Securities Services Overview

The History of Custody

A Custodian is an Institution which holds a Client's assets in safe custody

ERISA Act (USA)	1961 – President John F Kennedy set up a Committee on Corporate Pension Plans
	1963 – Studebaker Auto Manufacturer, closed it's plants and it came to light that their Pension plans were not properly funded, to provide pensions to all employees (7000 staff lost out)
	Employee Retirement Income Security Act (1974) by President Gerald Ford
	Enacted to protect the interests of employee benefit plans

The History of Custody

A Custodian is an Institution which holds a Client's assets in safe custody

Consequences	Companies were no longer able to hold their own Pension Fund Assets
	Custodian's were required to keep the assets safe
	Trustees and Depositories were required to ensure investments were made in the best interest of the pension holders

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The History of Custody

A Custodian is an Institution which holds a Client's assets in safe custody

Opportunities	Banks already had vaults and were holding Clients' cash assets
	Banks developed Custodian offerings to provide a range of services around these new assets
	Custodian Banks brought economies of scale to the industry
	Custodian Banks took responsibility for investing in new technologies and meeting regulatory expectations

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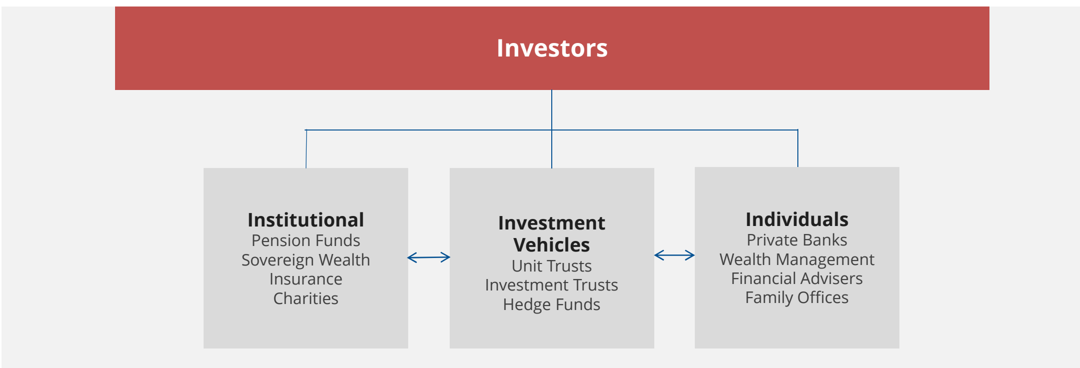
The Securities Industry Players

Market Infrastructure

- CSDs
- Clearing
- Regulators
- Messaging systems
- Banking

The Securities Industry Players



The Securities Industry Players

Investment Managers

Assets	Styles
Cash (Liquidity) Stocks (Equity) Bonds Commodities Alternatives Derivatives	Passive Active Total Return Niche

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The Securities Industry Players

Broker Dealers

- Market Making
- Prime Broking
- Investment Research
- Execution

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The Securities Industry Players

Global Custodians and Sub-Custodians

- Safekeeping
- Administration of Assets
- Treasury
- Record Keeping

The Securities Industry Players

Market Infrastructure

CSDs
Clearing
Regulators
Messaging systems
Banking

Global Custodians and Sub-Custodians

Safekeeping
Administration of Assets
Treasury
Record Keeping

Investment Managers

Assets	Styles
Cash (Liquidity)	Passive
Stocks (Equity)	Active
Bonds	Total Return
Commodities	Niche
Alternatives	
Derivatives	

Broker Dealers

Market Making
Prime Broking
Investment Research
Execution

Consultants

Investment
Operational
Actuarial
Monitoring
Performance
Risk

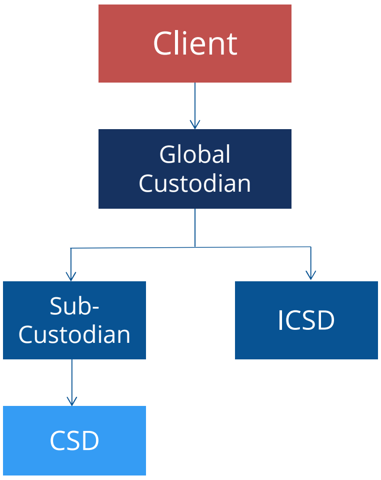
Investors

Institutional
Pension Funds
Sovereign Wealth
Insurance
Charities

Investment Vehicles
Unit Trusts
Investment Trusts
Hedge Funds

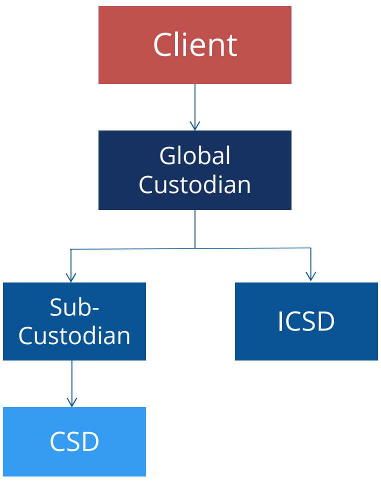
Individuals
Private Banks
Wealth Management
Financial Advisers
Family Offices

Global Custody Structure



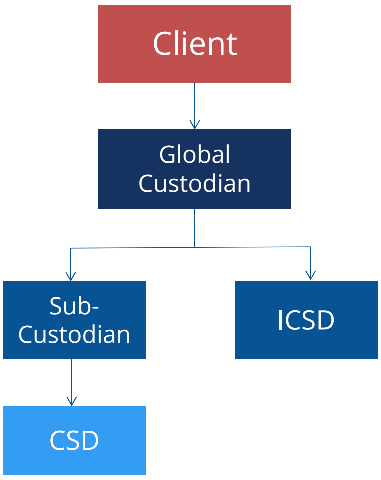
Central Securities Depository (CSD)
Is an organisation holding securities either in certificated or uncertificated (dematerialised) form, to enable book entry transfer of securities
UK – Crest
USA – Depository Trust Company (DTC)
Hong Kong Securities Clearing Company (HKSCC)

Global Custody Structure



International Central Securities Depository (ICSD)
Is a central securities depository that settles trades in international securities and in various domestic securities Euroclear and Clearstream

Global Custody Structure



Sub-Custodians
Interface with local market participants
Safekeeping/record keeping, reconciliation with local CSD
Local administration of assets
Interface with local CSD (Central Securities Depository)
Local market knowledge and news

Different Types of Custodians

A Custodian is an Institution which holds a Client's assets in safe custody

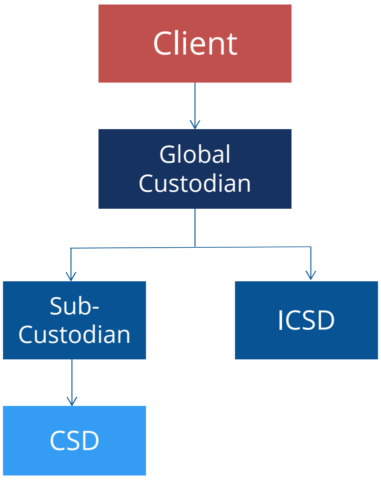
Sub Custodian

Sub Custodians specialise in providing a Custody service in their local markets

Sub Custodians have specialist knowledge of their market, the key players and the regulatory environment in which Custody will be provided

Sub Custodians will have Global Custodians as their clients

Global Custody Structure



Global Custodian
Safekeeping in multiple jurisdictions
Administration of assets in multiple jurisdictions
Treasury
Master record keeping

Different Types of Custodians

A Custodian is an Institution which holds a Client's assets in safe custody

Global Custodian

Global Custodians provide services to institutions wishing to invest in the international Capital Markets

Global Custodians act as the first point of contact for their clients

Global Custodians manage a network of Sub Custodians (overseas agents) to provide Custody services in their individual markets

Competition

BNY Mellon	BNY MELLON	Soc Gen	SOCIETE GENERALE
State Street	STATE STREET	Brown Brothers	BROWN BROTHERS HARRIMAN
J.P. Morgan	J.P.Morgan	Sumitimo	SUMITOMO
Citi	citi	CACEIS	caceis INVESTOR SERVICES
BNP Paribas	BNP PARIBAS	RBC	RBC Royal Bank
Northern Trust	NORTHERN TRUST	SEB	SEB
HSBC	HSBC	Deutsche Bank	Deutsche Bank
Mizuho Financial	MIZUHO	Standard Chartered	Standard Chartered
Mitsubishi Trust	MUFG	Standard Bank	Standard Bank

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