

ISSA Working Groups - Terms of Reference Information

Working Group Name

Standardization

Working Group Purpose

This Working Group's purpose is to focus on the ISSA participants' standardization journey - understanding the challenges, as well as the opportunities available - so that ISSA is able to offer best practice guidance and to promote standardization. This will have a positive impact on the Securities Services (post-trade) industry through increased efficiency and reduced risk, access to secure and trusted information, as well as an improved investor experience.

Working Group Scope

The Standardization agenda is broad and covers overall industry standardization as well as local market practices.

In-scope will be those topics which are, predominantly, not being covered by existing ISSA Working Groups or other industry forum, including:

- Topics which would benefit from best practice guidance and industry standardization
- Interoperability between participants
- Implementation

Out-of-scope will be:

- Topics that are currently covered by another ISSA Working Group or industry forum.

In scope topics under consideration include:

- DLT standards and market adoption
- ESG Standards
- ISO 20022
- API standards
- Data standards which are not covered under other topics (e.g. Private Markets, FIX)

For each topic, the Working Group will review what specific areas should be focused on depending on the needs of the Securities Services industry. The plan will be to adopt an agile approach focussing on one area at a time. In addition to this primary focus, the Standardization Working Group will also engage with other ISSA Working Groups to seek and provide input to the broader discussion on standards and to maintain a holistic view over the progress being made on the Standardization agenda.

Working Group Key Outcomes

The key outcomes of this Working Group will be:

- To define, drive and promote standardization
- To contribute to the process of standardization

Working Group Topic 1

A. Topic 1 Name

ESG Standards in Securities Services

B. Topic 1 Scope

There will be two phases:

- Phase I: Education and level set
- Phase II: Impacts opportunities and problem statement (to be validated and confirmed after Phase I)

Further phases will be agreed if appropriate.

In-scope for Phase I will be:

- An explanation of ESG concepts
- Outline the flows and the roles of each player in the investment lifecycle (plus use cases where helpful)
- The impact of ESG on the Securities Services industry and the implications of this

Out-of-scope for Phase I will be:

- Defining ESG standards
- ESG investment strategies

In-scope for Phase II will be:

- The current challenges, risks and pain points of ESG on the Securities Services industry
- Which ESG services and solutions exist and what is missing
- Review of regional differences and impacts of this

Out-of-scope for Phase II will be:

- Defining ESG standards
- Proposing a global solution

C. Topic 1 Key Outcomes

Key outcomes for Phase I will be:

- Education of the ISSA membership on the meaning of ESG and its impact on the Securities Services industry

Key outcomes for Phase II, once validated, expected to be:

- A comprehensive summary of the current challenges faced by the Securities Services industry due to ESG investments
- An understanding of current solutions and current gaps in ESG for the Securities Services industry

Any additional points that are important

- Need a broad set of participants and ISSA is therefore uniquely positioned to have the wider view.
- This includes the Custodians as well as others in the space (e.g. FinTechs) to ensure that there is new thinking brought to bear.
- CSDs should have an interest; one use case is where they are part of a vertically aligned Exchange Group covering issuance.
- In addition, the depositories of carbon credits could be (is?) a role of a CSD and understanding whether Project A's credit is equal to Project B's credit would be a fundamental driver. There could be other use cases (e.g. green bonds/ instruments issuance, etc.)
- ICSDs and CSDs are also data providers and therefore will also have interest in the creation of standards.