

CACEIS' Securities Class Actions offer plays a key role in protecting investor assets

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RENÉE SIMOES, Group Product Manager, CACEIS

Group actions first came onto the scene in the United States in the 1950s, and in recent years, they have become more commonplace in Europe and Asia. CACEIS' service keeps clients informed of and enables them to take part in any class action processes for securities held in portfolios. The service also assists in the collection of compensations paid out as part of the dispute settlement.

Class Action lawsuits are a widespread practice in the US. They allow shareholders, of a company that committed a fault which negatively affected an asset, to join in a group action to seek reparation before a court. Such processes remain rare in Europe.

"Institutional investors are now beginning to show a strong interest in class actions, management companies are increasingly seeing them as a way to act in their investors' best interests, so being aware of potential class actions as they develop is essential," says Renée Simoes, Group Product Manager at CACEIS.

The majority of the service is in settlements, known as "passive participation" of the post-litigation phase.

To deliver market-leading service in this area, CACEIS works closely with DRRT, an international firm specialising in group actions and compensation recovery. Clients can fully rely on our market-watch function which identifies any developing class action lawsuits and cross-checks the targeted securities with those in client portfolios, ensuring:

- ▶ information on any ongoing collective action process on securities held in a portfolio (shares and bonds),
- ▶ coverage of "passive participation" settlements, which usually take place in the US, but also in other jurisdictions, including client notifications, claim filing and monitoring, and crediting investor accounts with any recovered compensation,
- ▶ an assessment of financial benefit of being involved in collective actions requiring active participation. Our partner DRRT has the experience to actively represent clients in this type of action and may assist clients directly.

"Any client taking advantage of CACEIS' custody services is eligible to sign up for our Securities Class Actions offer. We also keep OLIS, our web portal, constantly updated with the latest information on relevant class actions, adds Renée Simoes.

This offer forms a key part of CACEIS' investor protection approach and helps meet ongoing regulatory challenges. It is designed to assist asset managers and institutional investors in demonstrating they are acting in the best interests of their clients, maximising investor value, while relieving the administrative burden of such processes.



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DRRT's TESTIMONIAL

Joseph GULINO, Assistant Managing Partner

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“This collaboration allows us to serve in the clients' best interests, in complete security and with the full support of DRRT and CACEIS.”

Can you briefly introduce your firm?

DRRT is an international law firm and market leader that has been active for more than 15 years in the client-oriented global loss recovery industry as well as a respected resource for ancillary class and group action support.

We serve institutional investors in the United States, Europe, and the Middle and Far East with total assets of more than US\$ 12 trillion. Our offices are located in Miami, London, Frankfurt and Paris. Our lawyers, financial analysts and experts in securities law and international law speak more than 10 languages. We are pioneers in loss recovery actions outside the United States.

Our objective is to monitor collective actions and alert investors when securities in their portfolio are affected. Most investors around the world do not have the time and resources to do so directly. We monitor our clients' portfolios and file claims on behalf of our clients in jurisdictions with passive claims filing. We also advise our clients on the merits of an active collective action where passive claims filing is not possible. We have partnerships with law firms in jurisdictions where collective actions are possible, and we can quickly file cases, having previously undertaken preliminary feasibility studies for the jurisdiction.

Why have class actions developed in recent years outside the United States?

A 2010 US Supreme Court ruling (*Morrison v. National Australia Bank*) limited the scope of class actions in the US. This decision excluded participation by American and non-American investors in class actions before American courts when the securities were acquired outside the United States. For non-US companies, basically only investors who have purchased ADRs (American Depositary Receipts) can now take legal action in the United States, which considerably limits options for recovery. Institutional investors who have invested in European companies may only initiate collective actions generally in the jurisdiction where the securities were purchased.

What is the current share of investors participating in class actions?

As for institutional investors in the United States, the birthplace of class actions, about 30% of them participate in so-called passive actions. U.S. pension funds have long had an obligation to monitor class actions to defend the rights of their clients. They may even fear being sued in the event of a lack of monitoring of actions or non-participation in class action settlements. Outside the United States, investors are becoming accustomed to these practices and no longer hesitate to act, or at least to consider the possibility of acting. Regulatory developments and increased



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demand from investors to protect their assets are leading this change. Concerning more particularly the so-called active actions, everything depends on the courts and the legal framework that has been developed by the authorities. Apart from the United States, the most active jurisdictions are Germany, Japan and the Netherlands.

Why did you choose to partner with CACEIS?

For us, a partnership with CACEIS makes sense to provide the best service to investors. Indeed, CACEIS is the European leader in custodian banking services. Through this partnership, the Group manages the data of its clients' portfolios and can thus offer them monitoring services for class actions worldwide. We also have a number of common customers with CACEIS, particularly in France, Germany, Luxembourg and Ireland.

Once a CACEIS client subscribes to our joint offer, CACEIS periodically sends us the positions and transactions of the securities in its portfolios. This collaboration allows us to serve in the clients' best interests, in complete security and with the full support of DRRT and CACEIS, both for claims filing as well as for active participation.

This innovative joint offer with CACEIS is easy to access. It exempts clients from any administrative procedures, while providing clients with the confidence that all possible loss recovery opportunities are properly explored.