

Deutsche Bank Revamps Clearing, Shuffles Prime Finance Roles

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NEW YORK (Dow Jones)--Deutsche Bank AG (DB, DBK.XE) is rolling out a new global unit to aid the execution and processing of customer trades, bringing a series of existing businesses under one umbrella.

The Markets Clearing group will be implemented with asset management clients, such as insurance companies and hedge funds, across multiple asset classes over the coming months, Jonathan Hitchon, co-head of global prime finance in New York, said Wednesday.

Hitchon has been appointed head of the new unit, effective immediately. Global prime finance will be run by the existing co-head, Barry Bausano, who will be joined by newly appointed co-head of prime finance, Roger Naylor, who is now head of global equity derivatives. Naylor will retain his current responsibilities alongside his new role.

Regulators around the world are seeking to rewrite rules governing financial markets in the wake of the crisis, putting a big emphasis on central clearing for derivatives as a way of mutualizing risk in the system.

The Markets Clearing unit will comprise Deutsche Bank's exchange-traded derivatives capabilities, its off-exchange or over-the-counter derivatives business and its prime brokerage business, where it aids customer trading and provides other services such as trade reporting and collateral management.

The business of lending to customers, allowing them to leverage their trades in the hope of greater returns, will stay within global prime finance.

"The formation of this new unit is in recognition of the momentum around central clearing," Hitchon said. "There is significant demand from clients in anticipation of the implementation of those new rules."

Those new regulations are not yet finalized and will be gradually phased in, with central clearing a consistent theme across jurisdictions.

A notable benefit of having several business lines under one platform is the ability to offset collateral and margin backing trades in different areas--between listed and OTC trades, for example. Another is Deutsche Bank's ability to report positions across a client's whole portfolio.