

The Scrip Issue

◆ One wonders if the families of those involved with Thomas Murray ever see them. Not content with running a clutch of custodian selection consultancies, Thomas Murray has just published its fat *Worldwide Securities Market Report for 1997*, and promises a new guide to central securities depositories any day now.

The latest report is substantial expanded: 98 market profiles are now included, and information on money market instruments is offered for the first time. Legal opinions are provided by Baker & McKenzie, and S&P, Moody's and Euromoney country risk rankings are also part of the package.

Depending on your point of view, the data are either encouraging or disappointing. 74 per cent of countries still fail to comply with more than six of G30's recommendations; 13 per cent don't comply with any. The survey highlights the fact that many emerging markets have, not surprisingly, managed to achieve G30 compliance ahead of some larger, more mature markets. Central and Eastern Europe shows up particularly well, with five of the ten markets surveyed complying with more than six recommendations.

If, as is often proposed, central securities depositories will eventually take over many of the core custody functions, they're taking their time getting there. 17 per cent of CSDs are not guaranteed, and only 54 per cent have Rule 17f-5 exemption. A mere 24 per cent of all equity depositories are SWIFT compatible. On the cash side there is a lot of work to do: 26 per cent of equity depositories offer cash account maintenance, 13 per cent intraday credit, and 52 per cent money transfers. Only 11 per cent provide overdraft facilities, and a pathetic 9 per cent pay interest on cash balances.

Average registration times for equities are improving. In the last report, 50 per cent of North American equities took between four to eight weeks to be re-registered; now that has changed to 100 per cent within one week. Registration is only automatic/same day in 11 per cent of the markets covered, with 6 per cent taking over eight weeks. The Middle East and Africa remain black spots as far as registration goes.

This report is fast becoming the standard reference work for investors and custodians, consolidating the combined global market knowledge in a single publication. It needs to be in electronic format to be truly indispensable, but I'm sure they've got plans for that.

