Whilst businesses continue to be impacted by the pandemic, there have recently been some encouraging signs of a return to a more normal way of working in many locations. Organizations in many countries - and in particular where vaccines have been widely administered - are now allowing their staff to come back into their offices, attend face to face meetings and begin to travel again. This glimpse of normality is great news and, hopefully, will continue over the coming months.

Sadly though, whilst some countries are opening up, overall there are still many restrictions in place. It was with this background that the ISSA Board has decided to move the Symposium from its January date. It will now be held 10 - 12 May 2022 at the Palacio de la Bolsa de Madrid building in Spain.

This does not mean, though, that ISSA will not be looking forward to meeting with our members – albeit virtually – as the plan is to use the 19 and 20 January dates for a virtual conference instead. Please add this event to your diary, from 13.00 to 16.00 CET for both days. The agenda will be provided in the Q4 newsletter.

ISSA CEO Office

A New Look, A New Website

As you can see, ISSA has been working on a marketing refresh. As well as updating ISSA’s logo and fonts, ISSA will also launch a new website in the week of October 18, 2021 – but still at www.issanet.org.

Created in collaboration with website designer and developer, Redwire Design www.redwiredesign.com, the aim has been to provide a more modern, clean and simple style - whilst losing none of the content that ISSA knows the members like and need.

We hope that you like our new look and look forward to hearing your feedback.

Ivan Nicora, Euroclear

Pierre Khemdoudi, IHS Markit

Till Rosar, Hong Kong Exchanges and Clearing
ISSA and SIBOS

ISSA is delighted to have been able to partner with SIBOS again this year at their virtual SIBOS event. On October 13, ISSA was involved in two SIBOS sessions:

• SWIFT SIBOS session on ISO 20022 and Securities – with ISSA Working Group members as panelists
• Meet the expert session - covering the updated ISSA Financial Crime Compliance Questionnaire and the plans for their inclusion in the SWIFT Registry

Both sessions have been recorded and the links will be provided shortly on the ISSA website and LinkedIn.

FSS Progresses... to ‘Digitisation’ and ‘Standards’

A big thank you to the many participants of the Future of Securities Services (FSS) webinar in May. The post-event survey was extremely positive, not only from the attendees but also from those who missed it! ISSA’s thanks to Oliver Wyman (OW) for their help in executing the webinar and for sharing their thoughts on FSS.

OW introduced the webinar with a presentation that focused on the strategic implications and imperatives for the Securities Services industry. ISSA then set the scene for how the results of the paper could be taken forward by outlining the mechanics for moving from the 18 topics that were identified in the original paper to those that were most important to the members.

The first filter that was applied was to confirm where ISSA, as an industry association, had the ability to influence and what the membership set as a high priority. The next filter was to take out those subjects that were already being addressed through the existing ISSA Working Groups.

This therefore left six key topics, which were discussed in breakout sessions during the webinar:

• Digitisation Best Practices
• Common Data Standards
• Private Markets
• API
• ESG Standards
• Cloud adoption best practices including Cyber

From these discussions, it was agreed that the majority of the topics could be summarized under the single heading of ‘Interoperability’. Given its scale, the decision was made to cover interoperability through the creation of two ‘agile pods’. By creating pods, ISSA’s aim is to adopt a more agile approach where a stream of work will come together - in some cases with other Working Groups - and produce a piece of work before disbanding.

Each pod will incorporate components from the key topics above:
For the digital asset bulls, the view that there is long term value in digital assets came out strongly.

Data Standards
- ESG standards
- DLT standards (linked with Digitisation)
- ISO standards from the ISO stream (linked with Digitisation and DLT)

The sponsors for these two sub-streams will be Margaret Harwood-Jones (Data Standards) and Samir Pandiri (Digitisation). The initial step will involve the sponsors working with the Operating Committee and the CEO Office to agree the exact topics and priorities. ISSA will shortly ask the membership for volunteers to establish the pods.

Voice of the Customer for DLT

In August 2021, ISSA published the DLT Voice of the Customer Survey report. This work was initiated as a result of the 2020 Survey ‘DLT in the Real World’, where it appeared that the investors were focused more on Crypto currencies rather than tokenized securities, which was the opposite of the capabilities that ISSA members were building.

The key findings are that, although there has been a move into digital assets, only 40% of the respondents are active or about to become active in digital assets within the next two years. The majority of those who will invest will hold less than 1% of their portfolio in this asset class; which reflects the nascent markets, the evolving regulatory parameters and a lack of trusted service providers. The good news is that the perceived lack of trusted providers offers an opportunity for incumbents to show their capabilities and for new entrants to comply with best practice around asset safety to prove their credentials.

For the digital asset bulls, the view that there is long term value in digital assets came out strongly, with almost 90% of the respondents feeling that there was no challenge or that the challenges could be overcome in respect to whether digital assets would be successful over time. The Working Group asked two questions around this topic: “Are you expecting atomic/instantaneous execution and settlement and by implication ‘all or nothing’ execution?” and “If so, do you have opinions and an approach for the resulting need for a cash pre-funding model?”. Without doubt these were the hardest questions for the respondents. In summary one of the answers encapsulates the situation “Very good question... still needs to be figured out”.

The industry, including ISSA members, should take the lead in explaining the implications of both ‘on DLT’ execution and settlement and atomic settlement to the users, as well as in educating the investment managers and asset owners on the impact for how they conduct business today. That is not to say that all the effects are negative but there are some elements that appear to be a surprise to the client base.

New ISSA Members

During Q3, ISSA has been delighted to welcome the following new members:

- The Mauritius Commercial Bank, Mauritius
- Myriad Group Technologies, United Kingdom

“For the digital asset bulls, the view that there is long term value in digital assets came out strongly...”
“What happened to my summer vacation?”
A fair question from the DLT Working Groups members. All 4 streams have been delivering output in third quarter. Please go to our new website and view our current Insights & News at https://issanet.org/insights-and-news/ and read the following documents:

- DLT Voice of the Customer Survey 2021
- DLT Asset Identifiers Matrix
- DLT in the Real World Survey Results
- Blueprint for CBDC and Stablecoin in post-trade settlement is coming shortly

A great set of insights, thought leadership and a practical guide to help the readers chose their Digital Asset reference data source. In the Q4 Newsletter edition, ISSA will include a summary of the CBDC paper.

New ISSA Questionnaire

The Financial Crime Compliance Working Group has recently completed a review of the original FCC Due Diligence Questionnaire (ISSA Questionnaire). Introduced in 2016, the ISSA Questionnaire has already seen strong take up from many organizations – organizations who have either adopted the questionnaire wholesale or who have embedded components within their own compliance framework.

Given feedback received from both ISSA members and the broader industry, the FCC Working Group has created a subgroup to undertake a fundamental review of the original questions, to both simplify the Questionnaire and to reflect the most recent Wolfsberg questions.

The new ISSA Questionnaire will be published shortly, along with an FCC News Bulletin that highlights the key changes to the document. Additionally, the Bulletin outlines the collaboration between the Working Group and SWIFT which will see the new ISSA Questionnaire being added as part of the NBFI (Non-bank financial institution) expansion with hard-coded questions embedded in the SWIFT KYC Registry early next year.

For further information about this topic - and other Working Group activities - please visit the ISSA website at www.issanet.org.