

AMEDA – OMAN - 8 to 10th March 2014

Cooperation between Custodians and CSDs



BUILDING TEAM SPIRIT TOGETHER

 **SOCIETE GENERALE**
Securities Services





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Introduction

CSD's and Custodians are the backbone of the trading and post-trading business in a market.

-Without a full understanding and complementarities between CSDs and Custodians, a market can not work properly and be efficient.

-The relationship between CSD's and Custodians is a bit like a “love story” with a shared objective of satisfying the final clients i.e. the investors.

To grow it needs:

- Trust
- Communication
- Reliability
- Innovation

TRUST

CSD's and Custodians are the backbone of the trading and post-trading business in a market.

- A custodian needs to be convinced that the CSD can be trusted:
 - Shareholders and stakeholders of the CSD's;
 - Structure of the operational set-up;
 - Risk management and adhesion to “good practices” regulations (CPSS-IOSCO...);
 - Back up solutions in term of crisis, failures...

COMMUNICATION

CSD's and Custodians are the backbone of the trading and post-trading business in a market.

- A custodian and a CSD need to have a SWIFT and direct communication:
 - Listening to its participants needs including animation of market workshops and continual information on CSD's projects/ regulation (in general, 45% of clients quote the provider's attitude as a key criterion) .
 - Market news that custodians can relay to their clients (27% for communication);
 - Transparency and reactivity related to Quality issues and projects' timeframe (13% for quality + 5% on delays).

RELIABILITY

CSD's and Custodians are the backbone of the trading and post-trading business in a market.

- A CSD's needs to show its reliability on:
 - Infrastructures;
 - Offering a real and smooth settlement system for its participants;
 - Providing ancillary services if available (Corporate actions centralization...);
 - Continuous enhancement of its processes and systems;
 - Protection of the participants in case of failure or collapse of one of the participant.

INNOVATION

CSD's and Custodians are the backbone of the trading and post-trading business in a market.

- A CSD needs to be innovative to cope with the requirements of its participants:
 - Collateral is the new sinews of war;
 - New services offered (stock lending, Mutual Funds units settlement...);
 - Always better quality and lower fees;
 - Diffuse good practices and implement solutions that works in other markets.

⇒As in any love story, a CSD needs to be attractive if he wants to seduce custodians to join him to accompany their clients and be able to grow together!

THANK YOU

