

Global Hedge Fund and Alternative Asset Manager safeguards ring-fenced assets and strengthens collateral control

CHALLENGE

Our client, a global alternative asset manager, needed a secure way to hold assets, reduce counterparty exposure and take independent control of collateral.

They were challenged by:

- Counterparty concentration and needing greater protection for segregated assets rather than keeping them within prime brokerage financing structures.
- Lack of visibility into asset location, with long inventory, reserve assets and strategic positions being reused and tied up in margin arrangements.
- Execution risk during fund launch and operational complexity across multiple stakeholders.
- Lagging and opaque resolution of day-to-day operational complexity.
- Weak collateral segregation and a lack of independent control over margin and pledged assets, particularly for complex bilateral and OTC relationships.

SOLUTION

BNY implemented its Prime Custody solution, offering high-touch services tailored to the needs of alternative asset managers:

- Established dedicated Prime Custody accounts, held independently from prime brokerage structures, reducing counterparty concentration and ring-fencing unencumbered assets from financing arrangements.
- Provided clear, position-level transparency across all custody holdings with a transparent view of where assets sit, their status and whether they are free, pledged or encumbered.
- Delivered a structured onboarding framework for fund launches that managed operational complexity across prime brokers, fund administrators and counterparties, minimizing execution risk from the start.
- Assigned an experienced service team with direct accountability for day-to-day operational queries, exceptions and escalations, reducing reliance on fragmented support channels.
- Enabled full, independent segregation of margin and pledged assets for bilateral and OTC relationships, with direct custodian-to-counterparty connectivity maintaining control of collateral flows.

IMPACT

Greater asset transparency

- A single, authoritative view of asset location, eliminating ambiguity and reducing time spent reconciling positions across counterparties, providing improved operational oversight.
- Stronger asset protection with counterparty concentration risk reduced.

Increased operational efficiency

- Onboarding timelines shortened and execution risk reduced at launch, with a coordinated operational setup that reduced friction, increased efficiencies and allowed focus on investment activity.

Improved accountability and governance

- Day-to-day operational queries resolved more quickly, with clear accountability that reduced escalations and improved service consistency.
- Significant improvements in collateral governance with independent segregation. This supported more effective financing and margin management, while aligning with internal risk management standards and external regulatory requirements.

MEASURABLE RESULTS

5-10

*New accounts per month

20

*New Account Control Agreements on average per annum

130

*queries triaged and addressed per month on average



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