

**TRUST AND RISK IN THE
CONTEXT OF
SECURITIES LENDING:
A SOCIOLOGICAL ANALYSIS**

by

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I declare that TRUST AND RISK IN THE CONTEXT OF SECURITIES LENDING: A SOCIOLOGICAL ANALYSIS is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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(MR J C BRUCE)

DATE

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SUMMARY

This dissertation uses a Sociological approach to analyse the risks associated with the practice of securities lending. Risks are those factors that inhibit the development of trust, and trust is essential for people to participate in financial transactions like securities lending.

In this dissertation we show that, although there are a number of risks, individual and systemic, that are associated with securities lending, practitioners have, over time, developed an array of risk management procedures and practices to keep these risks at acceptable levels. Securities lending is however not practiced in a vacuum and the relevance of these risk management procedures is largely determined by the cultural environment in which it is practised. Values, norms and sanctions are crucial as social controls over behaviour that transpires in social structures. The presence of structural conditions necessary for the development of a culture of extreme opportunism is shown as arguably the greatest source of risk facing those who participate in financial transactions like securities lending.

Title of dissertation:

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Key terms:

Securities lending; Repurchase transactions; Risk management; Cultural approach; Social controls; Values; Norms; Sanctions; Structural conditions; Extreme opportunism
