

ISSA Virtual Event

19 January 2022

Key Outcomes

Financial Crime Compliance

Financial Crime Compliance

Session Topic

The session provided an overview of the ISSA Financial Crime Compliance (FCC) Principles and their importance to the Securities Services industry.

Recent changes made to the ISSA Due Diligence Questionnaire were reviewed and explained.

A short poll was conducted to understand the audience's understanding of the Principles and their implementation.

Key Outcomes

The poll results showed that the majority of the audience understood the need for a set of Principles that focused specifically on the crime compliance requirements for the securities services industry

The recent review of the Questionnaire that included simplifying the structure and wording, removing questions that overlapped with Wolfsberg as well as any that were unworkable in practise, was well received.

Financial Crime Compliance – Polling Results

Question

FCC Q1. Do you recognize the need for a dedicated financial crime risks framework covering the Securities Services industry?

- ☐ Yes
- ☐ Unsure
- ☐ No

Result

Edited



43 responses

Financial Crime Compliance – Polling Results

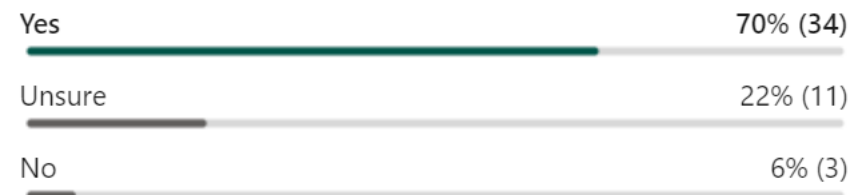
Question

FCC Q2. Have you seen an increase of the exposure of the Securities Services industry to financial crime risks over recent years?

- ☐ Yes
- ☐ Unsure
- ☐ No

Result

Edited



48 responses

Financial Crime Compliance – Polling Results

Question

FCC Q3. Has your organization implemented the FCC Principles, either through integrating these into your own compliance framework or through adoption of the ISSA Questionnaire?

- ☐ Yes
- ☐ Unsure
- ☐ No

Result

Edited



45 responses

DLT in the Real World

DLT in the Real World

Session Topic

The panel discussed the findings of the DLT 2021 Survey, in the context of both the 2020 and 2021 outcomes. With the data in focus the debate was on the opportunities (both product and process), the value and momentum.

The polls gave an interesting snap shot of the attendees' views and, despite the panel giving a number of live examples of DLT solutions, the favourite response was still 3-5 years before scalable DLT solutions are seen.

Challenges abound for those trying to implement a DLT solution but, with effort, they can be solved.

Key Outcomes

Successes are yet to make the industry evangelical about the maturing DLT technology.

Barriers are still there and atomic settlement needs more explanation and understanding of the implications.

Wallet and Crypto custody are higher on firms' agendas than other asset classes.

It is imperative that firms answer the next survey so ISSA has the best longitudinal view to help the members understand DLT in the Real World.

DLT in the Real World - What Changed in a Year?

Where is DLT delivering?

10%	DLT is 10% more important to market participants than in 2020
300%	x3 more firms are exploring DLT than in 2020
200%	The number of market participants with live DLT usage cases has doubled
4	DLT development is increasingly focused on 4 key usage cases
3and 3 main asset classes

How are we delivering DLT?

30%	DLT resourcing is up 30%
MVE	The “Minimum Viable Ecosystem” has become more important than the technology
20%	Delivery functions (including Operations and Compliance) are more engaged – by 20%
25%	25% of DLT customers see the business case as a blocking obstacle
CBDC	CBDC remains the key dependency for DVP and cash funding on DLT

DLT in the Real World – Polling Results

Question

DLT 1. Have you read the survey?

☐ Yes

☐ No

Result

Edited



50 responses

DLT in the Real World – Polling Results

Question

DLT 2. Did your firm respond to the survey?

☐ Yes

☐ No

Result

Edited

Yes 65% (29)

No 34% (15)

44 responses

DLT in the Real World – Polling Results

Question

DLT 3. Which asset classes have priority for a DLT solution in your organization?

- ☐ Equities/ETFs
- ☐ Fixed Income
- ☐ Crypto custody (wallets and payment tokens)
- ☐ Private Markets (unlisted securities)

Result

Edited

Equities/ETFs	25% (10)
Fixed Income	17% (7)
Crypto custody (wallets and payment tokens)	45% (18)
Private Markets (unlisted securities)	12% (5)

40 responses

DLT in the Real World – Polling Results

Question

DLT 4. Has your firm increased resourcing for DLT going into 2022?

- ☐ Yes
- ☐ No
- ☐ Unsure

Result

Edited



39 responses

DLT in the Real World – Polling Results

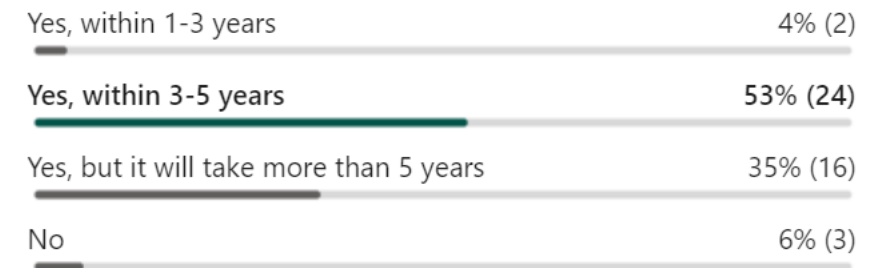
Question

DLT 5. Do you believe that the industry can deliver a scalable blockchain solution?

- ☐ Yes, within 1-3 years
- ☐ Yes, within 3-5 years
- ☐ Yes, but it will take more than 5 years
- ☐ No

Result

Edited



45 responses

DLT in the Real World – Polling Results

Question

DLT 6. Are your clients ready for real-time atomic settlement?

- ☐ Yes
- ☐ No
- ☐ Not sure

Result

Edited



43 responses

The New Norm

The New Norm

Session Topic

The session focussed on the recent articles completed by the New Norm Working Group (WG) dealing with the impact of the pandemic on the Securities Services industry.

The WG Co-Chairs discussed a range of topics including Working Methods, Electronic Signature, Operational Resilience and Automation.

Polling questions were used to gain an understanding of the audience's concerns.

Key Outcomes

Due to the pandemic, the audience felt that Operational Resilience was the key topic for the Securities Services industry to focus on.

Account opening and corporate actions continue to be the most manual areas.

Technology and digital transformation would be the key driver of change for the industry, utilizing APIs and RPA.

The New Norm – Polling Results

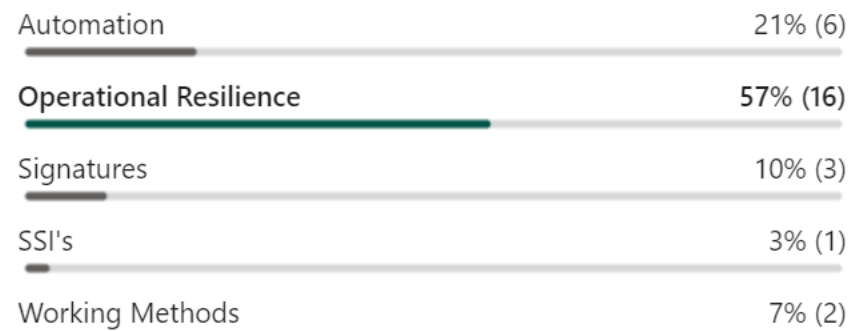
Question

New Norm Q1: Looking back to the start of the pandemic, which of the following topics did you feel it was most important that the industry focused on?

- ☐ Automation
- ☐ Operational Resilience
- ☐ Signatures
- ☐ SSI's
- ☐ Working Methods

Result

Edited



28 responses

The New Norm – Polling Results

Question

New Norm Q2: In responding to the pandemic, have you considered changing your operational footprint?

- ☐ No plans to change
- ☐ Plan to change, but not implemented
- ☐ Footprint has changed – more consolidated now (location...
- ☐ o Footprint has changed – more distributed now (location...

Result

Edited

No plans to change	36% (8)
Plan to change, but not implemented	13% (3)
Footprint has changed – more consolidated now (location and / or provider)	27% (6)
o Footprint has changed – more distributed now (location and / or provider)	22% (5)

22 responses

The New Norm – Polling Results

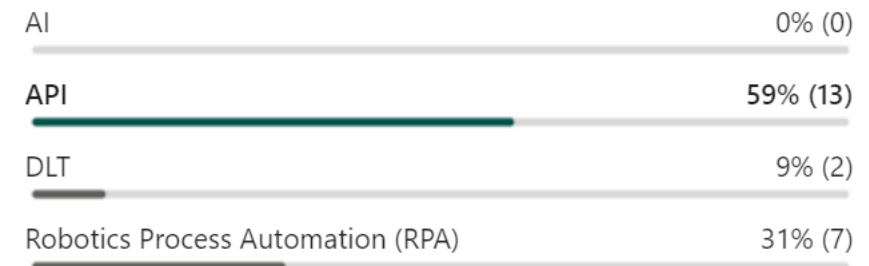
Question

New Norm Q3: Which technology is your firm investing in the most over the next 12 months to drive automation?

- ☐ AI
- ☐ API
- ☐ DLT
- ☐ Robotics Process Automation (RPA)

Result

Edited



22 responses

The New Norm – Polling Results

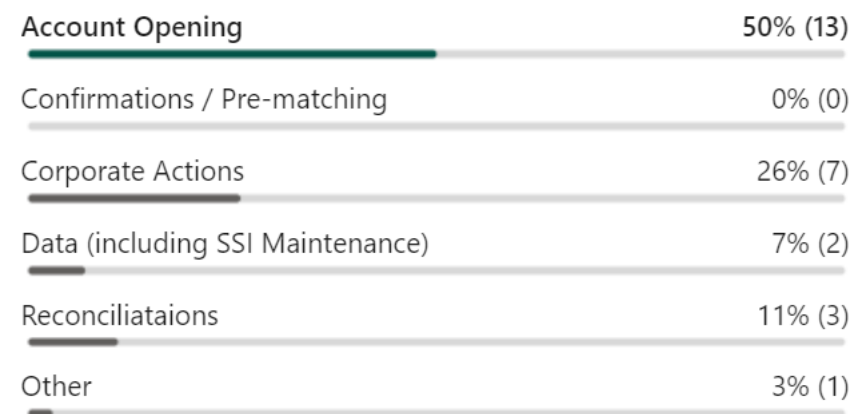
Question

New Norm Q4: Which of the below areas involves the most manual processing for your organisation?

- ☐ Account Opening
- ☐ Confirmations / Pre-matching
- ☐ Corporate Actions
- ☐ Data (including SSI Maintenance)
- ☐ Reconciliations
- ☐ Other

Result

Edited



26 responses

The New Norm – Polling Results

Question

New Norm Q5: What do you think will be the biggest catalyst for change in the Securities Services industry?

- ☐ Mutual Cost Efficiencies
- ☐ Regulation
- ☐ Standards
- ☐ Technology / Digital Transformation
- ☐ Other

Result

Edited

Mutual Cost Efficiencies	16% (6)
Regulation	16% (6)
Standards	13% (5)
Technology / Digital Transformation	54% (20)
Other	0% (0)

37 responses

Asset Servicing Data Sourcing

Asset Servicing Data Sourcing

Session Topic

The panellists discussed the corporate action life-cycle, based on the results of the Corporate Action survey conducted by The Value Exchange.

The cost of sourcing data was found to be greater than the cost of processing a corporate action.

Key risks exist due to the manual processing inherent in the corporate action life-cycle at present.

Key Outcomes

By changing the way that data is sourced, it would be possible to cut costs and reduce risk.

Automation of parts of the corporate action life-cycle could reduce errors, regulatory issues and reputational damage.

‘Golden Copy’ markets achieve 20% savings on their data sourcing costs, whilst significantly reducing risk.



The graphic features a background with a gradient from orange to dark blue, overlaid with a complex network of white and blue lines and dots, resembling a data visualization or a stylized globe. In the top left corner, there is a white rectangular box containing the text "Corporate Actions 2021" in red, "Is it all about the data?" in black, and a small "X" logo. To the right of this box are logos for "accenture FIS" and "DTCC HMX ISSA". In the top right corner, the text "benchmarks Impact community" is displayed above the website "thevalueexchange.co", next to a logo featuring a stylized "X" inside a speech bubble. At the bottom right, the main title "Corporate Actions 2021: Key Survey Findings" is written in large white font.

Corporate Actions 2021:
Key Survey Findings

Corporate Actions 2021: Overview



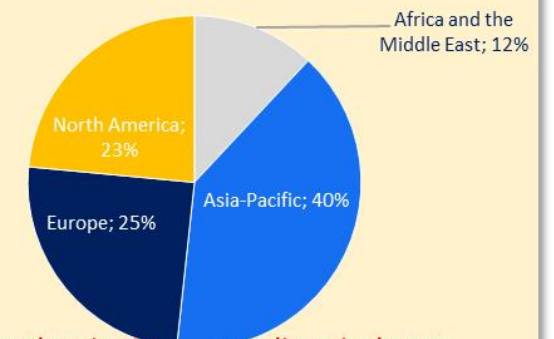
Our 2020 “Asset Servicing Innovation” survey highlighted corporate action data as the key area of corporate action errors today.

With the support of **Accenture, FIS, the DTCC, HKEX** and **ISSA**, this benchmarking campaign set out to explain the true role of data in the corporate action lifecycle – its role in driving risk today and in helping to create new efficiencies tomorrow.

This document summarises the key statistical findings of our campaign so far. We would love to hear your reactions to these findings and so please reach out if you have any comments or questions (to info@thevalueexchange.co)



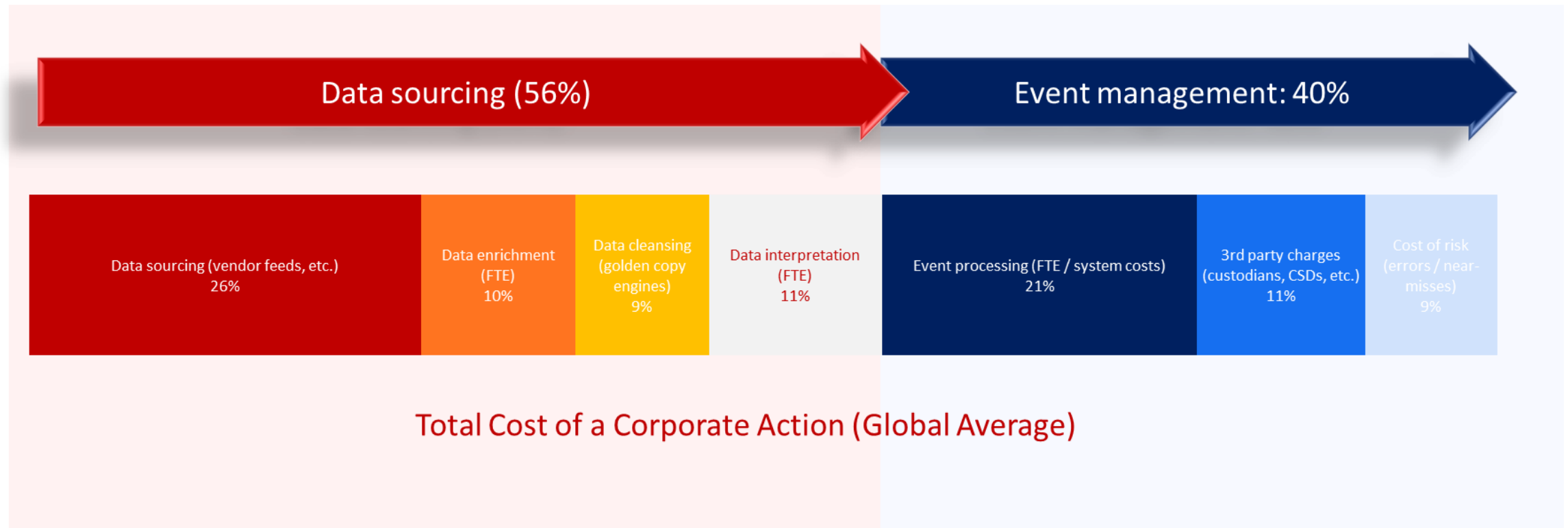
Run in **June/July 2021**, this survey draws on direct feedback from over **230 industry specialists** around the globe: from all industry segments (investors, banks, brokers, exchanges, etc.) and geographies.



All of the data in this key findings is drawn from our interactive data dashboard. Please contact us if you would like to explore this data yourself.

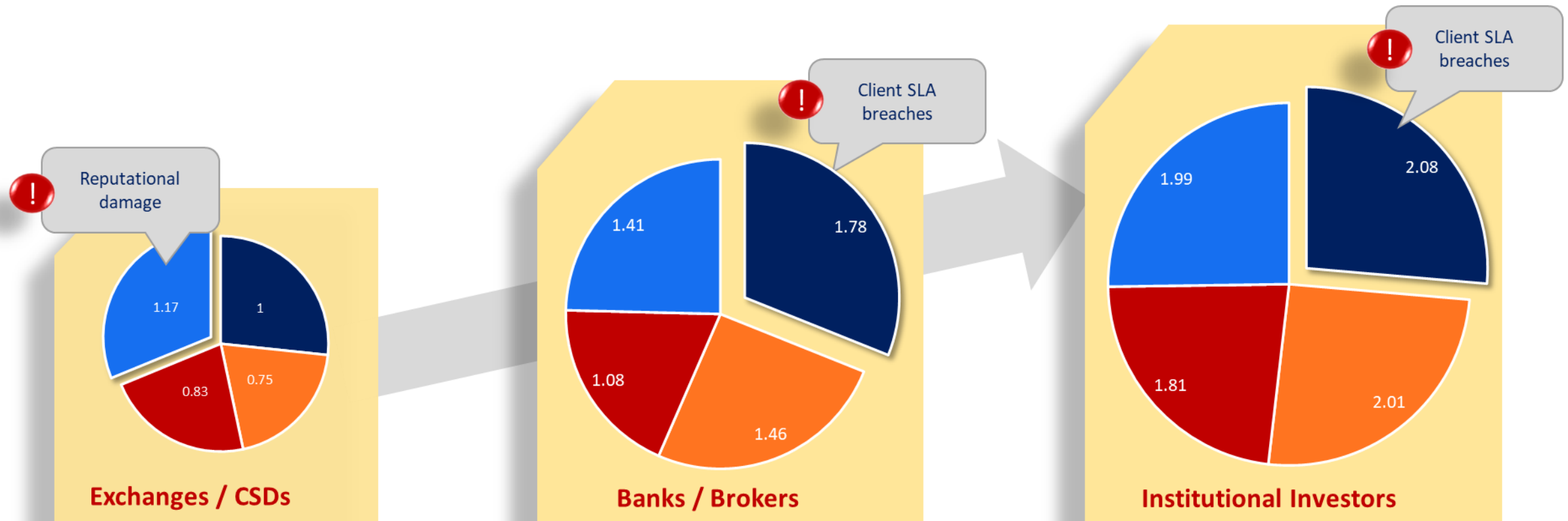
The True Cost of Corporate Action Data

It costs more to source an event than it does to process it



The True Cost of Corporate Action Data

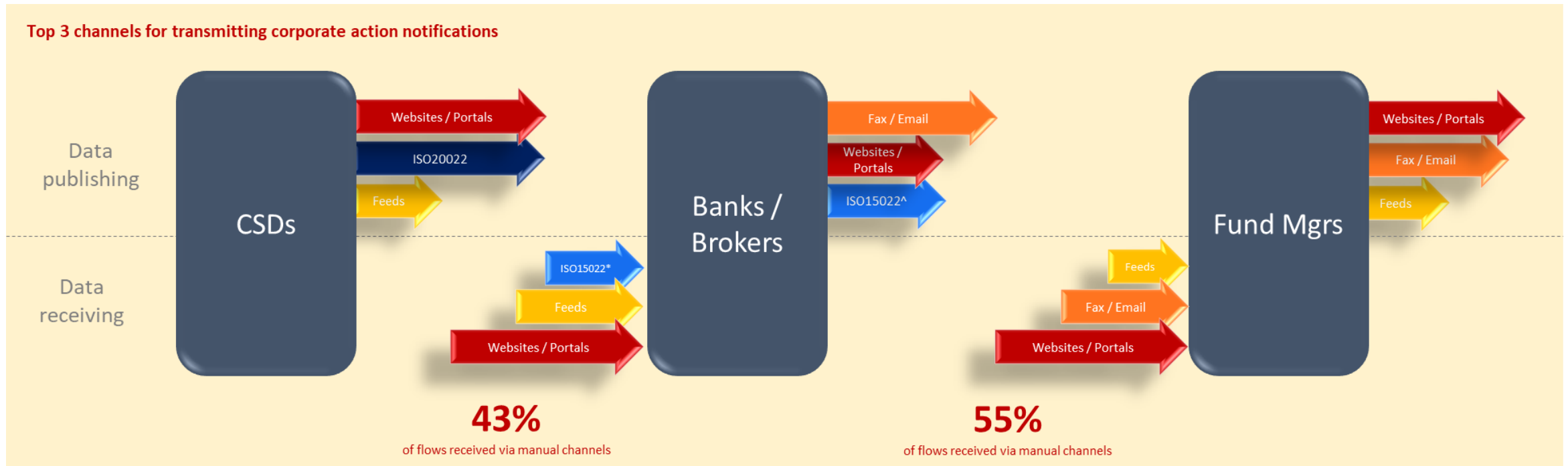
Data is hurting client relationships most of all



■ Client SLA breaches ■ Internal Audit issues ■ Regulatory sanction / penalties ■ Reputational Damage

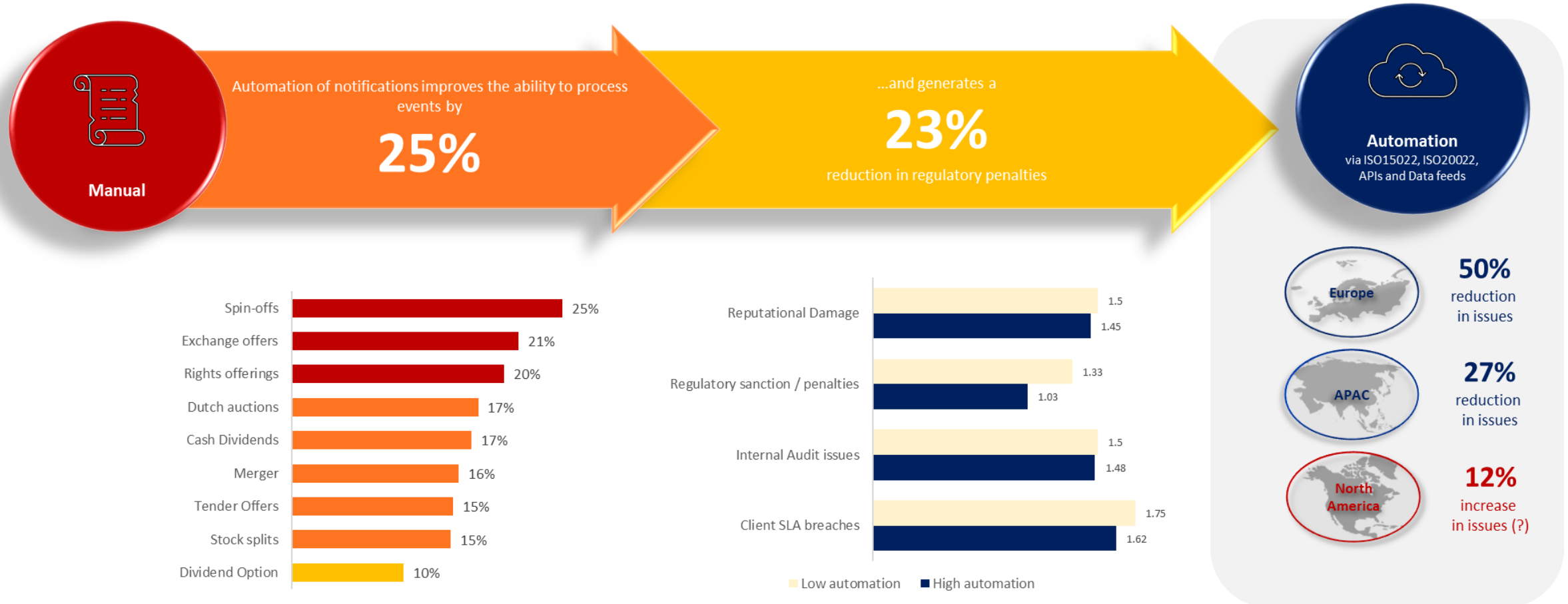
Where is Event Data Creating Risk?

46% of event data is entirely manual today



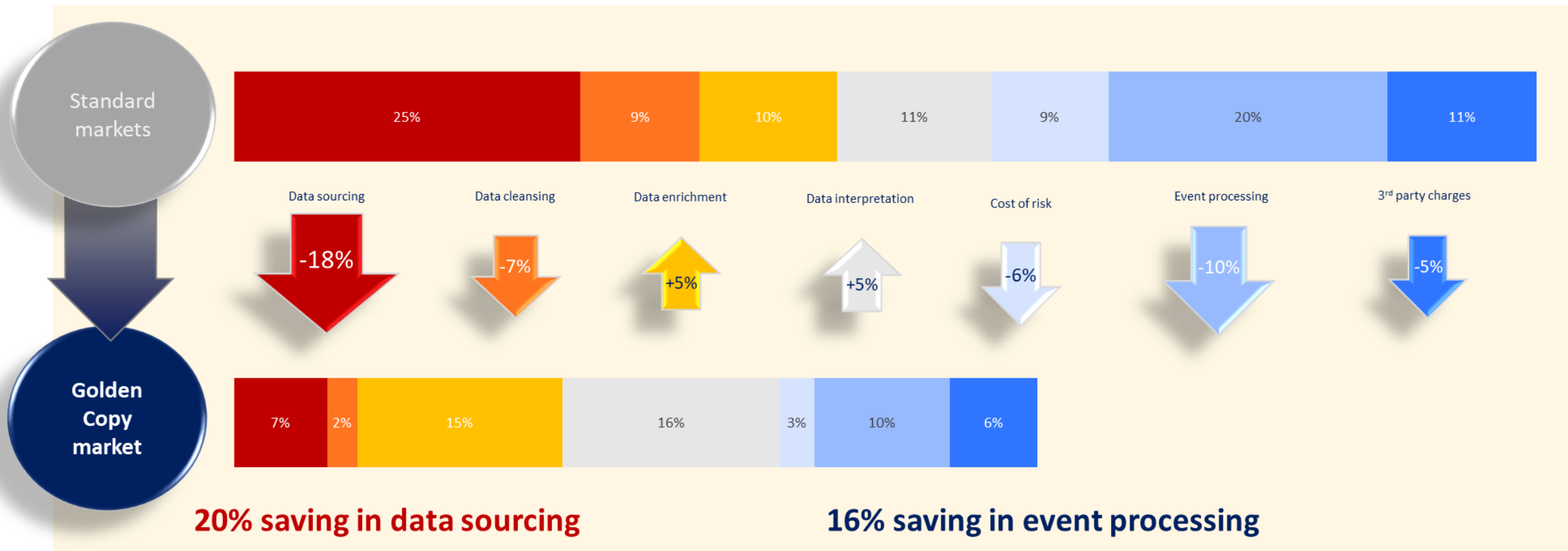
What Can We Do to Reduce Risk?

Messaging automation can yield 50% gains



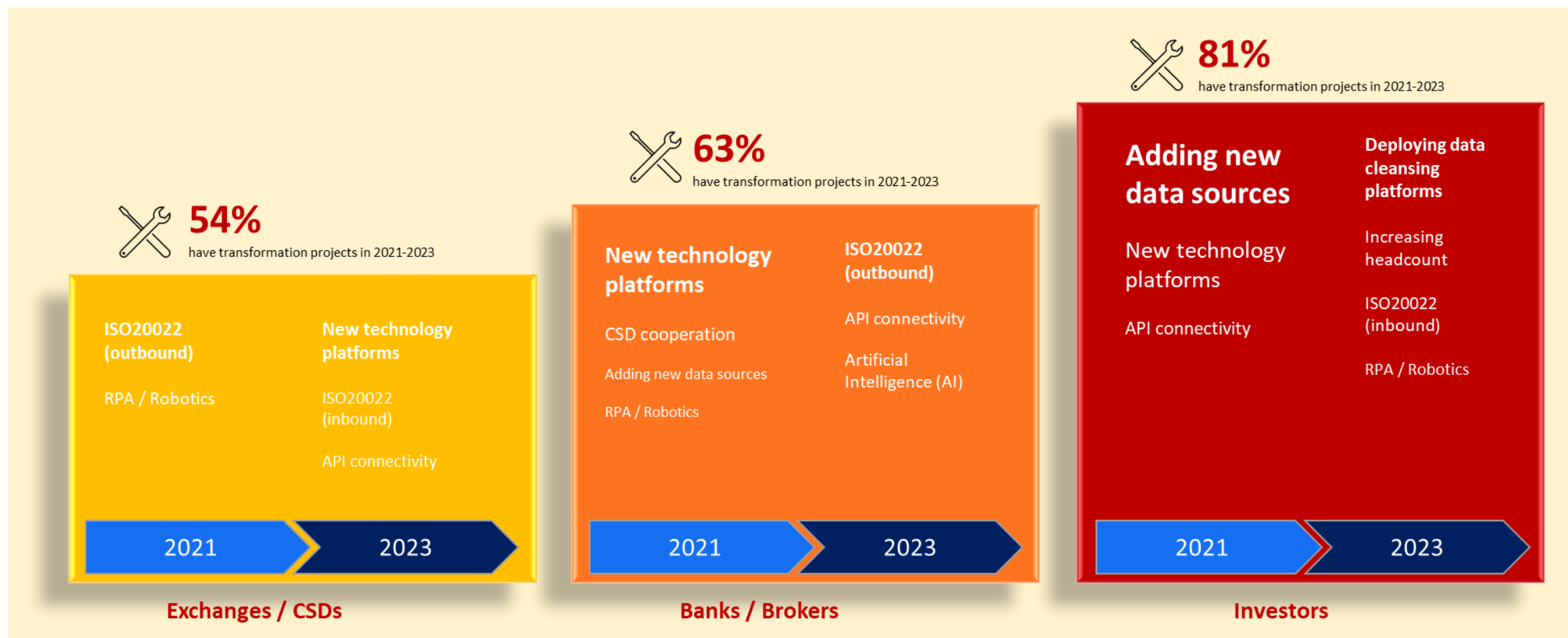
What Can We Do to Reduce Risk?

Golden-copy markets drive 20% savings in data sourcing



What Are We Doing to Cope?

Investors are leading the digitisation journey: but not this year



What Are We Doing to Transform?

We need to tell the story in the front office too

