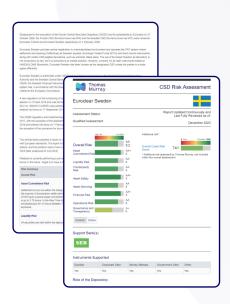


## Post-trade risk and custody services

## **CSD Risk Assessments**

Central Securities Depositories (CSDs) play a fundamental role in the capital market infrastructure as central mechanisms for holding and transferring securities. While CSDs are generally bastions of stability and can strengthen a financial market, they can also pose significant risks to the financial system, depending on the structures, resources, procedures and controls deployed around their key functions.

It is therefore essential that direct users of CSDs, risk managers at institutions which use CSDs indirectly, regulators of CSDs and the senior management of the CSDs themselves, understand the nature of those risks, and how they compare between markets and against best practices in the industry.



The Thomas Murray methodology for a CSD Risk Assessment covers eight core risks: Asset Commitment, Liquidity, Counterparty, Asset Safety, Asset Servicing, Financial, Operational, and Governance & Transparency. It uses generic alpha symbology, with the CSD risk being assessed on a scale from AAA to C.

The assessment methodology considers the capabilities of the depository and the quality and effectiveness of its operational infrastructure and assesses the depository's willingness, and ability to protect its participants and their clients from losses. There are two levels of assessment, Proprietary and Public. Proprietary assessments are commissioned and subscribed to by direct and indirect users of CSDs (e.g. custodians, broker dealers and institutional investors) for their own use, and are not disseminated publicly. Public assessments are commissioned by the CSD themselves, and besides being open to TM clients, can be made publicly available by the CSD for the term of the assessment contract.

A list of markets covered by the service is available on request.

To find out more propriety CSD Risk Assessments, contact:

To find out more public CSD Risk Assessments, contact:



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