

ISSA

International Securities Services Association



Newsletter

December 2019

Dear ISSA Members and Friends

Well, I strongly suspect that you find it just as difficult to believe - as I do - that yet another year has passed. We will be in the new year before you know it, so I wanted to take this opportunity to wish you and your family all the best for the holiday season!

2019 was a year of change for ISSA. After many years of stable and excellent leadership by the CEO Office as a whole, Josef having been at the helm of ISSA for more than 30 years retired as the CEO at the end of August. After an extensive search, we were fortunate to secure the services of Colin Parry – formerly of UBS – as our new CEO. Also, Urs who had been the Secretary of ISSA for 25 years, will be succeeded as of January 1 by Karen Zeeb – an industry expert with many years of experience at a number of institutions. I know you will join me in wishing Josef and Urs nothing but the best in their future endeavors and in wishing Colin and Karen every success in their new roles. We will take the opportunity of the Symposium in June 2020 to properly honor Josef and Urs so I look forward to sharing in that celebration with all participants.

Speaking of the Symposium...hopefully our members have June 2 - 5 marked on their calendar. Once again, the Symposium will be held at the UBS Wolfsberg Education Center in Ermatingen, Switzerland. This is our marquee event which takes place every other year. We consistently receive outstanding feedback on its content and usefulness for our members. Next year's event will be no exception. Planning has been underway for some time and the agenda is coming along extremely well. Everyone involved is very excited about the new content which will be released for the Symposium. We ask our members to make every effort to attend.

And, speaking of content...ISSA would have no content if it were not for the contribution of our member firms and by the dedication of the Operating Committee Chair, Working Group Co-Chairs and members. We have been blessed over the past two years by the leadership of William Hodash as Operating Committee Chair and want to thank him for his tremendous contributions on our behalf. Bill will be succeeded by Jyi- chen Chueh who is no stranger to the inner workings of the OC and no doubt will do an excellent job in his own right.

As we wrap up 2019 and move on to 2020, I am excited that we have our future leadership with regard to the CEO's office, the Operating Committee structure and the Chairpersonship all in order. And all the better that we also have interesting/exciting new content we are working on and will be in a position to share in the not too distant future.

Thank you for your membership and partnership in ISSA. It is an organization which has been in existence for over 40 years and it seems that it is as relevant today as it has ever been in its 40 year history.

Sincerely, Lee Waite, ISSA Chairman



ISSA Governance Update

ISSA Board

As of October 29, 2019, David Scola, Chief Executive Americas & UK, replaced Javier Pérez-Tasso as SWIFT's representative on the ISSA Board.

We congratulate David on this nomination and wish him all the best in his new role.

ISSA Operating Committee

As of the Operating Committee's November Workshop, Bill Hodash, DTCC, handed over his role as Chairman of the Operating Committee to Jyi-chen Chueh, Standard Chartered Bank. At the same time, Juliette Kennel, SWIFT, assumed the role of Operating Committee Vice Chair from Jyi-chen Chueh.

We thank Bill for his two year tenure as Chairman of the Operating Committee and his tremendous contributions. We wish Jyi-chen Chueh and Juliette Kennel all the best in their new roles.

New Members

Since the Newsletter of November 2019, the following Members have joined our Association:

- Accenture LLC, United States
- Oliver Wyman, United States
- Fortia Financial Solutions Ltd, France

We welcome these organizations and are looking forward to a fruitful relationship.

Board of ISSA

CEO Year-end Message



Colin Parry, CEO ISSA

Thank you for welcoming me into the ISSA family. I am personally grateful for all the well wishes and enthusiasm that I have been both given and shown. This has not only been from the ISSA CEO Office team but also the wider membership, thank you.

I am conscious that I have not talked to every institution who is a member but please feel free to call me if you have ideas or want ISSA to help with anything.

As I reflect on the year I think that, in a world where all our members are being told to «do more with less», the efforts of our Working Groups to carry on delivering high quality output have been inspiring to me. The CEO Office have agreed to support the Working Groups further by running the project management of each of the Working Groups. My intent is that this takes some of the burden off the Co-Chairs and allows them to focus on the content. It should also hopefully encourage more of you to become more active in the Working Groups.

The Board of Directors has recently agreed to add further Working Groups to address areas where the Association can add value and move the industry forward. Including the existing ones the topics being covered are:

- Corporate Actions and Proxy Voting
- Distributed Ledger Technology
- Financial Crime Compliance
- Cyber Risks in Securities Services
- Regulatory Impact on the Securities Services Chain
- Recovery and Resolution Planning
- Future of the Securities Services Industry

See the summaries later in the Newsletter.

We believe these are relevant topics for the industry to address as a body but if there are other topics which you believe should be addressed then please let me know.

I am excited by the Symposium agenda and have personally spoken with all the keynote speakers and feel that they bring an exciting perspective to the agenda. I am delighted that the «Future of the Securities Services Industry» Working Group's paper will be published and form a center piece for the breakout sessions. I look forward to seeing many of you there.

We think the launch of the new website and our LinkedIn page are improvements. We would urge you to follow us on LinkedIn but also to give us feedback on both the website and the LinkedIn page. Please tell us what you like and do not like, what we are missing and we can work to improve.

I re-iterate Lee's messages of thanks to Josef, Urs and Bill who have all made my induction into ISSA a real joy. In that spirit I wish you all a joyous holiday season and a fantastic 2020.

Change of the ISSA Secretary

As of 1 January 2020 Urs Staehli is due to hand-over the ISSA Secretary function to Karen Zeeb. As the ISSA Membership has now approved this change during the recent ballot, the ISSA CEO Office is pleased to confirm Karen`s appointment. Since joining, on 1 September this year, Karen has already been actively involved in the various activities performed by the CEO Office in preparation for assuming the Secretary role.



*Karen Zeeb,
ISSA Secretary*

«Joining ISSA has been great fun – and a challenge. I arrived just before SIBOS, which presented me with a fantastic opportunity to meet with many of our existing members as well as some new organizations. However, it also meant a steep – and quick - learning curve was necessary. Since then, I have also been involved in working with two of ISSA`s amazing Working Groups as well as meetings with the Board and OC.

I have been given a huge amount of support from both the ISSA CEO Office and the Board, OC and Working Group members, which I truly appreciate. Overall I have thoroughly enjoyed my first few months working with the ISSA team and am looking forward to a great 2020 with you all. In the meantime I wish you all a relaxed and peaceful Christmas.»

«The past 25 years in my role as Secretary of ISSA have been challenging but also very rewarding in various respects. ISSA has been able to support the Securities Services Industry in coping with unprecedented changes by providing a platform for discussing standardization of processes and recommending best practices. The continued creation of content for the benefit of the industry has enabled ISSA to gain in recognition over the years, as demonstrated by a growing membership base and record attendance at the biennial Symposia.

I am very pleased to place my Secretary function into the capable hands of Karen, who will – together with Colin Parry – steer the organisation successfully through turbulent waters in the years to come. I wish both of them rewarding times and success.

ISSA has accepted my offer to provide administrative support within the CEO Office at least until the Symposium in June 2020. This should enable ISSA to successfully cope with the added responsibilities outlined in Colin`s message.

On this occasion, I would like to express my sincere thanks to the ISSA Membership and the ISSA Board for their support during all those years. Special thanks go to the members of the ISSA CEO Office.»



*Urs Staehli,
former ISSA Secretary*

The Future of Securities Services – Symposium Theme and Preparations

Earlier this month, the ISSA CEO Office officially invited its members and selected guests to the 20th ISSA Symposium that will take place in Switzerland from June 2 to June 5, 2020. Under the heading «The Future of Securities Services», the Symposium will be yet another thought-provoking and interactive event. ISSA is happy to have been able to attract professional speakers, panelists and moderators in order to provide input and to facilitate interactive discussions among the participants. The detailed Symposium agenda is available [here](#).

In preparation for the event, ISSA has launched a special Working Group, composed of a selection of its Board Members and their firms' strategists. Their work will result in a draft Discussion Document, which will offer insights into the current state, key trends and challenges facing the Capital Market ecosystem as well as the anticipated implications for the Securities Services industry and its participants. The final section of the document will synthesize the outcomes of the previous chapters resulting in potential scenarios, which will then be the baseline for discussion in the traditional breakout sessions during the Symposium. All registered delegates will receive the Discussion Document at the beginning of May to allow them to discuss the content within their firms and to be well prepared for the Symposium.

One of ISSA's key principles has been to use the Symposium to showcase key practical solutions. This year, ISSA has chosen the following topics where three organizations will inform the audience about their related activities:

- The strategic project of SIX Digital Exchange
- A specific view from BNY Mellon in how Big Data is seen and used as a fundamental driver of a firm's value proposition
- A concrete example of Artificial Intelligence / Machine Learning being implemented in Capital Markets.

The Symposium program also includes updates of all ongoing ISSA activities.

Brief Report on ISSA Working Group Activities

As mentioned by Colin Parry in his message, the ISSA Board has recently decided to add further Working Groups to address particular topics. In addition to the four existing Working Groups, the following three Working Parties have recently been created, bringing the total to seven.

The Future of Securities Services

As mentioned before on the upcoming Symposium 2020, ISSA has launched a special Working Group and is currently drafting a Discussion Document on the Future of Securities Services. The findings of this document will form the basis for discussions at the Symposium. At the beginning of May 2020, registered Symposium delegates will receive the document to allow them to discuss and prepare within their own organizations.

Regulatory Impacts on the Securities Services Chain

Following three recent reports on regulatory changes and their impact on stakeholders in the Securities Services industry, ISSA has decided to update the August 2018 report to incorporate these changes. The original Working Group has therefore been revived and the contributors are presently being contacted for their input. It is intended to complete an update of the report by April 2020, with a view to distributing it at the Symposium in June 2020.

Recovery and Resolution Planning (RRP)

Strategically Important Financial Institutions (SIFIs) and Financial Market Infrastructures (FMIs) are increasingly requesting information about the recovery plans that other SIFIs / FMIs have in place. As the questions asked by each organization are not consistent, there are challenges to being able to respond effectively and efficiently. To assist its Members, ISSA has decided to establish a new Working Group with the aim of

developing a common questionnaire on Recovery Planning that the industry can utilise where appropriate. ISSA is in the process of agreeing the membership of this new Working Group. Please volunteer if you have experience in this area.

Distributed Ledger Technology

The recently published report on «Crypto-Assets – Moving from Theory to Practice» has received widespread industry and media attention. ISSA is determined to build on this momentum. Before year-end, the Working Group will discuss potential topics to be addressed in 2020.

Corporate Actions and Proxy Voting

Based on the analysis of the responses received to ISSA's survey on the beneficial owner disclosure processes in various countries, the Working Group will decide before year-end about potential recommendations to be taken and whether the collected information should be made available to a

wider audience. In addition, work is continuing to review current practices and challenges in the proxy voting space.

Financial Crime Compliance Principles for Securities Custody and Settlement (FCCP)

Following its November 2019 Workshop, the Working Group will issue an FCCP Bulletin before year-end, covering Sanctions Screening Best Practices and Payments Transactions Guidelines as they pertain to securities related events.

Cyber Risks in Securities Services

The Working Group will produce a document by the end of January 2020 outlining the information required when various scenarios of incident events occur. It will be aimed as a practical guide setting out, for a non-compromised firm, what information would be needed on various cyber events from a compromised firm.