

# London Financial News

Percentage of markets with operational CSDs							
Region (Sample in brackets)	Equities		Fixed income		Money market		
	Operational	Planned	Operational	Planned	Operational	Planned	
Africa (11)	18%	45%	27%	27%	0%	27%	
Asia Pacific (18)	83%	6%	56%	22%	22%	28%	
C & E Europe (14)	79%	14%	64%	29%	57%	21%	
Western Europe (19)	89%	5%	84%	11%	68%	5%	
Middle East (9)	67%	22%	44%	22%	33%	11%	
North America (2)	100%	0%	100%	0%	100%	0%	
South America (25)	44%	40%	40%	40%	36%	36%	

Source: Thomas Murray

## Depositories treble

CLIVE WOLMAN

The number of central securities depositories, such as Crest or Cedel, around the world has nearly trebled over the past seven years, according to the first research paper into the subject which is being published this week.

The report, by Thomas Murray, a London consultancy specialising in custody and settlement, shows that there are now 91 central securities depositories (CSDs) based in 84 countries and two international CSDs. A further 21 are due over the next few years.

The main factor behind their expansion was the 1989 report from the Group of Thirty (G30) on clearance and settlement systems in securities markets which recommended the establishment of a CSD in every country. The five most pressing issues mentioned by CSDs in the survey are:

- the dematerialisation of securities – the elimination of share and bond certificates and their replacement by electronic data entries has

already been fully achieved by 38% of CSDs including Crest whereas 33% of CSDs rely entirely on certificates deposited with the CSD;

- the development of securities lending and borrowing services, which is currently handled by only 46% of CSDs;

- the expansion of eligible securities;
- improving cross-border settlement;

- forging links with other CSDs.

Other findings of the survey are:

- 58% of the operational CSDs are compulsory to use and 42% are optional. The optional countries are mainly emerging markets but they include Japan, the Netherlands and New Zealand.

- Almost half of the CSDs (49%) are part of the central bank or stock exchange of the relevant country, 33% are independent but non-profit-making organisations and 18% are privately owned.

- 32% of CSDs have established links with Cedel with another 14% planning to do so shortly, whereas only 27% have established links with its rival Euroclear, with 12% planning to do so. 29% provide cross-border securities deposit and settlement services.

- 55% of CSDs carry out their processing cycle at the end of the day but 32% claim to operate on a real-time gross settlement basis, that is, securities and cash may be exchanged simultaneously at any time during the working day.

Copies of the report can be obtained from Derek Duggan, Thomas Murray, 0171-917 2859.

