

## Custody Risks 2023 Working Group

### Meeting Minutes

#### Participants (in attendance in bold):

- Jacob Davenports, HSBC Holdings
- Göran Fors, SEB Group
- Petra Handoca, IHS Markit
- JoAnn Healy, Digital Asset Holdings
- Noor Ibrahim, DTCC
- **Emma Johnson, JPMorgan (Co-Chair)**
- Louis Lesnika, CIBC Mellon
- Petra Macdougald, DWP Bank
- **Vinay Madan, CDSL (India)**
- **Katica Mandic, Intesa Sanpaolo Group**
- Kelly Mathieson, Digital Asset Holdings
- **Tony Minchella, Northern Trust**
- Angie Mira, Standard Chartered Bank
- **Marton Pados, UniCredit**
- Howard Rapley, Northern Trust
- **Sandrine Sas, Euroclear**
- Lars Schuerling, DWS Bank
- **Andy Smith, BNY Mellon (Co-Chair)**
- **Pierre Stacanov, Euroclear**
- Beverley Van Niekerk, Strate
- **Karen Zeeb, ISSA**

#### Agenda

1. Introductions and Welcome
2. Status Update
3. Next Steps
4. AOB and Close

#### Introductions and Welcome

##### Introduction

Andy welcomed the participants to the meeting of the Custody Risks 2023 WG and outlined the agenda.

##### Key Points Addressed

Andy introduced Karen Zeeb who will be taking over the PMO role for ISSA. He also introduced Emma Johnson as the new Co-Chair, who will take over from Jyi-Chen Chueh. Vinay Madan introduced himself as a new WG participant. Vinay is the Chief Risk Officer at NSDL (India) and is looking forward to contributing to the WG.

Andy then provided a short overview of the WG, its history, the previous papers and the scope and key deliverables for the new WG. This included:

- ISSA first created a WG to look at Custody Risks back in 1992 at which time the WG produced its first paper looking at the key risks and mitigants throughout the custody chain
- In 2016 the WG was re-opened and an updated paper was produced. Around the same time, a further WG looked specifically at Cyber Risks and produced a paper providing greater detail on the Cyber risk issues and mitigants
- In late 2022, the ISSA Operating Committee proposed that the Custody Risks paper be updated again given recent market and regulatory developments. This was endorsed by the Board and the Custody Risks 2023 was convened in January this year
- The scope of the new WG will be to develop a new report that will build on the basis of the 2016 paper as fundament and supplement it with observations from the WG participants on new and emerging risks within the value chain
- The key deliverable will be an updated paper, which will include new sections on new risk areas (e.g. geopolitical and sanctions risks, digital assets, etc) as well as links to relevant topics covered by other ISSA WGs (e.g. FCC, Cyber Risk, etc.)
- The aim will be to, ideally, publish the paper in September just prior to SIBOS
- The audience for the paper will be broad and is relevant for anyone involved in the custody value chain

## Status Update

### Introduction

Andy then provided a status update for the WG.

### Key Points Addressed

Andy confirmed the following key points on the status of the WG's activities:

- A draft version of the Custody Risks 2023 paper has been created
- Feedback on the paper, as well as real-life examples of risks, have been provided by the WG participants
- Wording covering the relevance and risks of digital assets have been added

Andy thanked those WG participants who have provided their input to the new paper, the comments received were relevant and well considered and requested further examples if possible. The Co-Chairs will follow up individually if they have any questions on the input received. Should WG participants have any additional examples, they should also send these through.

### Follow Up Actions

- WG participants to provide Co-Chairs and Karen with any additional examples of risks (include a summary of the risk issue, any mitigants and lessons learned)
- Co-Chairs to follow up individually with WG participants if any questions on input provided to the paper

## Next Steps

### Introduction

The Co-Chairs outlined the next steps required to move forward.

## International Securities Services Association

## Key Points Addressed

Andy confirmed that all WG participants should check the current version of the paper and provide any further suggestions/ comments. The Co-Chairs will then undertake a review of all feedback, add it into the paper and validate individually should any questions arise.

## Follow Up Actions

- WG participants to review the current version of the paper and provide feedback to Co-Chairs and Karen
- WG participants to review terms and definitions and provide Co-Chairs and Karen with any proposed changes and additions (e.g. on Digital Assets, etc)
- WG participants to review appendices and provide Co-Chairs and Karen with a view on validity and appropriateness of current items as well as any potential additional items to include

## AOB and Close

### Introduction

Andy confirmed there was no other business. The meeting was then closed.

## Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Provide Co-Chairs and Karen with any additional examples of risks	WG participants	30 June 2023
2.	Follow up individually with WG participants if any questions on input provided to the paper	Co-Chairs	30 June 2023
3.	Review terms and definitions and provide Co-Chairs and Karen with any proposed changes and additions	WG participants	30 June 2023
4.	Review appendices and provide Co-Chairs and Karen with a view on validity and appropriateness of current items as well as any potential additional items to include	WG participants	30 June 2023
5.	Review current draft of the Custody Risks 2023 paper and update with points provided above	Co-Chairs	07 July 2023