMCT, has joined Exony as Finance Director. Previously he was VP Finance at Kana Software.
- **Nathaniel Mead**, AMCT, previously Treasury Consultant at SunGard Asia Pacific, has joined Westfield as Planning Executive for Treasury.
- **Paul Melling**, AMCT, previously Chief Financial Officer at Keen Publishing, Thailand, has joined Standard Chartered Bank, Indonesia, as Head of Wholesale Banking Business Finance.
- **David Miles**, AMCT, formerly Associate Director, Accounting and Administration at Mitsubishi Corporation Finance, has been appointed Group Financial Controller at Currencies Direct.
- **Chris Mitchell**, FCT, previously Executive Director at Banque AIG, has been appointed Director, Head of Global FI Solutions, at Lloyds TSB Bank, with extra responsibility for the utility sector.
- **Mike Northeast**, FCT, has been appointed Deputy Chairman and Honorary Treasurer at Age Concern England.
- **Martin O'Leary**, MCT, previously VP, Management Control Department, at Goldman Sachs, has joined HSBC Bank USA as Senior VP, Market Risk.
- **David Peters**, AMCT, has been appointed Treasurer at Grosvenor. Previously he was Banking Manager at Syngenta Treasury Services.

MEMBERS' DIRECTORY

Members' contact details are updated regularly at **www.treasurers.org**. *Email changes to Anna Corr:* **acorr@treasurers.org**

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Key changes on the cards for transforming events

Rating agency Moody's has proposed making some critical changes to its methodology for downgrading companies affected by sudden transforming credit events.

The agency describes a transforming credit event as an occurrence that exposes an investment-grade company to a sizeable ratings downgrade as a result of a sudden shift in capital structure.

The proposal is to use interim rating actions to apply a more gradual approach rather than a sudden rating drop.

Pam Stumpp, Director at Moody's, said: "Our proposal aims to balance a number of objectives, including the need to weigh accuracy, timeliness and market relevance against the potential for added market volatility or the possibility that we will have to reverse a rating action – particularly after it has crossed from investment to speculative grade."

A transforming credit event is typically the result of a company having to implement strategic undertakings. This could include the decision to decapitalise by using debt to refinance a substantial stock buyback or a decision to spin a material business off to shareholders and leverage the remaining business.

Eric de Bodard, Managing Director at Moody's, explained that the emphasis was to incorporate more effectively the increasing likelihood of transition in ratings as situations arise and events unfold.

He said: "Our ultimate goal is to improve timeliness while retaining precision. Equally important is that our probability calculations are also intended to incorporate norms that differ from region to region."

The ACT has made a formal response to the proposal. Traditionally treasurers are not keen on the ratings moving down ahead of time. If the rating agencies feel they must make the move it should only be when the event is highly probable.

The ACT will alert members to any changes that Moody's makes, and reminds them to revisit any events of default language in borrowing agreements.■

Convertible impact on EPS could fall

The IASB is reviewing the IAS33 *Earnings Per Share* (EPS) standard, which aims to reduce the impact of convertibles on diluted EPS, according to a briefing from Cazenove.

The move would reduce or even remove the dilutive impact on convertibles and more fairly reflect economic reality by making companies apply the treasury stock method when calculating the dilutive impact on convertibles on EPS.

The IASB is to issue an exposure draft this month, with a final standard due early in 2007.

Peter Elwin, Head of Accounting and Valuation Research at Cazenove, said: "The fact that many convertibles will no longer be dilutive under the revised rules may provide an incentive to companies to issue such instruments.

"However, since any such change could have a significant impact on diluted IFRS EPS figures, this will create problems for investors when looking at time series and/or comparing with US GAAP."

Peter Elwin: Problems for investors.

Elwin said that because the treasury stock method assumed that shares were bought back using the proceeds from the debt portion of the convertible, this reduced the dilutive impact of convertibles by reducing the overall number of new shares that were assumed to be issued.

Elwin said: "Currently, IAS33 requires companies to use the 'if converted' method for calculating the dilutive impact of convertibles. Under the new method, the convertible is assumed to convert into shares at the specified conversion ratio without a corresponding buyback."

The briefing claimed this would give rise to a greater number of dilutive shares than under the proposed treasury stock method.

The IASB declined to comment on the proposal due to its current review process. ■

IASB puts pension accounting under review

The IASB has announced that it is reviewing the current pensions accounting system.

The two-part project will first address amending IAS19 and is expected to take four years. Phase two is expected to be a comprehensive review of pensions accounting.

John Hawkins, Principal of Mercer's Consulting Retirement Group, said: "One of the most likely changes is the substitution of expected returns on assets for actual returns on the income statement. This could be volatile and therefore a concern for people."

Hawkins pointed out that increased volatility would lead to negative rather than positive contributions some years down the line.

He said: "Everybody knows that pensions accounting will be changed. It is just a question of the speed at which it will be done. What the IASB is aiming for is greater transparency, more real-world pricing and less smoothing."■

FSA okays transparency in UK secondary bond market

A feedback statement on trading transparency in the UK secondary bond markets has been published by the Financial Services Authority (FSA) following a consultation on the availability of pre-trade price quotes and post-trade data (see *The Treasurer*, November 2005, p52).

Although it has concluded that there is no reason to favour regulatory intervention over market-led developments, the debate has moved to the European level, with the Committee of European Securities Regulators seeking evidence.

The paper analysed the FSA's position on the European Commission's review of whether its transparency requirements for markets in shares should be applied to other asset classes, including bonds.

Hector Sants, FSA Managing Director for Wholesale Business, said: "Our analysis agrees with the majority of respondents that a combination of competition, market-driven transparency, interaction between the cash and credit derivatives markets, and regulation that is either in place or in the pipeline seems sufficient in general to deliver efficient and fair markets."

The feedback includes comments from stakeholders, analysis from existing research and data analysis carried out by the FSA.

Sants said: "The evidence does suggest that some participants in the UK's predominantly wholesale market may find existing transparency levels deficient. We will look to the market in the first instance to generate solutions." ■