

**OPERATIONAL
PERFORMANCE OF BROKERS**

**Equities and Fixed Income
North America - 2003**

Report for Participating
Investment Managers

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1. Introduction

1.1 Scope of Study

This document is a summary of the report of the Operational Performance of Brokers - Market Survey - US 2003 carried out by Z/Yen Limited for a consortium of 6 major Broker/Dealers.

The study was performed based on individual interviews using a structured questionnaire, as developed by Z/Yen and the participating Brokers (the Brokers). 30 leading Investment Management companies (the Clients) were interviewed between September 2003 and December 2003.

The Sponsoring Brokers were as follows:

- ABN AMRO
- Deutsche Bank
- Goldman Sachs
- JP Morgan
- Merrill Lynch
- UBS

A list of the Clients interviewed can be found in section 4.

1.2 Approach

The approach adopted for this study was to:

- Z/Yen set up and facilitated a series of workshops with the Brokers to agree and finalise scope, structure, format and questions;
- the Brokers selected the Clients who they wished to be interviewed and introduced Z/Yen to senior operations personnel;
- Z/Yen performed the interviews and documented responses and additional comments;
- Z/Yen published the findings and presented these to the Brokers.

1.3 Confidentiality of Results

The Clients and the Brokers provided information and comments on the basis that all data is non-attributable and have requested Z/Yen to take the following steps to ensure that confidentiality of results is maintained.

- Broker reports have been produced individually showing ranking data for all Brokers but with only one set of data identified, e.g., Brokers will see their own ranked data but will not be able to identify data belonging to other Brokers.
- Brokers can see individual rankings from Clients where the Client has specifically agreed for this ranking information to be shared.

1.4 Report Contents and Structure

This report contains both graphs and comments. The graphs, accompanying narratives and other comments are based entirely on information provided by clients during the interviews.

The key sections are

2. Executive Summary

- Overall summary of the market and operations needs as viewed by the Clients.

3. Market Analysis

- Detailed responses to each question in the survey.

4. Clients Interviewed

- A list of Clients who participated in the survey

2.1 Executive Summary - Overall Summary of Findings

2.1.1 Background

The survey content was designed by the brokers collectively. It was derived from and is very similar to the survey run in the European markets for 6 brokers in 2002 and 11 brokers in 2003.

The clients surveyed were selected by the brokers based on assets under management and broker demand. Clients were introduced to Z/Yen by the brokers. All 30 clients were Investment Managers dealing primarily in securities products. The use of treasury (principally FX) products through the same brokers was not that widespread with many clients using custodians for such transactions.

As such this report is primarily focused on the Operational Performance of Brokers in delivering securities products to the clients, with limited commentary on FX summarized at the end of this section.

2.1.2 Key Messages

Operational Performance

- Operational performance is increasingly influencing decisions around broker selection and business allocation.
- Formal measurement of the operational performance of brokers is becoming and will become more widespread.
- Inclusion of operational performance in broker voting/rating is also increasing with more clients intending to adopt these practices in the near future.
- However, many clients still only provide operational performance measurement to their decision makers on an ad hoc basis.

Know Your Client

- Operational review meetings are very popular with those clients who have been exposed to them. **“Based on these meetings, the responsiveness to issues has drastically improved”**. However, following an initial meeting, the frequency, follow up of these meetings have been disappointing as has the (small) number of brokers taking this approach.

For a minority of clients, the complete opposite is true and they believe that such meetings are considered "a waste of everybody's time".

- Unlike in Europe, where Operations Customer Relationship Management (CRM) is now considered a basic (must-have) service, there are mixed feelings on the need for developing CRM in the USA. The majority of firms are in favor, albeit that they want the organizational alignment transparent to them and implementation costs to be absorbed by the brokers. A minority of clients are unconvinced of the necessity.
- With technology, there is again a wide spread between those clients using and interested in developing internet information delivery, to those who strongly encourage more, and to those happy to rely on the tried and tested phone and fax route.

- However, it is clear that the majority of clients are clearly in favor of all of the above as strategic directions and believe that service enhancements such as these will become market standard.

Focus on the basics

- In response to the overarching question, “where should the brokers invest their next dollar?”, the overwhelming answer was “**on improving the basics**”. In addition, the other hot topics were:
 - Improve data quality in general through automation, particularly in Fixed Income;
 - Improve affirmation/confirmation rates, again principally in Fixed Income;
 - Improve instruction integrity through “**the proper use of Alert**”.

Support for Relationship Management

- A single point of contact for CRM was preferred over a product/asset class structure. However, this needs to be balanced against the overall requirement for proactive cross product/ cross functional experienced resources.
- Brokers should provide guidance on best practices and help to develop benchmarks for operational performance risk for monitoring performance of both brokers and investment managers.
- Technology must serve to ensure information delivery is proactive and that data quality is high.
- There is minimal interest in Brokers' Internet systems for Securities activity if this requires the clients to continually look for problems across 50 to 100 broker sites. “**We are not interested in mechanisms that are not proactively notifying us of the issues to investigate**”.

Business case for CTM and VMUs remains unconvincing

- The majority of investment managers are adopting a wait and see strategy and looking for more of a lead from the brokers.
- Clients will only participate in Central Trade Matching and Virtual Matching Utility initiatives if the return on investment can be clearly demonstrated.

2.1.3 Core Transaction Management (Operational Performance)

The most important drivers for broker operational performance, as measured by clients, remain the affirmation rates and settlement performance.

There are currently no clear standards for trade date operational performance. For the majority of markets, same day confirmation/affirmation is the basic standard. In US fixed income, this would appear to be hard to achieve at an adequate level. In the more automated markets this standard is being tightened to intra-day targets.

For settlement, again no clear standards exist. Notification of fails is expected on settlement date plus 1 with adequate explanation of underlying reasons. This again is a target that is not always met.

Few clients have formally established targets for broker operational performance, but around 50% are looking to implement these. Some clients have been looking as far as establishing SLAs but few, if any, have implemented them.

2.1.4 Customer Management

Clients all expect to be professionally serviced by their Brokers but views were split on how this is best achieved. Whether, the broker establishes a dedicated Customer Relationship Management function or an integrated customer facing model, should ultimately be transparent to the clients. However, Clients expect a degree of client alignment from the broker and individuals to be responsible for each relationship.

At the broker, clients expect to deal with dedicated and knowledgeable individuals with whom they can build business relationships. More and more they are looking for a single point of contact cross-product. **“We just can’t keep up with the pace of change as individuals are rotated through and out of the operational functions”**. **“Individuals and organization charts change on a weekly basis and we are usually never informed”**.

Clients also expect these individuals to build detailed knowledge on them. In interviews, they continually stressed the need for the brokers to **“understand the issues that are special to us”**. This could include their product preferences, their infrastructure or connectivity shortfalls, their sensitivities/standards on operational performance or issues that relate to their physical location or settlement methods. **“As a US client, clearing into the European time zone, getting fails reporting after midday means another day before my back office can resolve an issue”**. In the worst cases, individuals at brokers are still taking client calls where they demonstrate absolutely no knowledge of the client.

At brokers, client-facing resources need to be appropriately trained in products, systems and markets. In addition, the mindset of a service business needs to be instilled into the staff, i.e., "duty of care". Irrespective of the problems a broker may be experiencing internally, it is important that staff are **"courteous, and appear to care about client problems"**.

2.1.5 Internet portals

Clients had mixed feelings on their use of and encouragement for future development of internet delivered transactional information. Some used them religiously and encourage further expansion but these positive clients had two preconditions:

- Firstly, that data quality continued to improve and batch system were replaced with real time data;
- Secondly, that messaging was used by the brokers to notify clients of issues, the details of which can then be gathered from their websites.

The majority were less supportive. Although they encouraged the fulfilling of the conditions above, they tended to already use the custodians for the same information and had "little interest in maintaining logons to 50-100 brokers".

2.1.6 "Single Most Important Point"

The final question of the survey was to ask the participants, "What is the single most important point that the brokers should focus on?" The section below summarizes the responses.

Core Transaction Management

- Focus on the basics, get trades booked and confirmed/affirmed on trade date, and improve the accuracy.
- Focus on fails prevention.
- Utilize Alert more effectively to pull the updates of instructions on a real time or end of day basis.
- Improve automation for fixed income products in particular.

Customer Management

- Provide more timely response to queries, know the customer better and be more proactive in resolving issues and offering help.
- Ensure one person picks up and runs with a problem and works openly with the client to resolve it.
- Implement a more client facing orientation, with a single point of contact for each client, to provide a person with whom to develop a relationship and to own the client.
- Improve communication in general.
- Provide feedback on client performance relative to their peers, e.g., fails rates by product, volume trends etc.
- Set up and continue operational review meetings.

2.1.7 Next Steps

Z/Yen will arrange 1-1 feedback sessions with each sponsoring Broker and distribute a summary of findings to the asset managers.

This survey will be repeated in Autumn 2004, and will evolve into an annual product (as in UK Europe).

In addition, we believe that there are a number of further areas where research would prove invaluable to both the Brokers and their Clients. These include:

- Possible dedicated studies for FX and/or derivatives;
- Possible studies of Asset Manager operational performance.

2.1.8 Treasury (Foreign Exchange / Money Market)

During the establishment of this survey, it was anticipated that Foreign Exchange/ Money Markets (FX/MM) would typically involve a differing client base to that of Equities and Fixed Income, and that client needs would differ given the nature of the product.

During the survey, this was indeed found to be the case. While the functional managers of several clients also had FX/MM within their domain, only around 20% of those interviewed were able to supply broker rankings. Of those, not all were able to rank all participating brokers, and not for all criteria. However, of those that were able to respond for FX/MM, clients generally expressed the same service level expectations, and acknowledged that many of the criteria we included for ranking were relevant.

At the time of writing, Z/Yen is in discussion with several banks on the establishment of a specific survey into the Treasury market. This is planned to start in January 2004 and cover Asset Managers, Hedge Funds and Corporates.

3. Market Analysis

A. Market Structure

1. Interviewees

At each Investment Manager (Client), the interviewee or group of interviewees represented operational and front office business processes across Equity, Fixed Income and, in some cases, Treasury products. As a result, responses to the survey were either coordinated by one person bringing additional input from the other areas as required or provided by a group. The typical interviewee was a head of Trade Support/Operations or Middle Office. In a few cases, the interviewees included both traders and operations staff.

In all cases, we felt that client staff were generally very supportive of the survey, its rationale, and the sponsoring brokers.

2. Organisation

30 clients were interviewed based on two principal factors, size of assets under management and the rankings of the brokers. Each broker ranked their largest clients (investment managers and affiliates) based on their business levels. Z/Yen combined the brokers' rankings and those with the highest overall rankings were invited to participate.

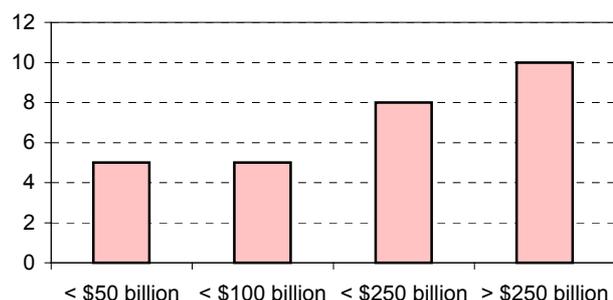
3. Product Coverage

The survey focused on US domestic securities, both Equity and Fixed Income, but also included Treasury products where services were provided through the brokers. Many of the clients transacted both Equity and Fixed Income products, some had a predominance to one or another and a few traded one product exclusively. However, few used the brokers who participated in the survey for FX, but instead used the custodians or other brokers.

4. Assets Under Management

Assets Under Management ranged between less than \$50billion and over \$250billion.

Brokers' Top Clients tended to have higher Assets under Management.



3. Market Analysis

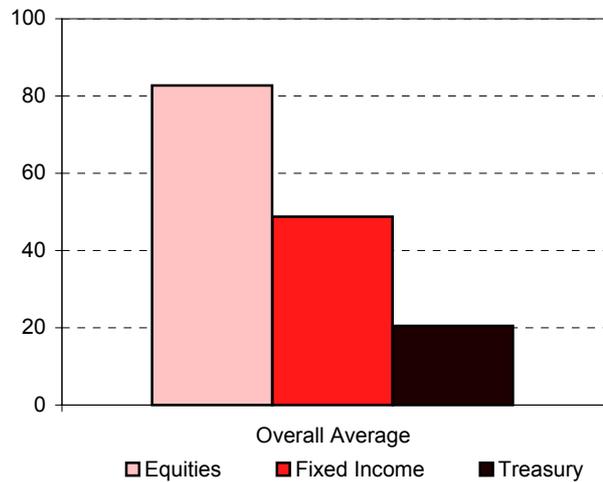
B. Broker Selection

1. How many Brokers do you use and how many do you formally rank ?

a. Number of Brokers used

The average client uses twice as many brokers for equity products as for fixed income. Some brokers are only used for esoteric/bespoke products or have specialisms in particular product sectors, e.g., biotechnology, or particular regional markets.

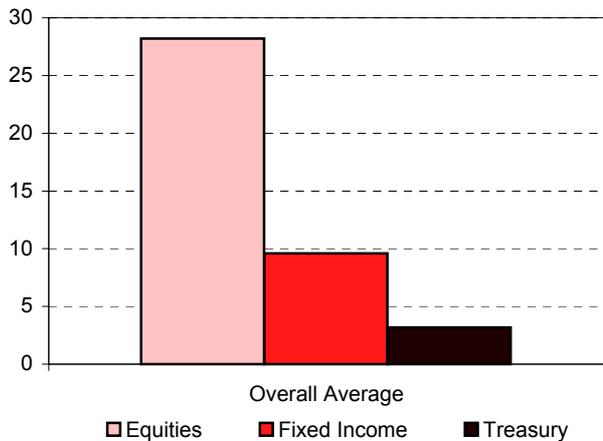
Those that use brokers for FX tend to use a maximum of 10-20 brokers, and many use their custodian relationships to provide FX financing to non USD based assets.



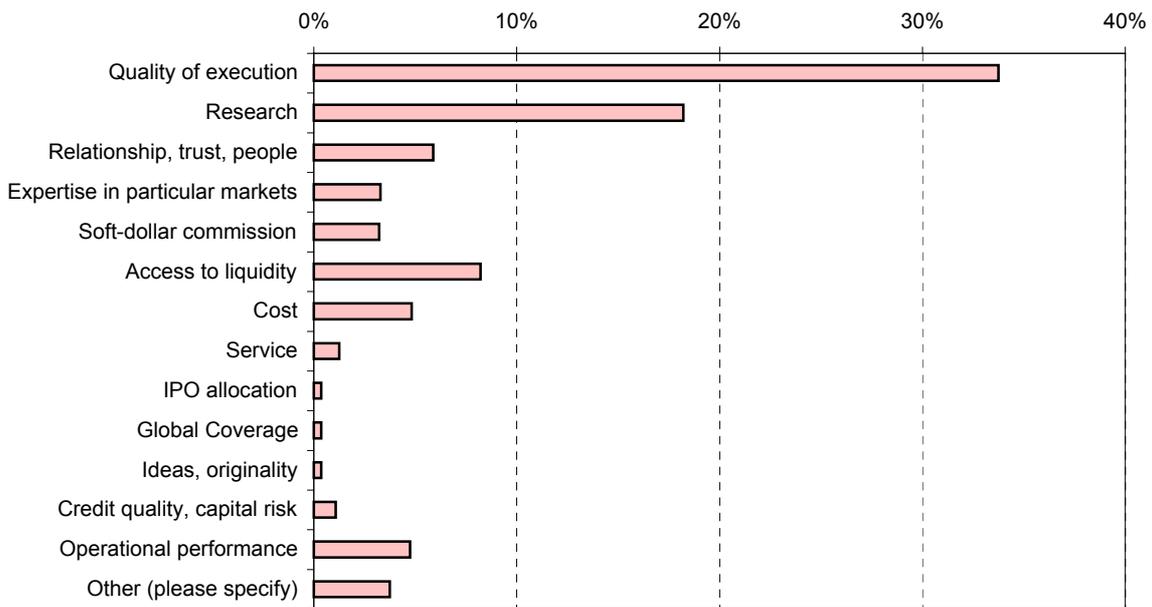
b. Number of Brokers Formally Ranked

Over 80% of clients do formally rank brokers at a relationship level. Many of them limit this process to the top 20/30 brokers based on volume or commissions.

The process is typically owned by the investment managers or jointly with the traders and it is conducted at least annually but more often quarterly.



2. What are your main criteria for choosing a broker?



Client comments included: "Broker choice, both upfront and ongoing is driven almost exclusively by inventory, execution/price." "Business broker ranking prepared by the front office are almost exclusively driven off the quality and pricing of execution and the provision of research".

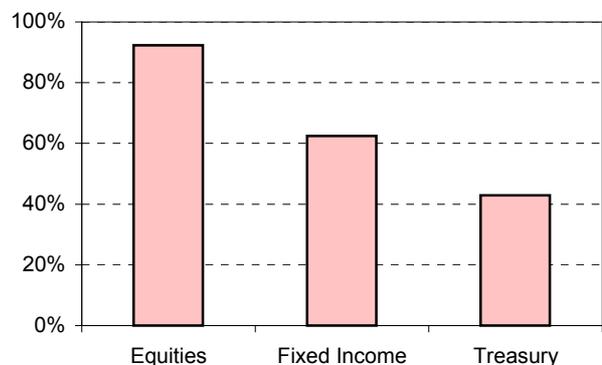
However, from the graph above, it is clear that, expertise and operational performance do count significantly, even if smaller by comparison.

The influence of operational performance was neatly summed up by one client, "when execution or research are equivalent then operational performance often becomes the casting vote".

3. Do you have a formal business allocation process?

For equity business flow, it is clear that most of the clients do have a formal allocation process driven by commission levels and/or volumes. This process is typically run quarterly.

Fixed Income appears to be less formal than for equities.

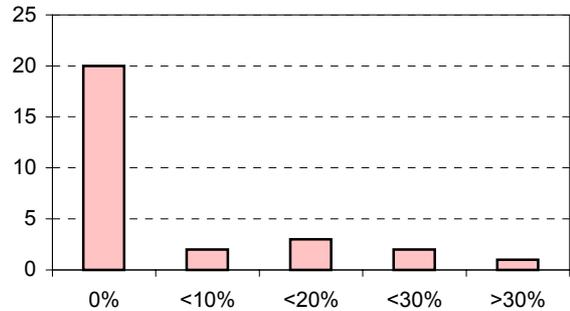


4. Is there any sub product variation (in broker choice)?

Specialisms in product or market are very influential and can often mean a broker has an exclusive pipeline of business. This is certainly true for the more esoteric market segments like biotechnology, and also for geographical regions like South East Asia where local market expertise is truly valued by the asset manager.

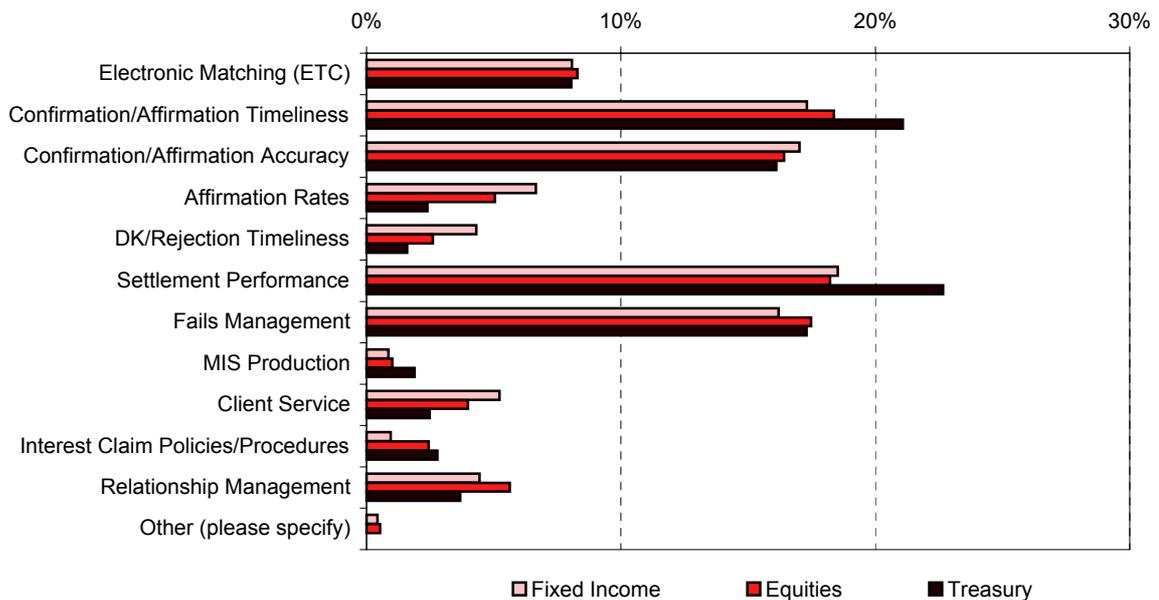
5. What percentage of the "broker vote" is given to Operational Performance?

Operational performance is increasingly being incorporated into broker voting, but this is still for only 30% of the respondents. For these, it was typical for operational performance to count 10-15% to the overall score.



Many more clients were in the process of implementing an operational component to their broker selection. Of the remainder, operational performance is fed back to the decision makers but on a more informal or ad hoc basis.

6. What criteria, and with what weight, do you use for scoring Operational Performance?



Operational performance can only be reasonably monitored by looking a number of its components. 12 categories/criteria were selected by the brokers for weighting by the clients. The criteria that picked up the highest weightings were (unsurprisingly) those relating to trade date processing of confirmation/affirmation timeliness and accuracy (15-20% each) and settlement performance and fails management (15-20% each).

Interestingly, there were clients who almost exclusively monitored settlement date metrics, and some who almost exclusively monitored trade date metrics. However, the majority used a balance of both.

3. Market Analysis

C. Core Transaction Management (Operations Best Practice)

1. How do you define best practice in Operational Performance from your brokers?

There was no generally agreed "best practice" or "benchmark" for either pre or post-settlement activities and there was a significant spread of answers to this issue. Two of the more extreme perspectives were:

"Standards are not formal but communicated verbally, confirmations are expected to be matched <T+2, transactions are expected to settle on settlement date, corporate actions brokers are expected to utilize centralized instructions, brokers are expected to deliver end of day electronic reports of transaction activity for reconciliation purposes."

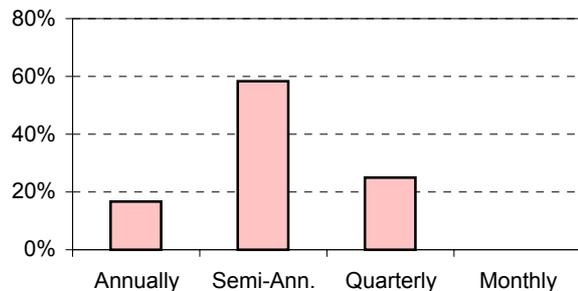
"We expect all trades to be booked on trade date or to receive an explanation why not. Excuses like 'had to go home' are not tolerated. For allocations, often these are carried over, but we still expect an explanation."

In addition to the need for transactional based standards, some clients brought up service and communication standards of best practice around responsiveness and courtesy.

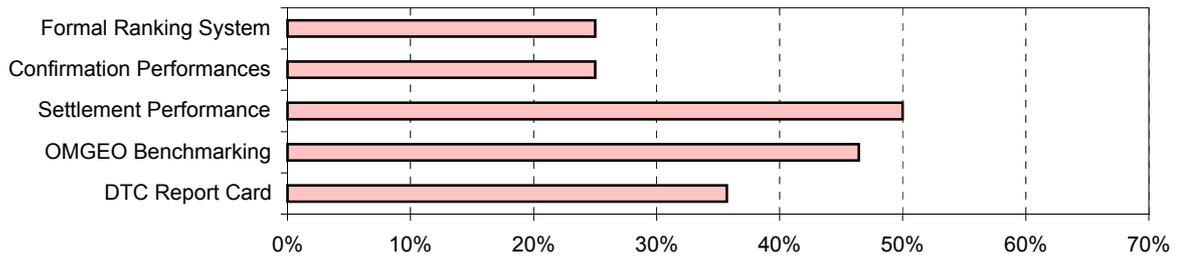
Few if any Asset Managers had SLAs in place at the time of the study, however, a small number were considering or were actively moving in this direction.

2. How frequently do you "rank" your brokers' operational performance?

Ranking of broker operational performance is typically done on a semi-annual basis but there are a significant number of clients who rank annually or quarterly.



3. How do you "rank" your brokers' operational performance?

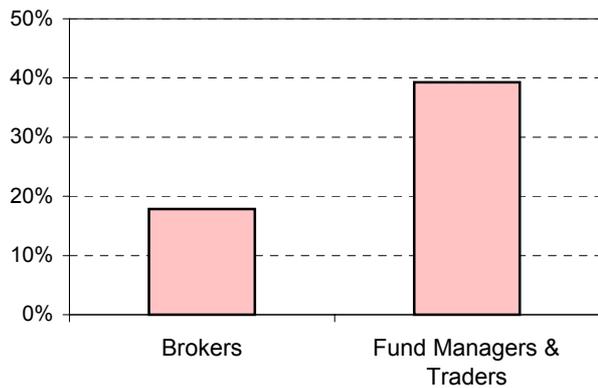


External services, e.g., OMGEO Benchmarking and DTC Report Card were popular with the investment managers. These look predominantly at settlement performance and these, together with internal settlement measurements/metric, show a bias to settlement date measures for broker rankings as opposed to trade date measures.

4. To whom do you distribute broker ranking information?

Much of the ranking information is for internal consumption. For a number of clients, these rankings are not communicated to traders or investment managers.

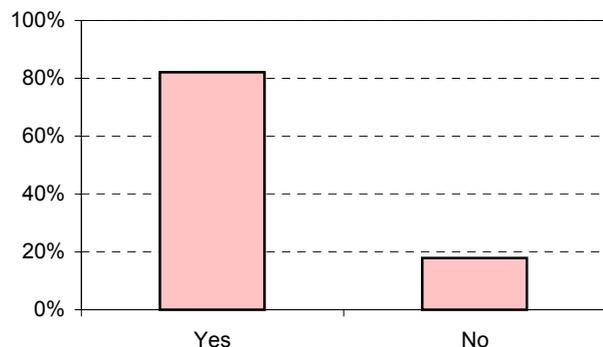
In the future, many clients intend to implement a more formal process but only to notify the brokers when asked. At present, few clients voluntarily make rankings transparent to the brokers.



5. How do you use broker ranking information?

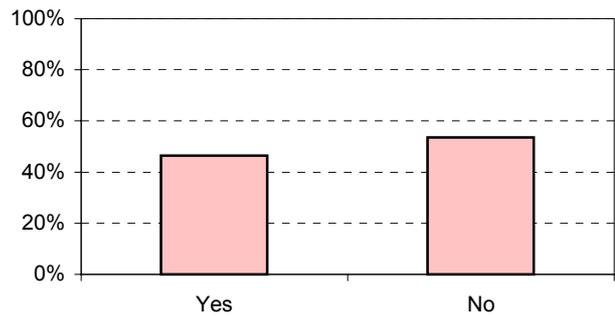
a. Penalise broker for poor performance

Brokers do get penalized for "significant ongoing operational failings". In many cases, "Traders are informed of issues, brokers get warned and three strikes then you're out!"



b. Brokers struck off for poor performance

Although, nearly 50% of clients have struck off a broker, many also restrict volumes, e.g., "We initially restrict or threaten to restrict business, to have specific personnel removed - usually the desk decides" and "We enforce a period of inactivity - 'a penalty box'".

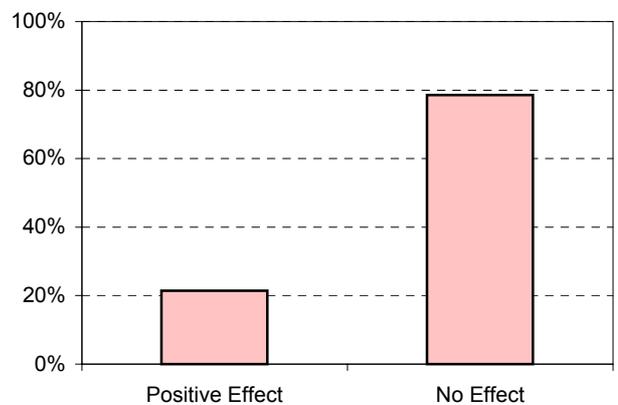


6. If operational performance targets are exceeded, does this positively affect business

At most institutions, there is typically no formal mechanism to reward excellent operational performance, e.g., no news is considered good news by the traders".

However, at others, "Operational performance feedback is continuous and is somewhat influential in determining business flow".

One client also commented, "Feedback on operational performance is reported to and discussed with the trading heads but it does not formally drive business decisions. However, our largest broker by volume/commission, is the broker with the highest level of operational performance/service."



7. To which other surveys on broker performance do you subscribe?

Respondents do subscribe to a number of surveys on broker performance, e.g., Greenwich, but these have not historically addressed operational performance.

3. Market Analysis

D. Customer Management

1. What do you expect from a broker's Operations Group regarding Customer Relationship Management (CRM)

Clients provided a number of differing responses to this question, but many could be encapsulated in the comment, "We expect to be treated well by those we trade significant volume with, expect significant product expertise, timely resolution of issues, adequate escalation where necessary and routine operational visits."

A number of clients raised areas where improvement is required. These included:

Improve general understanding of client:

1. Build and document detailed knowledge of any client specific reporting requirements;
2. Understand any specific location or timezone considerations to which a particular client is sensitive, earlier deadlines for reporting, non-standard formatting requirements, need for after hours support etc.

Treat clients as clients:

1. Build relationships, by reducing rotation of client facing resources;
2. Encourage regular "how's it going?" calls;
3. Invest in on-site operational review meetings for those clients who express interest.

Increase responsiveness to issues:

1. Own the problems raised and follow through to resolution;
2. Take responsibility for broker mistakes;
3. Where possible, ensure the broker's problems do not become the client's problems.

Expect to be asked to advise or educate:

1. Be a source of knowledge on local market issues, on specific product complexities and on industry initiatives;
2. Provide general product & market education for a client that is entering or considering a new market (this is considered highly value adding);
3. Be proactive in advising clients on operational issues when market circumstances make it appropriate.

2. Do you believe that CRM adds significant value to a broker's operations group?

It was an unanimous finding that clients who had experienced brokers who had adopted a client facing structure or dedicated CRM groups had experienced improved service and stronger business relationships. "Certainly, the few brokers who have taken this route do provide better service and are more open to respond to criticism".

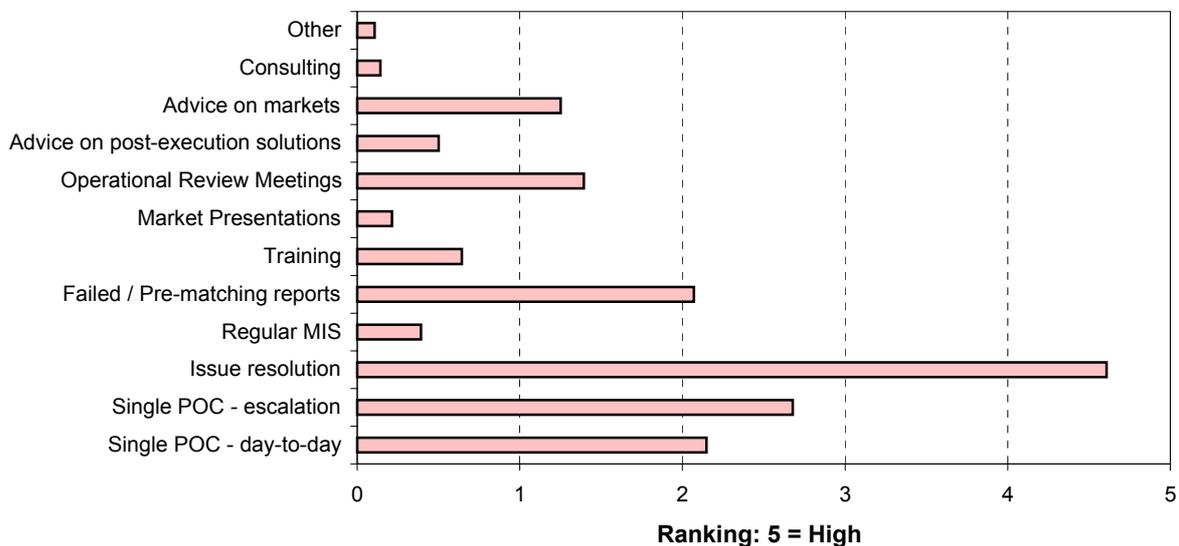
3. Do you believe that CRM should be formalized, e.g., as a separate function with agreed deliverables and service levels?

Clients felt that the CRM function need not be necessarily formalized but that "individuals need the time to do the job, to be the person representing the client within the broker's operations, need to be plugged in and need previous operations experience at that broker."

Regarding independence from operations, one client commented, "Independent functions can wield the influence necessary to get things done. It is a balance." A second commented, "It is preferable that these resources are senior experienced individuals who have a reporting line close to operations so they retain the knowledge/insight and ability to influence".

However a few clients were negative, "Not convinced, need more experience on the alternatives, ultimately it should be transparent to the client".

4. Please indicate your need for these CRM services

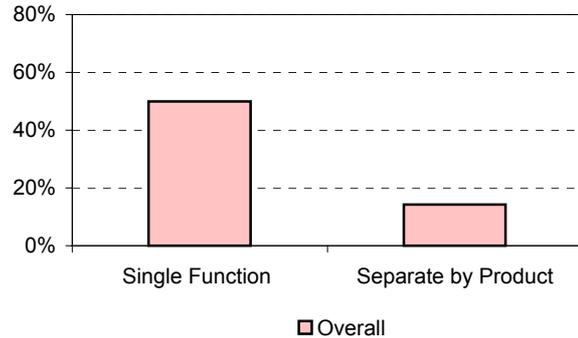


Unsurprisingly, issue resolution was clearly the most highly rated CRM service. This corroborates the comments about CRM facilitating the responsive addressing of issues. Issue resolution is followed in demand by the core CRM services of being the single point of contact for issues and for escalation.

Fourth was improving the reporting of pre-matching and fails which was a common 'gripe', and interestingly, the provision of Operational Review Meetings was fifth.

5. Would you prefer a single CRM function covering the whole relationship, or separate functions by product?

Overwhelmingly, clients either wanted either one relationship contact, or a single point of contact for each of the principal product groups, Equity and Fixed Income.

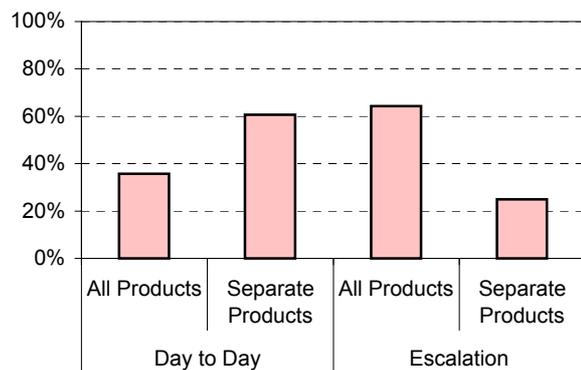


6. Do you have a preference for a single point of contact for all products at a broker or for a single product?

a. Overall

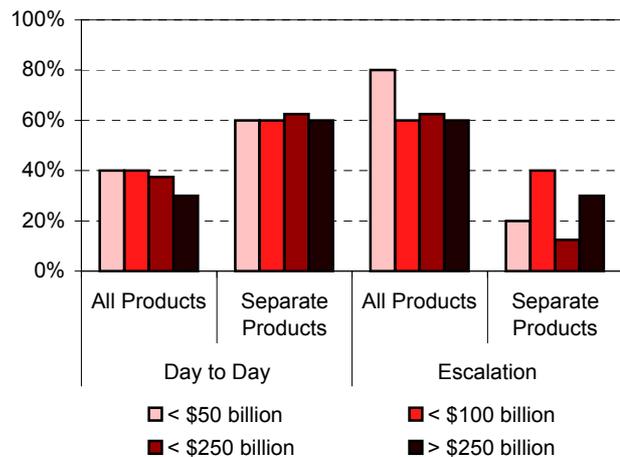
Although there is a preference for single point of contact across the board for CRM, when directly asked about day to day contact versus issue escalation, a narrow majority had a preference for product experts over relationship experts.

For escalation of issues there was strong agreement that a single relationship owner was required.



b. By Size (Assets under Management)

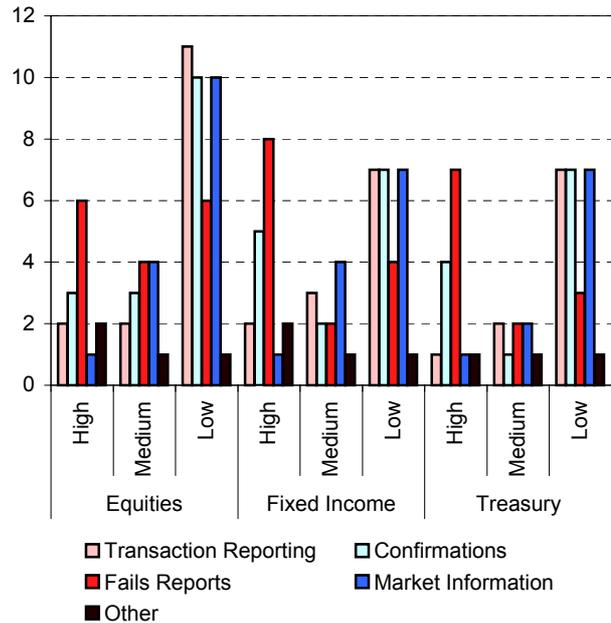
There was little variation in response by asset size. However, for escalation, the larger clients had more of an interest in maintaining product specific routes to achieve resolution of a situation.



7. What is your requirement for internet access to your brokers' systems/data?

The value of use of the internet was an area of much debate and clients were polarized on this topic. Much of the content proposed was not considered high priority, namely transaction reporting, confirmations and market information.

Fails reporting on the other hand was supported and used by many. When it wasn't used, this was typically due to two reasons; poor data reliability, or reluctance to continually surf 10's of broker sites. Clients felt that, for fails reporting via the web to be a value added service, it must be accompanied by a proactive messaging system - via whatever means - to alert clients to the failed trades. The details can then be seen on the website.

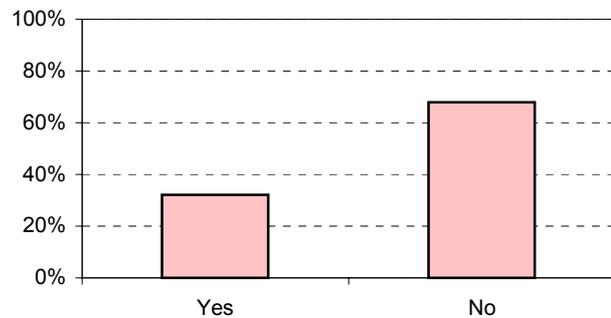


8. Do you currently have operational review meetings with your brokers?

Clients had had limited exposure to Operational Review Meetings. Goldman Sachs, Merrill Lynch, UBS and Morgan Stanley were the only broker names associated with such visits.

One of the clients so valued face to face relationship building that they had initiated a reverse program of client meetings at their principal brokers!

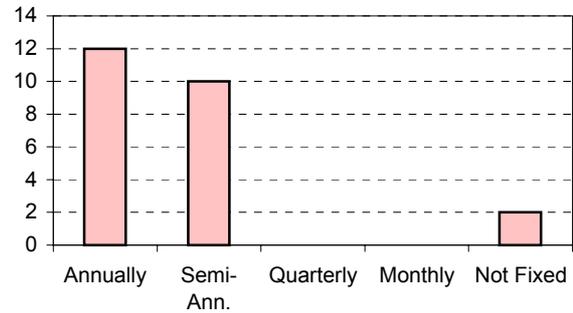
In general, those clients who had experienced these meetings found considerable value in them, and the overall population of respondents is looking for this service to become a standard service offering from their larger brokers.



9. How often would you expect to have operational review meetings with your brokers' operations groups?

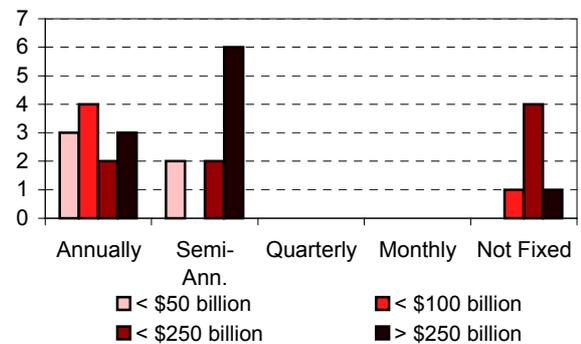
a. Overall

An annual or even semi annual meeting was the most requested frequency. One client commented, "With 30/40 sizable brokers with whom we conduct business, with a meeting once a year that already amounts to one meeting a week!"



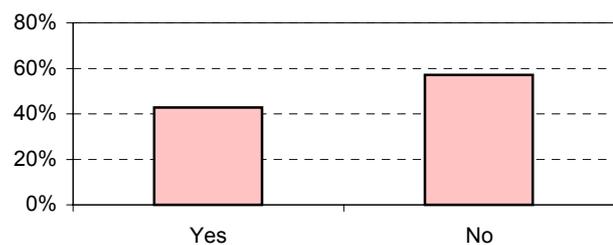
b. By Size

In general, larger clients were more supportive of semi-annual meetings.



10. Does the frequency of meetings vary depending on internal ranking of broker relationships?

In the event of significant problems with a broker, the balance of opinion was not to increase the frequency of face to face operational review meetings, but to handle specific issues directly on a normal or escalated basis.



11. Are you interested in peer group analysis?

There was an overwhelming interest in peer group comparative analysis on operational performance amongst the clients.

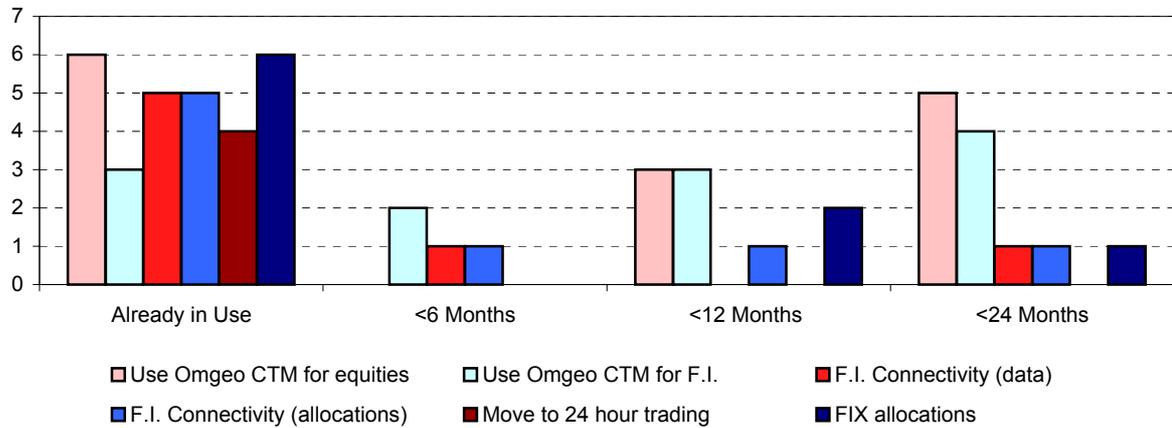
In fact, one client operations manager raised this as their highest priority issue in improving the broker service as a whole; "give me feedback on where to improve relative to my peers".

The only cautionary tones came in trying to identify appropriate peer groups with similar volumes and product mix.

3. Market Analysis

E. Future Plans

1. What future plans should your brokers be anticipating, and in what timescales?



In general, the response to this area of the survey was disappointing with some clients reluctant to provide much detail on plans. Of the remainder, many were shown to be adopting a wait and see approach to CTM and other connectivity projects. However, 15 to 20% were existing users of CTM, and a further 15% expected to implement CTM in the coming 24 months.

2. Which vendors are you using/likely to use for F.I. Connectivity (data)

Many respondents were existing users of Fixed Income Oasys or Tradexpress/Tradeweb.

3. Which vendors are you using/likely to use for F.I. Connectivity (allocations)

Many respondents were existing users of Fixed Income Oasys or Accoutnet.

4. Are you a proponent of VMU?

Many of the respondents were in favor of the concept of VMUs, the rationalization of connectivity, the consolidation of trade matching and status reporting, the value of increased standardization of reporting etc.

To date, the details of the cost benefit of moving to such a set up had not been adequately articulated, and as a result, the majority of clients continue to adopt a 'wait and see' position on VMUs.

There was significantly less trepidation regarding centralizing reference data for which many saw obvious benefits.

5. What is the single most important point you would like to raise to your Brokers, in terms of service provision?

Core Transaction Management

- Focus on the basics, get trades booked and confirmed/affirmed on trade date, and improve the accuracy.
- Focus on fails prevention.
- Utilize Alert more effectively to pull the updates of instructions on a real time or end of day basis.
- Improve automation for fixed income products in particular.

Customer Management

- Provide more timely response to queries, know the customer better and be more proactive in resolving issues and offering
- Ensure one person picks up and runs with a problem and works openly with the client to resolve it.
- Implement a more client facing orientation, with a single point of contact for each client, to provide a person with whom to
- Improve communication in general.
- Provide feedback on client performance relative to their peers, e.g., fails rates by product, volume trends etc.
- Set up and continue operational review meetings.

4. List of Participating Clients

Clients Interviewed

- JP Morgan Fleming Asset Management
- Citigroup Asset Management
- Strong Capital Management
- Putnam Investments
- Wellington Management Co.
- Legg Mason
- Franklin Templeton Investments
- Standish Mellon Asset Management
- State Street Global Advisors
- Brandes Investment Partners
- T. Rowe Price Group
- Pacific Investment Management Co.
- Lazard Asset Management
- Nicholas-Applegate Capital Management
- Dresdner RCM Global Investors
- Invesco Funds Group
- Invesco Institutional
- AIG Global Investment Group
- UBS Global Asset Management
- ING Group
- Aetius Investment Management
- American Express Company
- American Century Investment Management
- Capital Guardian Trust Co.
- Capital International Inc.
- Jennison Associates
- Janus
- Capital Research Management Co.
- Goldman Sachs Asset Management
- Merrill Lynch Investment Managers

5. Z/Yen Limited

Z/Yen is the UK's leading risk/reward management consultancy.

Risk/reward management is the application of risk analysis and return incentives to strategic, systems, human and organizational problems in order to improve performance. Z/Yen believes that the intelligent management of risk is the basis of significant reward. By recognizing, understanding and managing risks, more risks can be assumed and performance increased.

Z/Yen applies risk/reward management in the public, private and not-for-profit sectors, with particular expertise in:

- Financial Services
- Technology
- Not-for-Profit Sector
- Professional Services
- Business Intelligence

Within Financial Services Z/Yen performs benchmarking and performance analysis, market surveys, strategic planning (outsourcing, re-engineering, relocation) and market intelligence. Z/Yen's benchmarking surveys encompass European securities, US securities, Global Treasury products and Global OTC Derivatives.

Z/Yen's work has enabled banks and other financial institutions to:

- Understand whether economies of scale efficiencies have been realized;
Identify in which products or businesses they are either efficient or inefficient
- processors;
Identify where in the trade processing lifecycle they have scope for improvement;
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- Identify and quantify "best of breed" and determine efficiency targets;
- Analyze progress and trends on a year-on-year basis;
- Monitor relative performance for management.

For more information on Z/Yen, visit our website www.zyen.com or call Jeremy Smith on +44 (0)20 7562 9562.