

- Computerisation lead to intermediation
- Settlement is fast, counter-party risk is low
- the price: complexity in the holding chain

Investor

Custody contract

Custodian 1

Custody Contract

Custodian 2

Custody Contract

Custodian 3

Custody contract

CSD

Issuer

- 2008: When Bear Stearns was restructured an excess of 28% of shares compared to the shares issued by the company was discovered.
- 2017: Dole Foods was reorganised. There were 36,793,758 shares issued. 49,164,415 shareholders registered facially valid claims. Excess of 33.6%
- *Eckerle* Ì no remedy for the loss of value caused by a delisting
- *Secure Capital* Ì litigation on the question of standing

- Assumption:
 - Trading, clearing and settlement can merge into one real time process
 - Buyer and seller interact directly
 - Delivery and payment are linked at master record level (share register/central bank money)
- Low counter party risk AND low custody risk
- IT risk

- private key as the vulnerable point
- Hosted v non-hosted wallets
- Intermediation
- Moving transactions off the chain

- Exciting times in the custody industry
- Business processes rather than technology as a barrier
- Turkeys and Christmas
- Permissioned systems

- Why have they accepted intermediation?
- Excess inertia
- Cost of intermediated holdings
- Bundling
- Lack of transparency
- Questions of bargaining power

