Analysis of CSD Fees in Major European Markets

October 2025

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Summary

Across Europe, there is renewed momentum and focus on ensuring that capital markets in the region remain globally competitive, and attractive to the widest possible pool of investors, including through encouraging greater levels of participation in financial markets by retail investors. Whilst there are a multitude of factors which will influence decisions on where to invest and hold capital, AFME members believe that a **low-cost, efficient post trade environment, predicated on competition between services providers, including Financial Market Infrastructures, is an essential building block of well-functioning and attractive capital markets**, and one that should not be overlooked by policymakers.

We note that several recent influential reports[1] specifically recognise the complex post-trade landscape as a significant inhibitor of the growth and competitiveness of EU capital markets. This study focuses on one specific area of the post-trade landscape – namely, the fees that CSDs charge to their participants, typically intermediaries who are facilitating the settlement or safekeeping of assets on behalf of European savers and investors.

Central Securities Depositories (CSDs) perform a key role in securities markets. CSD Regulation (CSDR) mandates that any issuer wishing to issue securities must do so through a CSD, and that transactions in these securities which are executed on a trading venue, must be recorded at a CSD. **Connecting to the CSD of issuance, directly or indirectly, is therefore a pre-requisite for any party wishing to own or trade securities.** The majority of CSDs in Europe are owned and operated by publicly listed companies, creating an inherent tension between their role as a central market utility and the profit-maximising incentives applicable to any commercial business.

It is therefore appropriate that CSDs should be subject to scrutiny regarding the fees that they charge to their participants. CSDR mandates that CSDs should provide access to their services on a fair and non-discriminatory basis, and that the fees charged by CSDs should be transparent. The absolute levels of the fees are not subject to regulation, and there is little existing public analysis in this area.

This report attempts to provide a high-level, factual overview of the fees charged by a number of major European CSDs, and offers a comparison with the two major CSDs in North America (US and Canada). The data is derived from a combination of CSDs' public fee schedules, and data collected from AFME member firms based on the billing period 'October 2024'. In the absence of historical public data, this report does not assess the evolution of CSD fees over time – although the format of the data collection exercise is designed to be repeatable. We hope that this report can therefore provide a benchmark for future analysis, help to generate a discussion on how to reform the European post-trade FMI landscape in line with SIU ambitions, and to answer the request of policymakers to provide quantitative data on costs.

"There is renewed momentum on ensuring that capital markets in Europe remain globally competitive and attractive to the widest possible pool of investors"

1 *'Draghi Report' - https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en*

'Noyer Report' - https://www.tresor.economie.gouv.fr/Articles/2024/04/25/developing-european-capital-markets-to-finance-the-future

'Letta Report' - https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf

Our findings demonstrate that **the average costs borne by participants are significantly higher in European CSDs than North American CSDs**, for both settlement services and custody services (encompassing both safekeeping and asset servicing).

The underlying reasons for this are likely to be several, and merits further analysis. For example, these higher fees may be, in part, reflective of higher operating and regulatory compliance costs incurred by European CSDs compared to those in other jurisdictions, or unrealised economies of scale due to the fragmented nature of European post-trade. In this respect, the CSD costs also reflect the inherently complex and divergent legal, regulatory regimes and market practices in different European countries, and can be leveraged to quantify the need to tackle the post-trade barriers which are still prevalent in Europe.

However, publicly disclosed information also suggests that **European CSDs typically record healthy operating margins**. Some CSDs also operate highly profitable non-core businesses, such as tri-party collateral management. We find limited correlation between CSD scale (measured by assets under custody and settlement volumes) and the fees charged to their participants – a **larger CSD does not necessarily equal a cheaper CSD**. Nor does it appear that vertically integrated financial market infrastructure groups (i.e. the CSD is owned by the same group as the domestic exchange and CCP) translate into lower prices for CSD users. This indicates that CSD consolidation without greater competition may not deliver the efficiency and cost savings required to achieve SIU objectives.

Regardless of the underlying reasons, **the end result is an erosion of returns on investment, increased indirect costs of raising capital and a less attractive environment for both issuers and investors, compared to other major financial centres.**

We also found a high degree of complexity and heterogeneity of both public fee schedules and monthly invoices issued to participants. Comparative analysis of CSD fees – even for the limited scope of this exercise – has proved to be significantly more difficult and time-consuming than anticipated. To promote effective competition between providers of CSD services, it is essential that prospective and existing clients are able to meaningfully compare actual and potential costs.

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Methodology

The data gathering and analysis for this report was conducted independently by The ValueExchange, a specialist market research firm in the post-trade space.

Working with 12 leading AFME members (including major investment banks and custodian banks), the ValueExchange collected anonymised data on settlement and custody fees across a range of European and North American markets, by applying publicly available fee schedules to firms' respective CSD invoices from October 2024. This data was then supplemented with further research (using publicly available sources) on CSD profitability levels. The scope of the analysis is limited to settlement and custody fees for domestic assets only[2]. This therefore does not take into account other services such as issuance or triparty agency, or cross-border settlement/custody. The data sourced is only covering where the CSDs and ICSDs are acting in their capacity as the issuer CSD, and does not include fees where they act as an investor CSD, to avoid potential double counting and unwelcome bias.

The data in this report compare different CSDs in the EU against each other and against their North American counterparts. While not directly reflected in this report, it needs to be kept in mind that a one-to-one comparison does not take full account of the relative size of the market they represent: in Europe, there are many CSDs reflecting the fragmentation of the FMI landscape, while the U.S. market is serviced by a single CSD, which allows for substantial economies of scale in relation beyond settlement and safekeeping, with communications and cyber security costs, resilience, FMIs administration and risk framework, legal framework, among other aspects to consider.

There was no differentiation made based on the type of asset, i.e. the analysis focused on the total/average costs across instruments, whether equities, fixed income or other instruments.

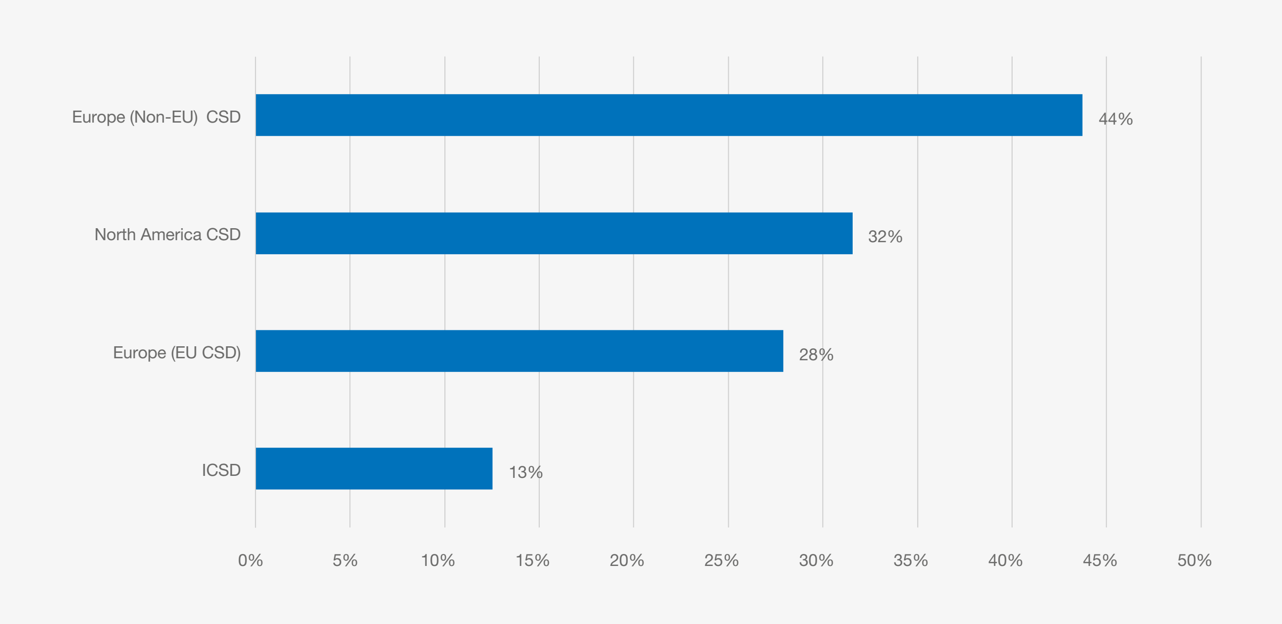
All data has been sourced using an agreed, standardised template of cost items ("Termsheet") in order to ensure comparability across multiple markets. As a general rule, no less than five invoices (i.e. separate firms) were used to support data analysis in each market, with all invoices calculated based on publicly available fee schedules.

The information gathered is therefore based on concrete user-data and is not theoretical. Whilst all data submissions have been entirely anonymous (i.e. no single banking partner is identifiable in this study), this analysis is strongly institutional in focus and is not a reflection of the costs faced by retail investors in each market.

"The information gathered in this report is based on concrete user-data and is not theoretical"

2 *In the case of Euroclear Bank and Clearstream Banking SA ("ICSDs"), our analysis is specific to settlement and custody of Eurobonds.*

Figure 1: % of total assets under custody represented by research participants



Note: % of total assets captured for the two ICSDs is based on their total AUC, including assets out-of-scope for this project.

Throughout the report, data is broken down into the following "regions":

European Domestic CSD (EU)	[DE] Clearstream Banking Frankfurt [BE, FR, NL] Euroclear ESES [SE] Euroclear Sweden [DK] Euronext Securities Copenhagen [IT] Euronext Securities Milan [ES] Iberclear [BE] NBB-SSS[3]
European Domestic CSD (non-EU)	[UK] Euroclear UK & International [CH] SIX SIS
International CSD	[ICSD] Clearstream Banking SA [ICSD] Euroclear Bank
North American CSD	[CA] CDS [US] DTC

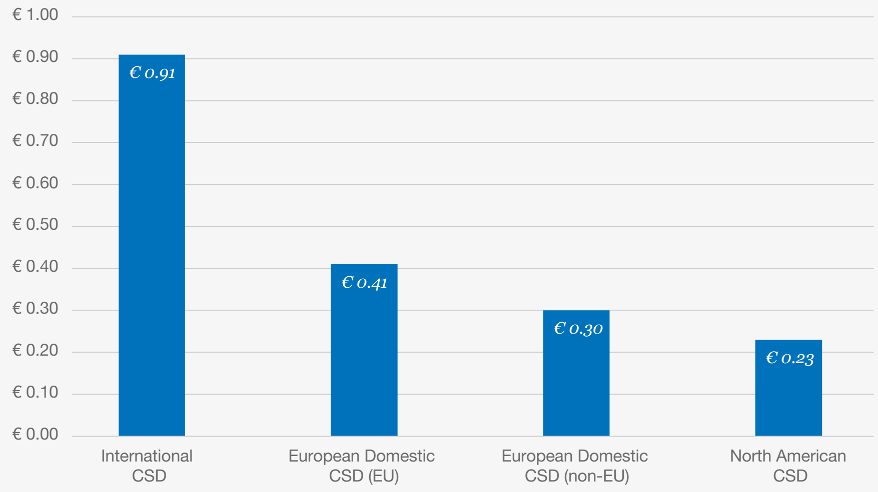
3 *Includes Government debt only*

Key Finding 1: Settlement and custody fees are much higher in European CSDs than North American CSDs with ICSDs significantly more expensive

European CSD total settlement cost is, on average, 65% more expensive than a North American settlement.

Of the CSDs within the scope of our analysis, every European-based CSD exhibited a higher fee per settlement than the two North American CSDs. The effective fee per settlement[4] in European domestic CSDs ranges significantly, with a weighted average of €0.38, approximately 15 eurocents higher than the US. Of these charges, non-core settlement fees (e.g. penalties, OOPs, partials[5], cancellations, and manual charges) can amount to 59% of the total settlement charges.

Figure 2: Weighted average effective fee per settlement per region (€/settlement)



The formation of T2S in 2015 represented one of the most significant evolutions in the European post-trade landscape. One of the major objectives of T2S was to reduce settlement costs, particularly for cross-border transactions. It was hoped that, by having a large number of CSDs outsourcing their processing traffic to T2S, costs would be lowered.

In reality, the number of CSDs and currencies connecting to T2S falls below expectation. Importantly, several CSDs that have connected to T2S continue to apply their own (additional) transaction processing fees. CSDs apply T2S costs in different ways, with some embedding T2S charges within a single settlement instruction fee, and some invoicing T2S charges as a separate line item. For T2S CSDs, we estimate that the average settlement instruction fee (including explicit T2S charges) is €0.34, 10.5 eurocents higher than the basic T2S instruction fee (i.e. €0.235)[6].

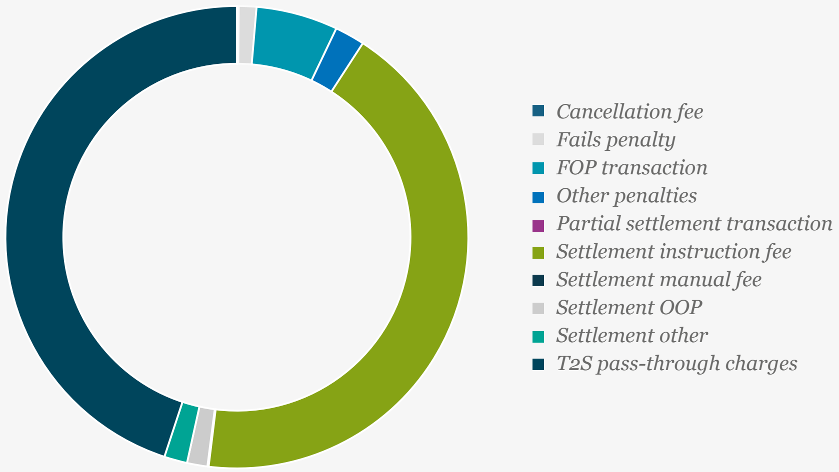
We further note that T2S CSDs continue to charge the same settlement fees to directly connected participants (who send instructions directly to T2S without the CSD's intervention) as to other types of participant. T2S has therefore not achieved a reduction in settlement costs to the target of 15 eurocents, as CSDs continue to charge additional fees.

4 *Calculated as the sum of all settlement related fees (including Settlement instructions, FOP instructions, Out of pocket charges, etc.), then unitised on a volume basis.*

5 *In some markets, settlement penalties are directly passed between the failing and receiving participants and therefore do not represent revenue for the CSD. In others – particularly certain non-EU CSDs – penalties may be retained in part or in full by the CSD. Due to variations in reporting, it was not always possible to segregate these cases, so penalties have been included in the analysis*

6 *The base settlement instruction fee on T2S is €0.235 per instruction, which applies if the instruction settles during the night-time settlement window (before 7:00 am CET), but does not include other additional charges (e.g., day-time surcharge, matching or messaging fees, etc.).*

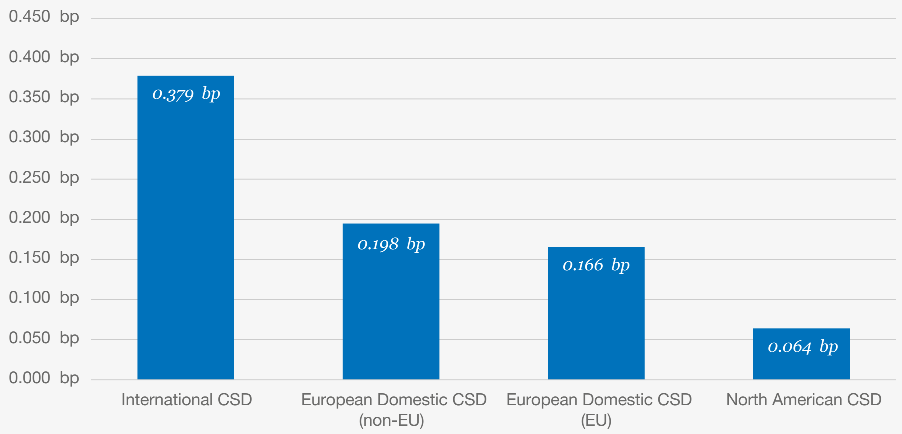
Figure 3: Unitised Average Settlement Cost (T2S CSDs)



From a custody perspective (not including asset servicing related fees), the effective safekeeping charge applied by European CSDs was between 19% and 650% greater than the US.

Across settlement and safekeeping ICSDs are up to 139% more expensive than EU domestic CSDs, although this may in part be explained by more complex nature of their business model.

Figure 4: Average safekeeping fee per region (basis points)



What would be the impact if European markets applied North American pricing?

Building on the comparison between European and North American CSDs set out above, we also considered the potential cost savings for European investors, if European CSDs charged the same prices as North American CSDs. This comparison is intended to give an indication of the potential benefits of scale in Europe.

Our analysis shows that if the fee levels currently applied in North America were transposed onto European CSD activity, the overall costs faced by market participants would fall dramatically. For the AFME members contributing to this study, the potential saving would be close to 79 percent of current expenditure. Extrapolating this across the market as a whole, the potential savings would amount to almost €1 billion per year.

We note that this only accounts for the direct savings from the CSDs within the scope of this analysis, and would in fact be greater if extended to all CSDs in Europe. Further, this estimate does not consider the much more complex and fragmented nature of European post trade, with divergent regulatory and market practice regimes.

Market	Current Estimated Costs (EUR)	Estimated Cost at North American Rate (EUR)	Potential Cost Savings (EUR)	Potential Cost Savings (%)
EU (inc. ICSDs)	1,198.4 M	251.4 M	947.0 M	79.02%
EU (exc. ICSDs)	567.0 M	149.1 M	418.0 M	73.71%

The greatest impact would be in safekeeping. As noted elsewhere in this report, safekeeping represents the single largest component of European invoices, particularly for issuer CSDs where there is limited competitive pressure. Under a North American pricing model, the equivalent charges would be almost eliminated, generating savings of over 96%.

The picture is more balanced for settlement. While European settlement fees are higher than in North America, the differential is less pronounced. If European settlements were priced at North American levels, participants would see savings of between 38% and 43%.

Taken together, these findings underline the material gap between European and North American fee structures. They also reinforce earlier conclusions in this report: that higher fees in Europe cannot be fully explained by scale or regulatory burden, and that significant efficiency gains could be realised if more competitive pricing structures were applied, in addition to tackling post trade barriers which are hindering an efficient and integrated Savings and Investment Union.

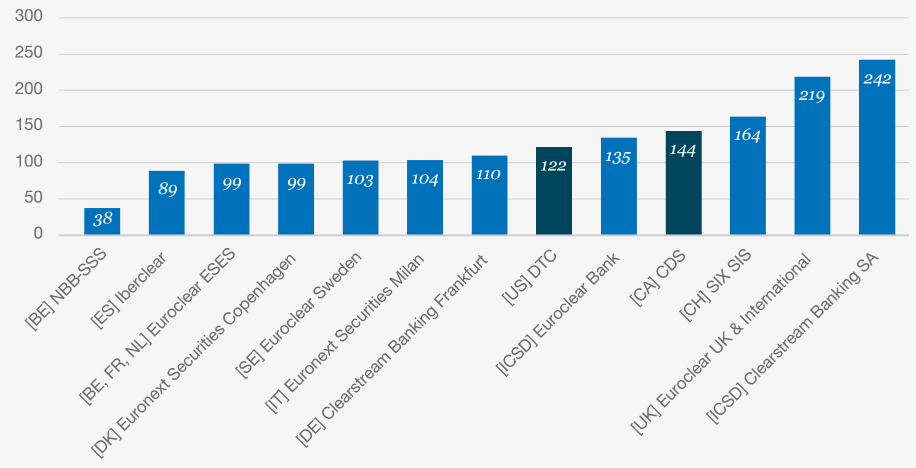
“Higher fees in Europe cannot be fully explained by scale or regulatory burden and significant efficiency gains could be realised if more competitive pricing structures were applied”

Key Finding 2: Complex CSD fee schedules inhibit comparability across CSDs and make it difficult to assess the costs of CSD services

As outlined in the *Methodology* section of this report, for the purposes of cross-CSD comparison, AFME developed a 'term sheet' comprising 29 core fee categories. In reality, the invoices received from CSDs contain between 38- and 242-line items, with limited standardisation in terminology and categorisation. This significant variance in fee schedules not only obscures cost-based competition across markets, it also creates additional costs for regional market participants in reconciling fees across multiple CSDs.

Article 34 of CSDR[7] mandates that CSDs provide clear, accessible, and detailed information about their pricing structures to facilitate comparison thereby fostering a transparent and competitive market environment. We question whether the current variations in format, granularity and terminology are conducive to meeting the regulatory objective.

Figure 5: Total line items on CSD's fee schedules (captured fees only)



"A significant variance in fee schedules not only obscures true cost-based competition across markets, it also creates additional costs for regional market participants"

7 CELEX:32014R0909:EN:TXT.pdf

Key Finding 3: This reflects in the large variations in how CSDs charge their fees. In some markets, ancillary fees are now a significant component of overall costs for users.

The composition of CSD fees varies significantly between markets. This is not an inherently negative thing, but it might be an indicator of a lack of competitive pressure on CSDs, allowing ancillary fees to persist unchallenged.

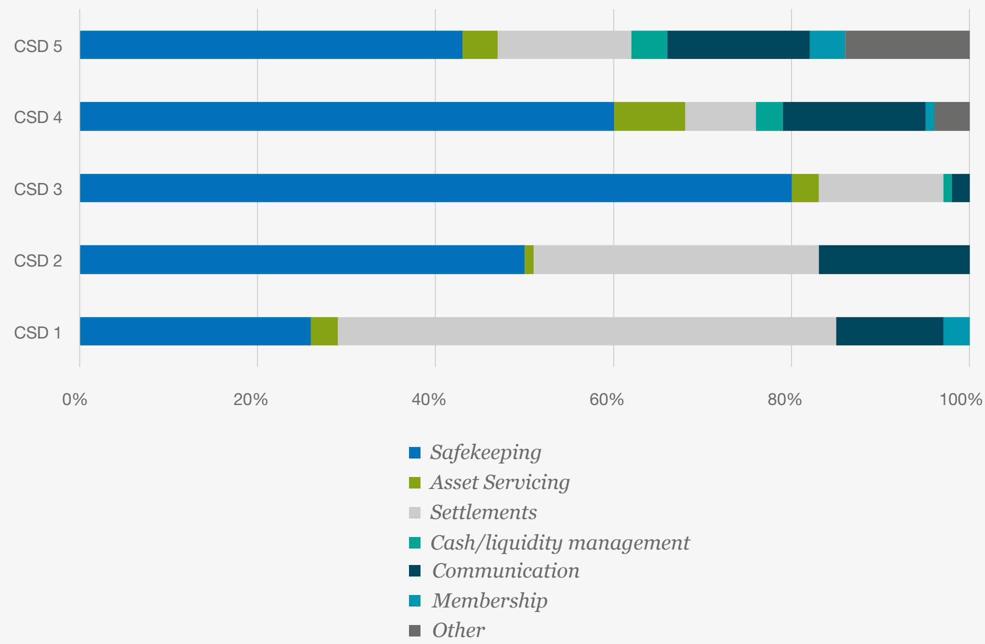
We believe it is relevant that for 10 of the 12 European CSDs in the scope of our analysis, safekeeping fees represent the single largest component of invoices ranging from 26% to 80% of invoices. We hypothesise that this is a reflection that Issuer CSDs are least exposed to competition from other CSDs in relation to the provision of safekeeping services.

The complexity of CSD fee schedules and the divergence in how they charge for their services makes it difficult for market participants and investors to assess the cost of trading, settling and investing in the EU, which is difficult to align with the vision of the Savings & Investments Union for Europe to be an attractive region to invest in boosting the bloc's economic growth and global competitiveness.

An important finding of our analysis is that charges for non-core services now represent, in some cases, a substantial proportion of total invoices. For example, membership and communication fees constitute on average 7% of the total monthly charge, and in some cases as much as 21%.

Further to this, we found significant variance in how CSDs charge for transaction processing. In some CSDs, 'headline' DvP or FoP charges (excluding ancillary fees such as out of pocket expenses, etc.) represent up to 99% of the total cost of settlement – but in other CSDs, this accounts for less than half of the total fee. We therefore note that any cross-CSD analysis based only on the core DvP or FoP charge is inherently flawed, making multi-market comparisons even more impracticable. As a result, the market's ability to quantify the cost of achieving 'post trade integration' in Europe in the context of borderless securities settlement, is extremely limited.

Figure 6: Invoice composition per CSD (anonymised, based on a sample of 5 European CSDs) [8]



8 *Figure represents the invoice composition for a sample of 5 European CSDs, amongst the ones in scope for this project.*

Key Finding 4: Higher CSD volumes don't necessarily translate into lower costs for users

It has been suggested that a potential reason why European CSDs are more expensive than, for example the US, is the inability to benefit from economies of scale. However, across the European CSDs within scope of this research, we have found an inverse correlation between scale and fees. On average, larger CSDs (measured by AUC) exhibited higher safekeeping fees and settlement fees.

Figure 7: Average effective custody charges vs total AUC by CSD[9]

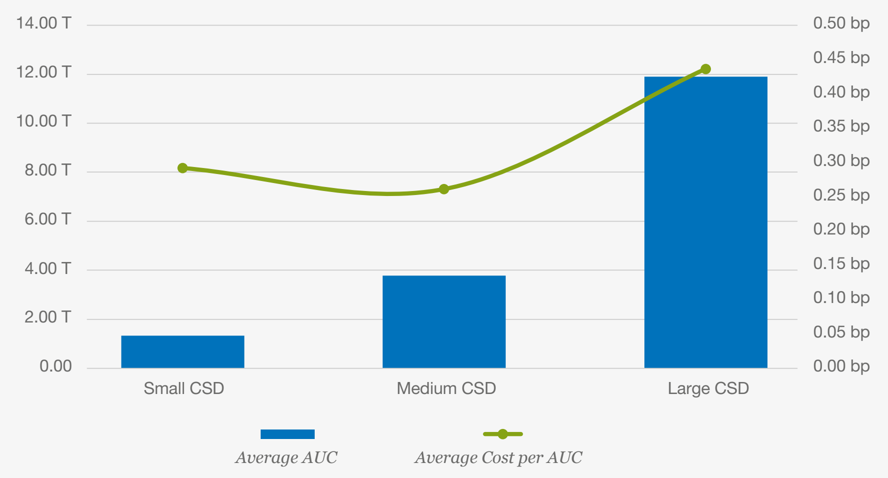
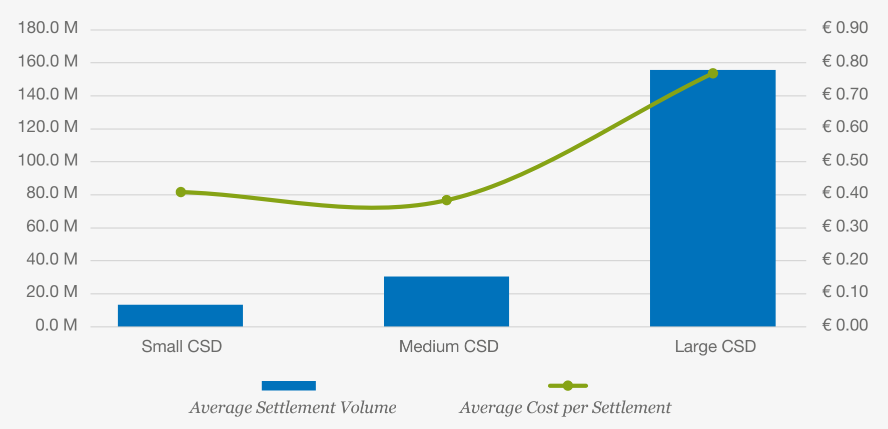


Figure 8: Settlement volume vs fee per settlement by CSD

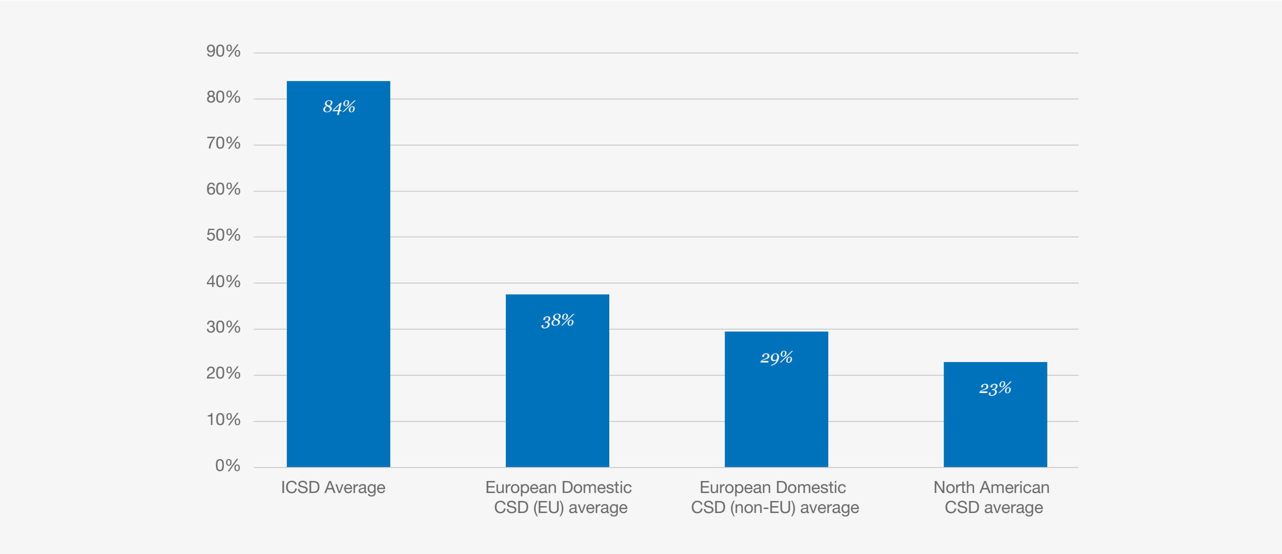


9 *"Small CSD" - less than 2T AUC; "Medium CSD" – 2T to 8T AUC; "Large CSD" – greater than 8T AUC*

Key Finding 5: CSDs are 30% more profitable than their North American peers.

The financial health and performance of the European CSD sector is strong, with many CSDs recording an operating margin of 50% or above in 2023 (even excluding net interest income). Performance was particularly strong for the ICSDs, although we emphasise that the differences in business model and services provided prevents direct comparison with domestic CSDs. The healthy profitability of CSDs demonstrates a capacity to invest in innovation and platform modernisation, without necessarily requiring CSDs to impose surcharges on their clients to fund such projects. It may also suggest a lack of intense competition between CSDs, where CSDs can leverage their regulatory status as market infrastructure which may allow them to set prices for their services without risking the loss of business to competitors.

Figure 9: Net profit as % of Net Business Income (excluding NII) (2023)



Note: These figures are calculated at entity level. Non-Issuer CSD activities (such as CCP or Investor CSD activities) are included in the above figures, where they are performed within the same legal entity as the Issuer CSD.

"The financial health and performance of the European CSD sector is strong"

Recommendations

Progress in this area is dependent on creating more competition between CSDs for the provision of services, which requires a fundamental reimagining of the European post-trade landscape.

CSDs have a role as key market infrastructure, but that role is tailored to the needs of their home market, and there are indications that competition between providers could be more effective. This is grounded in regulatory requirements, including those set out in CSDR, but is not balanced by an adequate incentive to increase competition between CSDs which would offer client choice and incentives to reduce CSD charges. We call on European policymakers to bring forward ambitious legislative proposals to increase further competition between CSDs. This could involve, amongst other measures: removing barriers to freedom of issuance; reviewing the current Issuer-Investor CSD model that creates an unlevel playing field; allowing for the unbundling of CSD functions to catalyse new technologies; and reviewing the requirement of CSDR Article 3 for all transactions to be recorded in a CSD.

Recognising that implementation of these changes would potentially be complex, multiyear undertakings, we also set out below additional recommendations, that focus on more practical, near-term changes that could be made to improve the current situation.

Harmonised Structure of Public Fee Schedules

The principle of transparency in CSDR fee schedules is crucial for ensuring fair and equitable treatment of all market participants. CSDs should make their fee schedules readily available to all participants and should include a detailed breakdown of all charges (transaction fees, account maintenance fees, safekeeping and any other fees that apply). Fee schedules should be heavily standardised and presented in a clear, understandable format that can be easily accessible. Each type of fee should be described in detail, explaining what the fee is for, how it is calculated, and when it applies. The current lack of harmonisation diminishes the principle of transparency as the differences in format do not allow participants to effectively compare costs between the different CSDs and make informed choices about what CSD they would like to contract to for settlement and safekeeping.

Invoices should be clear and concise with costs fully transparent for the recipient

Fees should be easily reconcilable to the service provided. There should be a clear distinction of which charges correspond to core services from those relating to ancillary services. Core services should be understood in accordance with those provisions contained in CSDR's Annex Section A:

- Initial recording of securities in a book-entry system ('notary service');
- Providing and maintaining securities accounts at the top tier level ('central maintenance service');
- Operating a securities settlement system ('settlement service').

The way in which fees are displayed does not provide sufficient transparency, with fees sometimes appearing duplicative, notably in regard to T2S' DCP/ ICP fees. It would be important to differentiate services between DCP and ICP in each relevant fee schedule. AFME members have reported that CSDs commingle all queries and reporting costs for DCPs and ICPs, splitting based on volumes. This will allow participants to better calculate and control costs. It has also been noted that some CSDs add T2S charges received from T2S to the invoice of the CSD participant. These would include SWIFT message costs, fails, etc.

Fees may also appear on invoices reformulated in a way which is not directly comparable to the public fee schedule, even if it achieves the same cost result, it makes participants reconciliation exercise difficult

Fair treatment of different types of participant

CSDs should not differentiate between participants and should apply the same fee structure to all type of participants (i.e., between local brokers and local custodians, or between Investor CSDs and other participants).

Adequate notification of changes to fee schedules

Fee schedules should be consistent and stable over time, to allow participants to predict their costs accurately. There should be some industry best practices to advise on a minimum notice period for CSDs to notify on any changes to their fee schedules. AFME members believe that this notice period should be of at least three months. Participants should be informed promptly of any changes to fee schedules. This includes providing advance notice of changes and the effective dates. To provide one example of current market practice, we note that one CSD has published eight iterations of its fee schedule in 2025 alone.

System upgrades and regulatory compliance costs to be funded by the CSD

Any additional charges for system upgrades should be properly identified and quantified. CSD participants should not be charged for upgrades to systems that support core functionalities that are inherent to the daily running of BAU processes by the CSDs. In the event of a CSD deciding not to charge for certain core or ancillary services, the CSD should clarify the rationale for this and provide the corresponding cost disclosure (e.g., tri-party settlement fees are generally not charged by ICSDs, whereas normal settlement fees are). CSDs should also not pass on the costs of adapting their systems to comply with new regulation - their users already must bear their own regulatory compliance costs.

Removal of quasi-discipline measures

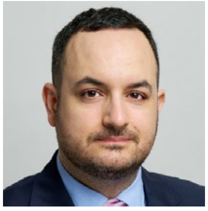
Some CSDs seem to be applying their own quasi-discipline measures, which results in additional costs being applied to CSD participants (e.g., charging a recycling fee on aged settlement fails). Income from these fees is retained by the CSDs. This goes against the spirit of CSDR and therefore these charges should not be applied.

Reverse-billing of reporting fees

In order to reduce overall industry costs, the CSDs should offer the ability for reverse billing of reporting/network charges (e.g. from Swift) instead of just applying any pass-through costs to CSD participants. This would allow firms to benefit from economies of scale vis-à-vis to the chosen network. CSDs also need to provide further transparency on any of these pass-through costs.

"There should be some industry best practices to advise on a minimum notice period for CSDs to notify on any changes to their fee schedules"

Contacts



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