

[SURVEY | PRIME BROKERAGE]

The
2022

PRIME
BROKERAGE
SURVEY

Readers will hardly fail to notice that the current state of the prime brokerage industry comes in for multiple analyses in this issue of Global Custodian. An in-depth piece by our editor Jon Watkins sets the scene, while several thought leadership contributions reinforce a broadly common set of conclusions.

“Arguably the biggest change to the prime brokerage landscape over the past year was the fallout from Archegos,” says CIBC. “This has led to the exit of specific global PBs entirely from the space as well as others scaling back their synthetic exposure. In addition, we saw the further consolidation of the prime space with the completion of business acquisitions.”

For Cowen, the meme stock phenomenon, Archegos implosion, Chinese stock rout, and more recently the rising interest rate cycle and the Russian invasion of Ukraine, have presented prime brokers with consecutive stress tests: “While most firms navigated these challenges, by year’s end the industry witnessed the demise or substantial withdrawal of what were formerly major players in the PB space.”

In light of recent developments, most managers and their service providers seem reconciled to further regulatory requirements coming down the pipe in due course.

Given these strains, it is pleasing to report an uptick in favourable perceptions from this year’s respondent cohort. Apart from Capital Introductions and Asset Safety, all aggregate category scores have improved year on year (2021 scores having been adjusted slightly to take into account this year’s weighting criteria and minor post-survey data scrubbing).

Interestingly, the biggest improvement in aggregate scores is recorded for Fixed Income – likely to attract growing attention in a period of anticipated interest rate rises.

Capital Introductions meanwhile remains an area where the gap between client expectations and what is actually available is hard to bridge, even if there is no overt dissatisfaction expressed with what providers are able to bring to the table.

Looking at the individual provider ratings in the pages that follow, it is important to bear in mind that these reflect the perceptions of each prime broker’s own clients. One should therefore be wary of making direct comparisons given the different client profiles of the various PBs. For guidance on how to read the provider tables, please see page 90.

Market uncertainty makes for prime time

The 2022 Prime Brokerage Survey has been conducted during what might proverbially be called ‘interesting times’.

Methodology

The prime brokerage survey asked clients to assess the services that they receive from their Prime Brokers. The same service categories as last year have been retained and respondents were asked only one quantifiable rating question per category. This related to the overall service level per category and was done through a sliding scale from ‘Unacceptable’ to ‘Excellent’.

Respondents were also invited to add colour to their ratings through an optional comment box per category. The published results use Global Custodian’s conventional seven-point scale familiar to readers of the magazine (where 1=unacceptable and 7=excellent).

Ten responses are the minimum sample number required to assess a service provider sufficiently for full category results to be published. Individual responses are weighted for the size of the respondent as measured by assets under management.

Scores in any individual service area that attract fewer than three responses are excluded from the calculations. Where a provider has recorded three or more responses per category, average scores can be made available to the provider concerned for internal use. More granular analyses than are published may also be available to providers. For more information on bespoke reports, please contact beenish.hussain@globalcustodian.com.

ABN AMRO Clearing

ABN Amro Clearing	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	4.00	5.00	5.50	5.38	-1.38
Client Services	5.28	5.50	5.72	6.14	-0.86
Consulting	N/A	5.13	6.00	5.91	N/A
Operations	5.50	5.83	5.61	6.00	-0.50
Technology	5.00	5.36	4.86	5.79	-0.79
Risk Management	5.44	6.06	5.27	5.88	-0.44
Asset Safety	5.68	5.84	6.42	6.15	-0.47
Trading and Execution	5.89	6.00	5.60	6.19	-0.30
Financing	5.41	6.31	5.55	5.81	-0.40
Stock Borrowing and Lending	5.00	5.25	4.58	5.93	-0.93
Foreign Exchange Prime Brokerage	6.25	5.09	5.75	6.04	0.21
Fixed Income	5.86	5.67	5.55	6.00	-0.14
OTC Clearing	5.13	5.17	6.17	5.92	-0.79
Listed Derivatives	5.81	6.00	6.08	6.07	-0.26
Average	5.40	5.59	5.62	5.94	-0.54

While ABN Amro Clearing's results this year fall largely into the Good range (5.00-5.99) – with only Capital Introductions dipping into Satisfactory territory – they fall short of the global average apart from FX Prime Brokerage, where they outperform.

Unusually, the bank is quite forthright about its shortcomings. “We are aware that there have been deficiencies in our offering over the last 12 months consequent to various projects to bring formerly outsourced functions in-house and to improve our technological architecture,” says the provider. “This work, coupled with heightened volumes of new client on-boardings, has negatively impacted the quality of certain services. We remain committed to our clients and their changing needs and look forward to the near future when many processes will be streamlined and enhancements implemented to the benefit of our partners and prospects.”

During the past year, the bank says it executed and cleared record volumes for clients. Almost half of respondents for the bank, describe the overall service received from ABN Amro as either Very Good or Excellent. “Every year since we are working with ABN Amro Clearing we are amazed by the level of client service. It is outstanding. They are always willing to help, they are fast and they are ready to go an extra mile to provide you with a solution which we need,” says one.



BMO Capital Markets

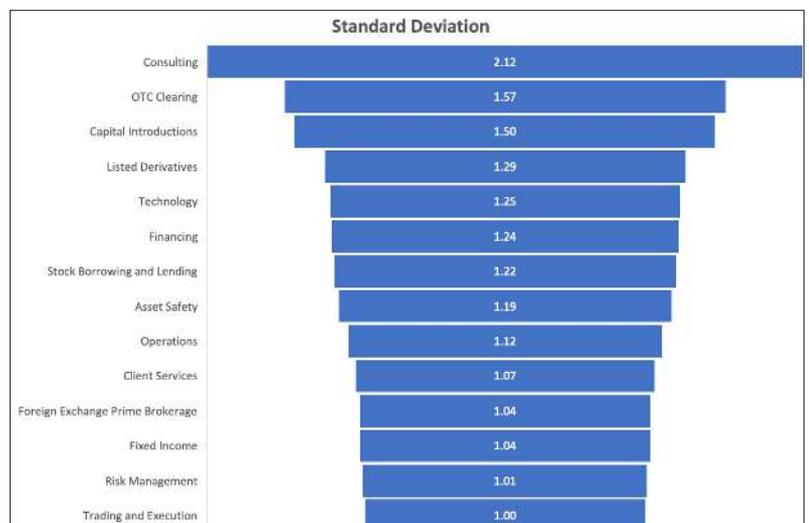
BMO Capital Markets	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	4.77	N/A	N/A	5.38	-0.61
Client Services	6.12	N/A	N/A	6.14	-0.02
Consulting	5.20	N/A	N/A	5.91	-0.71
Operations	5.78	N/A	N/A	6.00	-0.22
Technology	5.17	N/A	N/A	5.79	-0.62
Risk Management	5.37	N/A	N/A	5.88	-0.51
Asset Safety	5.47	N/A	N/A	6.15	-0.68
Trading and Execution	6.10	N/A	N/A	6.19	-0.09
Financing	5.61	N/A	N/A	5.81	-0.20
Stock Borrowing and Lending	5.85	N/A	N/A	5.93	-0.08
Foreign Exchange Prime Brokerage	5.53	N/A	N/A	6.04	-0.51
Fixed Income	5.58	N/A	N/A	6.00	-0.42
OTC Clearing	4.80	N/A	N/A	5.92	-1.12
Listed Derivatives	5.84	N/A	N/A	6.07	-0.23
Average	5.51	N/A	N/A	5.94	-0.43

Primarily focused on the Canadian market to date, BMO’s appearance in the GC Prime Brokerage Survey has been sporadic over the years. It appears this year with a mixed set of scores spread relatively widely from 6.12 (Very Good) at the top end for Client Services to 4.77 (Satisfactory) for Capital Introductions. One client comments that, “BMO has the most effective cap intro team amongst the Canadian prime brokers.”

When it comes to Client Services, the BMO team is lauded in several individual comments with specific shout outs for ‘Satinder’ and ‘Natalie’ and for ‘Hong’ in operations.

Traditionally focused on the Canadian market, BMO is in the process of building out a platform to encompass both US and UK operations and clients. Some 15 individuals have been brought on to spearhead the US prime build. Regulatory filing with FINRA of its Continuing Membership Application for an expansion of activity is planned for late Q3, and the firm expects to be online with a small Reg T proof of concept in roughly nine months.

BMO has also made significant investment into Bank of the West to solidify its wealth business and balance sheet, complementing its BMO Harris operation in Chicago. “We think some of the builds we are doing in the US will also bring incremental opportunities to Canadian clients,” says the firm.



BNP Paribas

BNP Paribas	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	4.40	5.00	5.17	5.38	-0.98
Client Services	5.61	6.41	6.16	6.14	-0.53
Consulting	4.67	5.67	5.57	5.91	-1.24
Operations	5.84	6.58	6.27	6.00	-0.16
Technology	5.61	5.76	5.74	5.79	-0.18
Risk Management	6.00	5.94	5.96	5.88	0.12
Asset Safety	6.23	6.15	6.22	6.15	0.08
Trading and Execution	6.00	6.19	6.08	6.19	-0.19
Financing	4.64	6.68	5.76	5.81	-1.17
Stock Borrowing and Lending	5.53	5.88	5.86	5.93	-0.40
Foreign Exchange Prime Brokerage	6.25	6.75	6.49	6.04	0.21
Fixed Income	6.00	5.69	6.06	6.00	0.00
OTC Clearing	6.50	6.63	6.52	5.92	0.58
Listed Derivatives	5.75	5.83	5.94	6.07	-0.32
Average	5.65	6.08	5.98	5.94	-0.29

BNP Paribas looked set to move up a league in size when it completed the transfer at the beginning of the year of clients, technology and key staff from Deutsche Bank's prime brokerage business as well as receiving referrals from Credit Suisse, but since the acquisition it has not all been plain sailing with the departure of some of its best-known personnel for new pastures.

Although the bank recently beat Q2 earnings forecasts, in part due to increased investment bank activity, clients responding for the bank in this year's survey have marked it down compared to last year, leaving its overall score a little below the global average.

While Fixed Income, Asset Safety and Risk Management did record increases, significant falls were registered for Financing, Consulting, Operations and Capital Introductions.

Several client service and relationship management personnel came in for specific praise. There appears, however, to be a degree of organisational indigestion to overcome before returning BNP Paribas' scores to an upward trajectory. One UK-based client comments that, "The individual client relationship manager is very helpful, but outside that, BNPP Prime Brokerage management and organisational support are generally not structured to provide helpful support to clients vs. how other prime brokers provide client service."

That said, 52% of respondents have rated the bank either Excellent or Very Good overall.



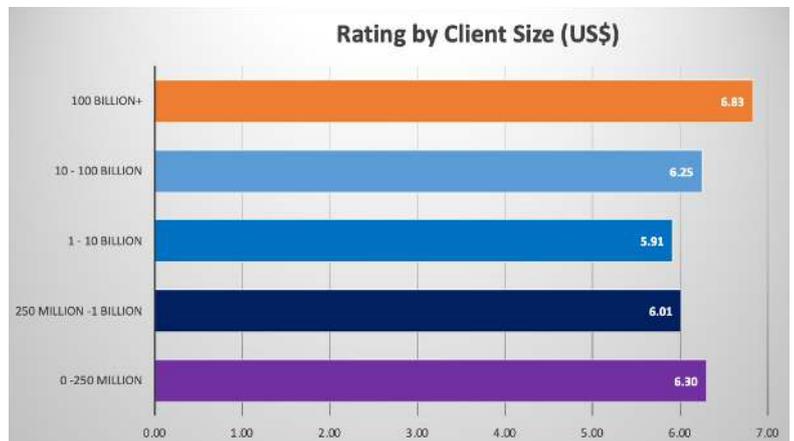
BNY Mellon | Pershing

BNY Mellon Pershing	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	5.47	5.52	5.38	5.38	0.09
Client Services	6.46	6.49	6.46	6.14	0.32
Consulting	6.08	5.17	5.81	5.91	0.17
Operations	6.42	6.42	6.38	6.00	0.42
Technology	5.77	5.86	5.79	5.79	-0.02
Risk Management	6.05	6.06	6.03	5.88	0.17
Asset Safety	6.46	6.66	6.57	6.15	0.31
Trading and Execution	6.23	6.21	6.11	6.19	0.04
Financing	5.99	5.54	5.86	5.81	0.18
Stock Borrowing and Lending	6.02	6.33	6.13	5.93	0.09
Foreign Exchange Prime Brokerage	N/A	6.50	6.53	6.04	N/A
Fixed Income	6.43	5.92	6.14	6.00	0.43
OTC Clearing	N/A	6.20	6.34	5.92	N/A
Listed Derivatives	6.21	6.00	6.21	6.07	0.14
Average	6.13	6.06	6.12	5.94	0.19

BNY Mellon | Pershing has had a good year results-wise, increasing its overall score from 2021 and exceeding the global average in most categories. Highest scoring categories are Client Services and Asset Safety (6.46 apiece). “Our high touch service model provides clients with a single point of contact within a dedicated, experienced support team,” says the firm. One manager comments that, “Our client service representative provides top class service buy being available and providing knowledge and guidance to sort through urgent issues”, while a number of individual personnel are namechecked.

In 2021, Pershing announced a fresh and focused approach to serving clients through two new segments: Wealth Solutions for wealth-oriented broker-dealers, registered investment advisors (RIAs) and trust companies; and Institutional Solutions for institutional-oriented broker-dealers, investment banks and other capital markets firms, hedge funds and alternative asset managers. “This realignment of our people, resources and technology was designed to provide clients with even greater access to the comprehensive suite of solutions across the Pershing and BNY Mellon enterprise,” says the firm.

Recent product and service developments include a Cap Intro thought leadership collection, Cap IntroGraphics, launched in 2020, which provides a visual breakdown of trends uncovered through in-depth conversations with allocators as well as results from investor polling (see Page 14). The firm describes its approach to cap intro as “pursuing highly targeted, discrete manager introductions, following painstaking research-driven curation, maximising potential best-fit.”



Cantor Fitzgerald

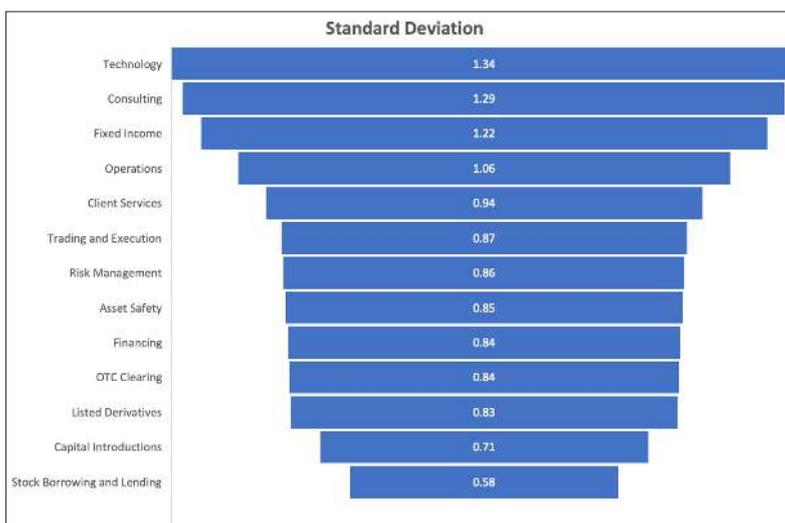
Cantor Fitzgerald	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	5.29	4.96	5.75	5.38	-0.09
Client Services	6.30	6.41	6.35	6.14	0.16
Consulting	5.67	5.29	N/A	5.91	-0.24
Operations	6.27	5.80	6.07	6.00	0.27
Technology	5.55	5.54	5.59	5.79	-0.24
Risk Management	5.67	5.84	5.55	5.88	-0.21
Asset Safety	6.19	6.06	6.08	6.15	0.04
Trading and Execution	6.31	6.21	5.51	6.19	0.12
Financing	5.98	6.00	5.33	5.81	0.17
Stock Borrowing and Lending	5.71	6.00	6.24	5.93	-0.22
Foreign Exchange Prime Brokerage	N/A	N/A	N/A	N/A	N/A
Fixed Income	6.04	6.00	6.35	6.00	0.04
OTC Clearing	6.71	5.90	5.87	5.92	0.79
Listed Derivatives	5.60	5.74	N/A	6.07	-0.47
Average	5.95	5.83	5.88	5.94	0.01

Cantor has experienced continued business growth in both Equities and Fixed Income Prime over the past year. There has, the firm says, been “a massive growth in the SPAC space as a Prime with Cantor getting a chunk of the business that was formally at CS” as well as continued growth organically with clients across all strategies.

Looking at its year-on-year scores, Cantor has seen its results improve both overall and in roughly two-thirds of service categories, most notably in OTC Clearing and Operations. All category averages are in the Good (5.00-5.99) or Very Good (6.00-6.99) range. The firm has also raised its game in Capital Introductions, moving from Satisfactory to Good – a development the firm attributes to its partnership with Layton Road, which began soon after the 2021 survey period.

In addition, the firm has onboarded various large funds onto its platform since the last survey. “Most of them are using the largest primes out there,” the firm asserts, suggesting that these are the providers against which it is now being judged.

“The team here is great,” says one US client. “We were in a position of this being new to our firm and the team all got on the phone to walk us through the process and how everything works in detail, especially as it related to shorts and margin.”



CIBC

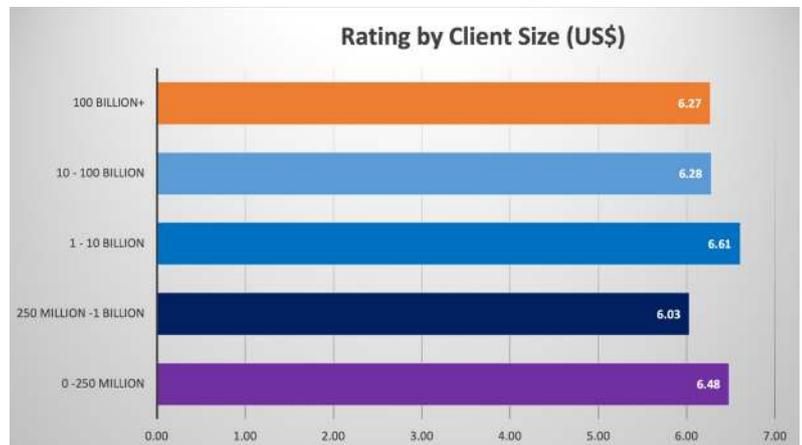
CIBC	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	6.11	N/A	N/A	5.38	0.73
Client Services	6.62	N/A	N/A	6.14	0.48
Consulting	6.27	N/A	N/A	5.91	0.36
Operations	6.38	N/A	N/A	6.00	0.38
Technology	6.11	N/A	N/A	5.79	0.32
Risk Management	6.21	N/A	N/A	5.88	0.33
Asset Safety	6.33	N/A	N/A	6.15	0.18
Trading and Execution	6.29	N/A	N/A	6.19	0.10
Financing	6.25	N/A	N/A	5.81	0.44
Stock Borrowing and Lending	6.15	N/A	N/A	5.93	0.22
Foreign Exchange Prime Brokerage	6.38	N/A	N/A	6.04	0.34
Fixed Income	5.92	N/A	N/A	6.00	-0.08
OTC Clearing	5.80	N/A	N/A	5.92	-0.12
Listed Derivatives	6.62	N/A	N/A	6.07	0.55
Average	6.25	N/A	N/A	5.94	0.31

This year, Canadian bank CIBC crosses the threshold for a full write up with a set of results that do not disappoint. All but two categories (Fixed Income and OTC Clearing) record scores above 6.00 and in excess of the global average. At the top end of the table, Client Services and Listed Derivatives both achieve 6.62.

CIBC’s Prime Services Group (PSG) has, says the firm, grown considerably in personnel, product offering, and scalability with considerable investments in technology, operations, and key hires across the platform. “International expansion, synthetic capabilities, and multi-asset support will allow the business to continue its growth trajectory,” it adds.

Recent extensions to its service offering include CIBC’s Corporate Bond Margin Lending platform. It has also introduced synthetic financing as an off-balance sheet alternative to traditional prime brokerage across a suite of products – single stock, portfolio swaps, custom baskets and index products on global equities and ETFs. “These products can be traded and reported on swap, in coordination with our experienced delta-one traders and prime services specialists,” says the firm, which also offers a full spectrum electronic execution platform for both US and Canadian equities.

Of note are CIBC’s efforts in bringing US clients to the attention of Canadian investors, reflected in the relatively high score for Capital Introductions. “Very skilled team leading the way in introducing Canadian investors to US Funds. This has been very beneficial for us,” says one US respondent.



Clear Street

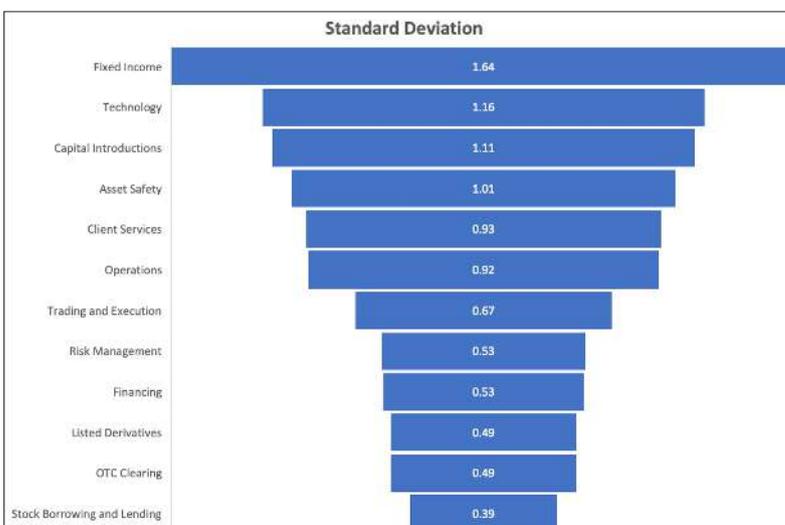
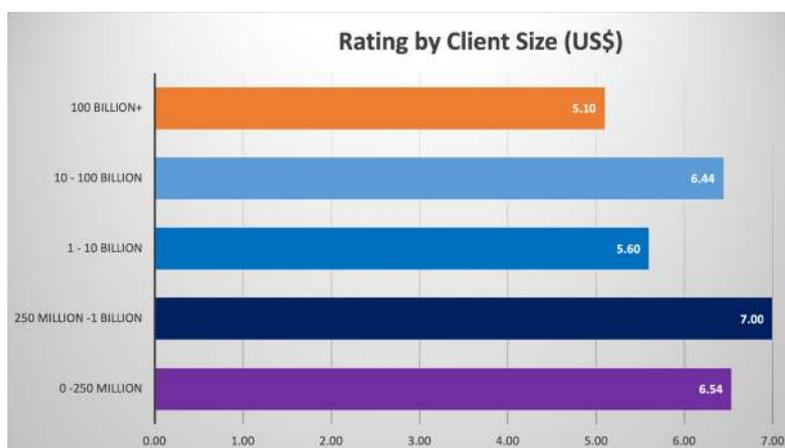
Clear Street	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	5.21	N/A	N/A	5.38	-0.17
Client Services	6.58	N/A	N/A	6.14	0.44
Consulting	N/A	N/A	N/A	5.91	N/A
Operations	5.84	N/A	N/A	6.00	-0.16
Technology	5.70	N/A	N/A	5.79	-0.09
Risk Management	6.42	N/A	N/A	5.88	0.54
Asset Safety	6.00	N/A	N/A	6.15	-0.15
Trading and Execution	6.58	N/A	N/A	6.19	0.39
Financing	6.50	N/A	N/A	5.81	0.69
Stock Borrowing and Lending	6.85	N/A	N/A	5.93	0.92
Foreign Exchange Prime Brokerage	N/A	N/A	N/A	6.04	N/A
Fixed Income	5.36	N/A	N/A	6.00	-0.64
OTC Clearing	6.63	N/A	N/A	5.92	0.71
Listed Derivatives	6.42	N/A	N/A	6.07	0.35
Average	6.17	N/A	N/A	5.94	0.23

Clear Street makes its debut in the Prime Brokerage Survey this year with a strong set of results. Some 62% of its response pool have rated it excellent overall.

Particularly impressive is the 6.85 recorded for Stock Borrowing and Lending. Clear Street established a principal securities lending business in 2019 to facilitate borrowing and lending activity for its prime broker clients, as well as to provide liquidity to the broader market. “Clear Street’s diverse sources of supply, hard-to-borrow coverage, access to special situations, margin financing, margin/collateral optimisation, and leading market insight have made it a strong player in the market in just a few years,” the firm comments.

“Clear Street combines advanced technology with a full-service client offering. Our team pod structure is designed to optimise the client service experience by merging our talented relationship teams (client service, sales, risk management, stock loan, trading) with operations and tech expertise, ensuring rapid and effective responses to our clients. The Clear Street client service team has an average of 24 years’ experience.”

This is backed up by one US manager, who notes: “The stock loan team at Clear Street is packed with the most experienced people in the stock loan industry. They give an incredible amount of colour and ensure complete transparency on pricing, and supply and demand. They are wonderful to work with and have been able to help us get access to many hard-to-borrow names.”



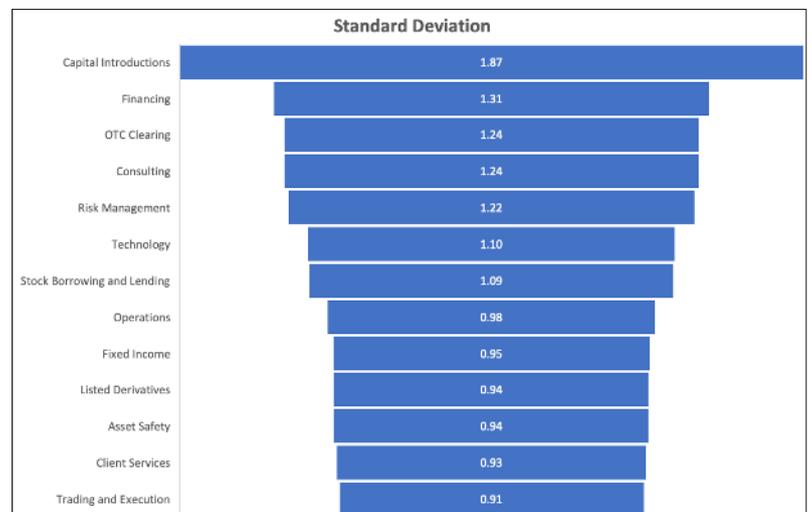
Cowen Prime Services

Cowen Prime Services	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	5.43	5.37	5.38	5.38	0.05
Client Services	6.28	6.16	6.27	6.14	0.14
Consulting	6.04	5.91	6.17	5.91	0.13
Operations	6.35	6.09	6.31	6.00	0.35
Technology	5.91	5.71	5.77	5.79	0.12
Risk Management	6.05	5.85	6.02	5.88	0.17
Asset Safety	6.31	6.15	6.30	6.15	0.16
Trading and Execution	6.40	6.20	6.32	6.19	0.21
Financing	5.40	5.92	6.00	5.81	-0.41
Stock Borrowing and Lending	5.93	5.88	5.95	5.93	0.00
Foreign Exchange Prime Brokerage	N/A	N/A	N/A	6.04	N/A
Fixed Income	6.36	5.69	5.85	6.00	0.36
OTC Clearing	5.84	6.19	6.23	5.92	-0.08
Listed Derivatives	6.42	6.23	6.42	6.07	0.35
Average	6.06	5.95	6.08	5.94	0.12

While this year’s survey results were being finalised, the announcement came through that TD Bank Group and Cowen had reached a definitive agreement for the former to acquire the latter in an all-cash transaction.

In the meantime, Cowen has launched a number of initiatives for its prime brokerage business. Given the current climate (see intro), Cowen has introduced updated risk-based margin models that allowed it to accommodate clients in what it describes as a constructive, rather than arbitrary manner. “We view this as one of our major accomplishments of the past year as it provided our clients the opportunity to avoid unnecessary damage to their portfolios,” says Cowen. “We expanded our international PB team with hires in London and Hong Kong across trading, operational support, compliance and capital introduction. Additionally, we launched a fixed income solution as a complimentary service to our long-standing global equity outsourced trading service.”

This is reflected in the significant rise in Cowen’s score for Fixed Income, while its highest score, 6.48, is recorded for Trading and Execution. “Given our positive experience with Cowen’s trading and execution services, we have been using their outsourced trading desk as a backup trading facility for our trading needs,” says one US client. “This has definitely alleviated some pressure from our internal trading resources and allowed us to be more efficient with our trading set-up.”



Goldman Sachs

Goldman Sachs	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	6.38	5.33	5.86	5.38	1.00
Client Services	5.69	5.20	5.37	6.14	-0.45
Consulting	6.00	5.67	5.74	5.91	0.09
Operations	5.06	5.00	5.15	6.00	-0.94
Technology	6.31	5.53	5.65	5.79	0.52
Risk Management	6.54	6.62	6.22	5.88	0.66
Asset Safety	6.67	6.33	6.46	6.15	0.52
Trading and Execution	6.40	5.92	5.99	6.19	0.21
Financing	6.08	5.64	5.95	5.81	0.27
Stock Borrowing and Lending	6.80	5.57	6.13	5.93	0.87
Foreign Exchange Prime Brokerage	6.63	7.00	6.57	6.04	0.59
Fixed Income	5.86	5.07	5.45	6.00	-0.14
OTC Clearing	6.33	6.00	5.99	5.92	0.41
Listed Derivatives	7.00	5.00	5.95	6.07	0.93
Average	6.27	5.71	5.89	5.94	0.33

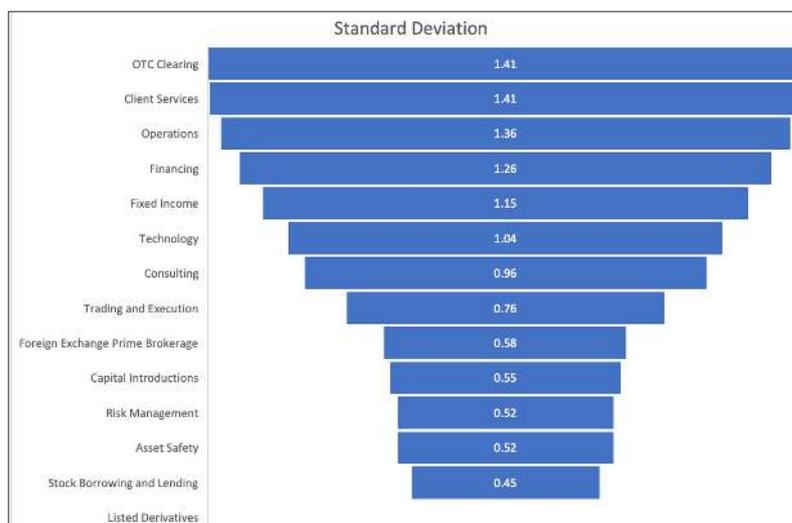
Goldman Sachs, one of the ‘big beasts’ of prime brokerage along with Morgan Stanley and J.P. Morgan, has tended to be a rather passive participant in the PB survey over the years, always reaching the threshold, but not actively engaging in the process and recording solid if unremarkable scores.

This year, the investment bank has seen a step up in scores, outstripping the global average in most categories, most notably Capital Introductions, Listed Derivatives and Stock Borrowing and Lending.

The biggest improvements were registered for Listed Derivatives [up 40% to a perfect 7.00] Stock Borrowing and Lending (up 22% to 6.80) and Capital Introductions (up almost 20% to 6.38). While FX Prime Brokerage and Risk Management recorded slight dips from last year’s results, the two categories remain comfortably in Very Good range.

Client comments are few with most respondents keeping any additional thoughts other than the scores awarded to themselves. One compliments the bank’s Trading and Execution, “Trading has been excellent all around, from competitive pricing, algos offered, and best execution”, while suggesting a dip in client service: “Goldman’s day to day coverage is very good; however, I have been experiencing issues with their response on back office issues.”

The most satisfied clients appear to be those in the \$250 million - \$1 billion bracket, while those below that threshold are perhaps looking to be paid more attention.



Interactive Brokers

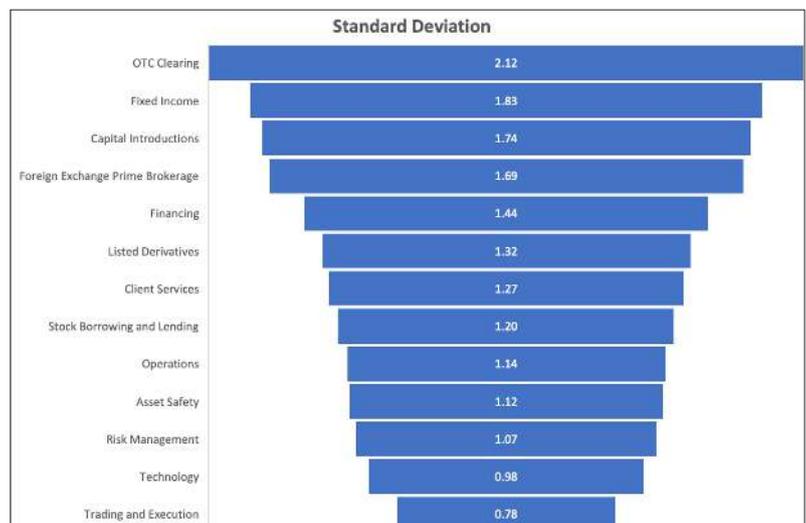
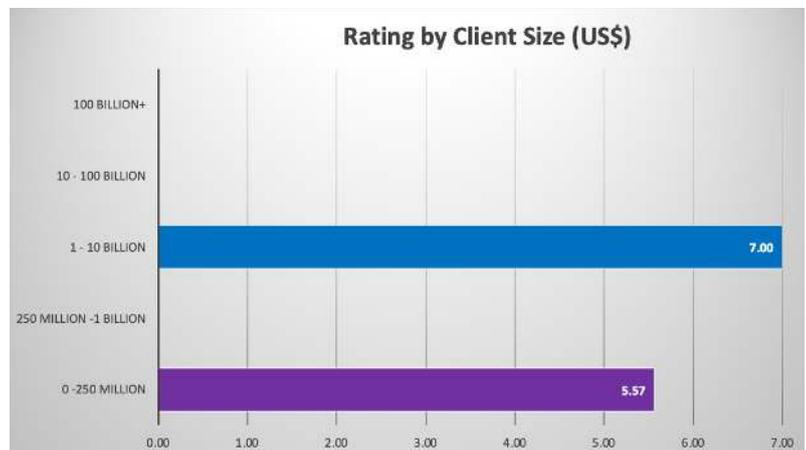
Interactive Brokers	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	4.80	4.20	N/A	5.38	-0.58
Client Services	5.64	5.30	5.08	6.14	-0.50
Consulting	N/A	4.40	N/A	5.91	N/A
Operations	6.00	5.70	5.90	6.00	0.00
Technology	6.25	6.00	5.86	5.79	0.46
Risk Management	5.77	5.44	5.29	5.88	-0.11
Asset Safety	5.75	5.56	5.44	6.15	-0.40
Trading and Execution	6.57	6.10	5.79	6.19	0.38
Financing	5.58	5.25	N/A	5.81	-0.23
Stock Borrowing and Lending	6.18	6.00	5.73	5.93	0.25
Foreign Exchange Prime Brokerage	5.30	5.00	N/A	6.04	-0.74
Fixed Income	5.40	5.75	5.05	6.00	-0.60
OTC Clearing	N/A	N/A	N/A	5.92	N/A
Listed Derivatives	6.27	6.33	6.53	6.07	0.20
Average	5.76	5.45	5.62	5.94	-0.19

“Since 1977 Interactive Brokers has focused on applying technology to every part of the trading and settlement process,” says the firm. It is therefore not surprising that Technology and Trading and Execution are two of the three service areas where this provider exceeds the global average (the third being Stock Borrowing and Lending). “Trading and execution are IB’s greatest strengths,” says one client. “Trader Workstation is a powerful platform. Good trading algos, trade allocation capability, and basket trading functionality.”

With a strong emphasis on technology and automation come mixed reviews of Client Services when confronted with exceptions. “Great when their system works. Appalling if there’s any exception to the way their system works,” one respondent asserts.

This is not, however, a universal sentiment. “While support is team-based and can feel impersonal at times, the representatives are responsive and it is generally possible to escalate issues of concern to someone who can at least consider the issue,” says another survey participant.

IB itself notes that market declines over the past 12 months have impacted the prime brokerage industry as hedge funds have become a harder sell for clients. “However, we continue to grow our prime brokerage business due to a continued focus on low cost, breadth of product globally including access to stocks, options, futures, forex, bonds, metals and cryptocurrency from a single unified platform, a focus on smaller hedge funds that tend to be more innovative.”



J.P. Morgan

J.P. Morgan	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	5.62	4.81	5.02	5.38	0.24
Client Services	5.57	5.58	5.42	6.14	-0.57
Consulting	6.17	5.92	5.76	5.91	0.26
Operations	4.69	4.69	4.81	6.00	-1.31
Technology	5.54	5.05	5.12	5.79	-0.25
Risk Management	5.82	5.20	5.27	5.88	-0.06
Asset Safety	6.19	6.29	6.24	6.15	0.04
Trading and Execution	5.78	5.23	5.42	6.19	-0.41
Financing	5.60	5.74	5.63	5.81	-0.21
Stock Borrowing and Lending	5.59	5.61	5.65	5.93	-0.34
Foreign Exchange Prime Brokerage	6.00	4.71	5.24	6.04	-0.04
Fixed Income	5.50	5.43	5.48	6.00	-0.50
OTC Clearing	5.67	6.15	6.07	5.92	-0.25
Listed Derivatives	5.65	5.60	5.75	6.07	-0.42
Average	5.67	5.43	5.49	5.94	-0.27

J.P. Morgan's results have improved in line with the more generous appraisals apparent more broadly in this year's results. This is particularly so for Foreign Exchange Prime Brokerage and Capital Introductions. "Their Japan cap introduction is best in class. Cap intro events are also productive and very high quality," says one US client.

The bank surpasses the global average in three service categories: Consulting, Capital Introductions and Asset Safety. At the other end of the scale, Operations falls well below that benchmark, rated, at 4.69, merely Satisfactory. One respondent is clearly feeling unloved. "It's become very clear that we're no longer a priority client," they comment. "Queries typically will go unanswered for days regardless of the urgency assigned by the client. When we finally get responses, they are unhelpful and lack thought." Opinions are clearly mixed in this area with operations showing the second highest standard deviation of all categories, suggesting that there are several responses either side of the mean.

Client Services and Fixed Income remain in Good range but are respectively 0.57 and 0.50 below the global average. The bank can nevertheless take heart from the fact that 59% of respondents rate the overall service received as either Very Good or Excellent. The most generous scorers are those in the \$1-10 billion AUM bracket; the harshest in the \$10-100 billion bracket.



JonesTrading

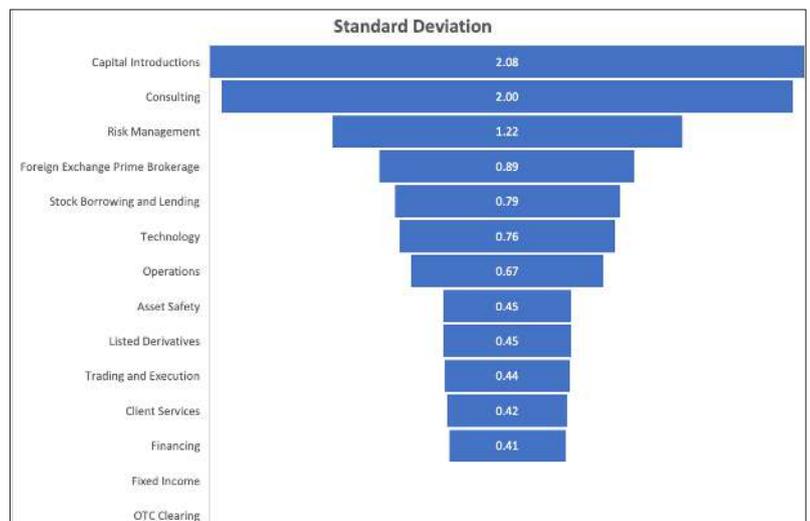
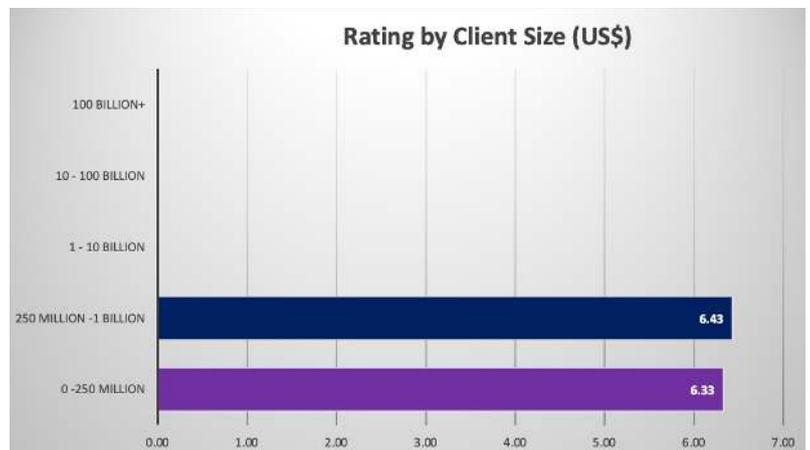
JonesTrading	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	3.50	N/A	N/A	5.38	-1.88
Client Services	6.82	N/A	N/A	6.14	0.68
Consulting	6.00	N/A	N/A	5.91	0.09
Operations	6.55	N/A	N/A	6.00	0.55
Technology	6.44	N/A	N/A	5.79	0.65
Risk Management	6.57	N/A	N/A	5.88	0.69
Asset Safety	6.80	N/A	N/A	6.15	0.65
Trading and Execution	6.70	N/A	N/A	6.19	0.51
Financing	6.86	N/A	N/A	5.81	1.05
Stock Borrowing and Lending	6.50	N/A	N/A	5.93	0.57
Foreign Exchange Prime Brokerage	N/A	N/A	N/A	6.04	N/A
Fixed Income	7.00	N/A	N/A	6.00	1.00
OTC Clearing	7.00	N/A	N/A	5.92	1.08
Listed Derivatives	6.80	N/A	N/A	6.07	0.73
Average	6.42	N/A	N/A	5.94	0.48

The past year has seen a number of changes at JonesPrime, including the arrival of two new co-heads of Prime Services from the fund admin and PB space.

A newcomer to the PB survey, JonesTrading primarily services hedge funds up to \$5 billion AUM. “Emerging managers continue to have limited PB choices, despite their demand for institutional quality prime services,” says the firm. “With continued market volatility, funds value a relationship more than ever that is based on communication, transparency, technology and operational support. Existing managers have faced disruption with their PB counterparties for a variety of reasons and industry events, causing funds to make changes or re-think their relationships. In addition, with volatility, the quality of trade execution is more important than ever, which is why we work closely with funds to understand execution and we provide them with quarterly scorecards on how our team has done.”

The firm has rolled out a proprietary PB client portal which provides clients with a depth of daily reporting and functionality, including the ability to locate shares for borrow and book away trades.

In addition to core PB and outsourced trading services, JonesTrading clients are able to leverage the firm in other ways including electronic trading, research, private markets, consulting, cap intro and block trading, which, it says “has been our focus since Jones was founded in 1975.”



Lazarus

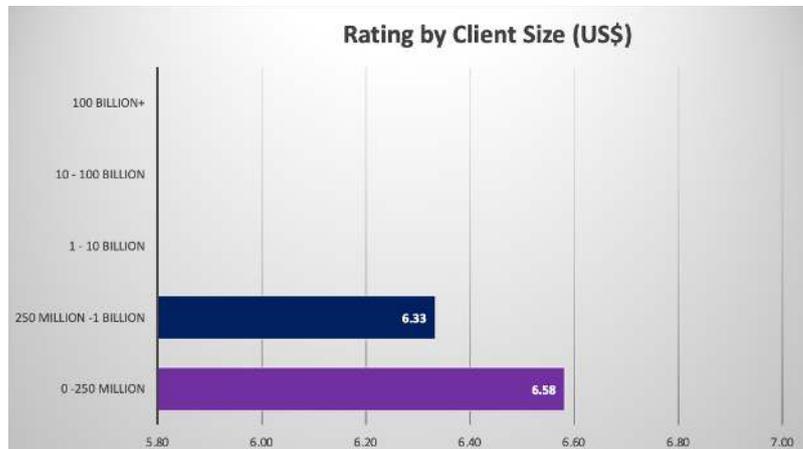
Lazarus	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	6.23	6.00	N/A	5.38	0.85
Client Services	6.65	6.63	N/A	6.14	0.51
Consulting	N/A	6.47	N/A	5.91	N/A
Operations	6.29	6.50	N/A	6.00	0.29
Technology	6.47	6.13	N/A	5.79	0.68
Risk Management	6.63	6.63	N/A	5.88	0.75
Asset Safety	6.31	6.40	N/A	6.15	0.16
Trading and Execution	6.59	6.67	N/A	6.19	0.40
Financing	6.54	6.50	N/A	5.81	0.73
Stock Borrowing and Lending	6.40	6.38	N/A	5.93	0.47
Foreign Exchange Prime Brokerage	6.36	6.67	N/A	6.04	0.32
Fixed Income	6.75	6.33	N/A	6.00	0.75
OTC Clearing	N/A	6.00	N/A	5.92	N/A
Listed Derivatives	5.78	5.60	N/A	6.07	-0.29
Average	6.42	6.35	N/A	5.94	0.48

Sydney-based Lazarus services 23 fund managers with AUM of up to \$5 billion across the Asia Pacific region and judging by its results in this year’s survey, it does it well with all scores bar Listed Derivatives comfortably in Very Good range (6.00–6.99).

The past year has seen a strong focus on risk management processes, which clients seem to have appreciated. “Lazarus is exceptional at managing risk exposures for clients and proactively assists when a margin call buffer is getting close in the red - very happy with their level of service, diligence and proactive approach,” says one.

Lazarus itself explains that, “The margin calls we’ve had to process so far this year have been orderly thanks to internal quantitative risk management systems identifying clients at risk of being put into margin calls, dealers being proactive and working with clients to establish courses of action if the account were to go into margin call and then acting swiftly when it does.”

Although Lazarus does not tout its cap intro capabilities as a discrete service, it has nevertheless managed to meet client expectations. “Lazarus ...understand our business and our funds, and as a consequence they have consistently been able to identify and introduce [us] to the right ‘fit’ investor. We can attest that several of the cap introductions from Lazarus have led to long standing relationships with new investors,” one client notes.



Morgan Stanley

Morgan Stanley	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	5.78	6.06	5.75	5.38	0.40
Client Services	6.64	6.42	6.09	6.14	0.50
Consulting	6.56	6.24	5.94	5.91	0.65
Operations	6.56	6.04	5.72	6.00	0.56
Technology	6.58	6.43	5.89	5.79	0.79
Risk Management	6.29	6.18	6.02	5.88	0.41
Asset Safety	6.55	6.29	6.42	6.15	0.40
Trading and Execution	6.61	6.43	6.04	6.19	0.42
Financing	6.35	6.71	6.27	5.81	0.54
Stock Borrowing and Lending	6.23	6.32	6.23	5.93	0.30
Foreign Exchange Prime Brokerage	7.00	6.83	5.25	6.04	0.96
Fixed Income	7.00	5.57	5.58	6.00	1.00
OTC Clearing	6.67	6.44	5.95	5.92	0.75
Listed Derivatives	6.78	5.57	5.81	6.07	0.71
Average	6.54	6.25	5.93	5.94	0.60

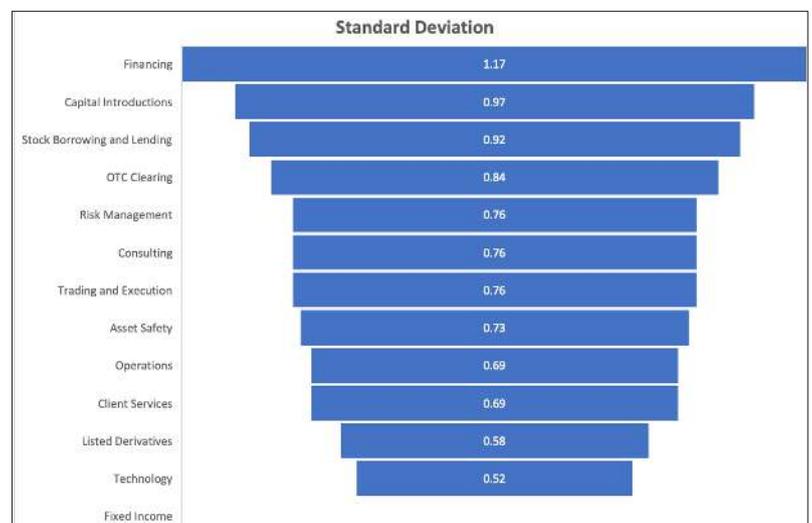
Morgan Stanley is back to its traditional heights in the survey, comfortably exceeding all global category averages as well as its own three-year averages. Some 55% of its respondents rate the service received overall as Excellent and a further 24% as Very Good. Generally speaking, its most generous scores come from its largest clients.

When it comes to prime brokerage, Morgan Stanley has long seen itself as in a three-horse race with Goldman Sachs and J.P. Morgan, in which its key strength is its relationship-based approach. “We know what we’re good at and we’d sooner not give false expectations to our client base, but we’re not inflexible,” says the firm. “We’re able to tweak and extend our offering where it makes sense. We’re always going to be relationship driven.”

This approach is reflected in the perfect sevens achieved for Fixed Income and Foreign Exchange Prime Brokerage.

Over the last 12 to 18 months, the firm has experienced some shifts in management with the retirement of a few famous names. However, continuity has been assured by internal promotions and reassignments of other well-known and experienced executives (See page 20 for details).

Clients do not offer much in the way of additional comment to the ratings they have awarded, though one says, “Morgan Stanley has been a great partner for us and I look forward to expanding our business with them.”



TD Securities

TD Securities	Average Score 2022	Average Score 2021	Average Score last 3 years	Global Average	Difference with Global Average
Capital Introductions	5.54	6.29	6.10	5.38	0.16
Client Services	6.52	6.68	6.69	6.14	0.38
Consulting	5.00	5.91	5.80	5.91	-0.91
Operations	6.15	6.40	6.24	6.00	0.15
Technology	5.88	5.57	5.73	5.79	0.09
Risk Management	5.25	6.00	5.42	5.88	-0.63
Asset Safety	6.12	6.57	6.34	6.15	-0.03
Trading and Execution	6.06	6.08	6.25	6.19	-0.13
Financing	6.06	5.89	5.98	5.81	0.25
Stock Borrowing and Lending	6.22	6.40	6.26	5.93	0.29
Foreign Exchange Prime Brokerage	4.50	6.40	5.30	6.04	-1.54
Fixed Income	4.50	6.00	5.61	6.00	-1.50
OTC Clearing	6.00	6.00	6.00	5.92	0.08
Listed Derivatives	5.56	6.43	6.00	6.07	-0.51
Average	5.67	6.19	5.98	5.94	-0.27

As it prepares to acquire Cowen, thereby significantly expanding its US presence, TD Bank's prime services scores have taken a dip compared to 2021, though most categories are still rated as Good (5.00) or Very Good (6.00-6.99).

The overall average remains above 6.00 for respondents in the \$1-10 billion AUM category. Some 19% of the response pool for TD rate its overall service as Excellent and 33% as Very Good.

Both TD Prime Services and Cowen are regular participants in the Prime Brokerage survey. A three-year average of their survey scores by category suggests the two organisations are complementary in both their expertise and service priorities. TD's best results over that period were for Client Services, Asset Safety and Stock Borrowing and Lending. Cowen's were for Listed Derivatives, Trading and Execution and Operations.

Although the results for Capital Introductions have dropped down a notch, the average for this service remains above the global score. "TD provides a real personalised Cap Intro product that is tailored to our desired investor base," says one US client. "They provide a customised product that is focused on reaching our ideal client base which leads to a higher hit rate and more valuable introductions. As a whole, I find their cap intro team has an attractive balance between relationships with some of the biggest institutions but also smaller Family Offices and everything in between."

