

Custody Risks Working Group

12 July 2023, On Teams

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**

Executive Sponsor:

- TBC

Agenda

1. Introductions and Welcome
2. Actions Required
3. Next Steps
4. AOB

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 explained that the revised paper is relatively close to completion. The purpose of the call would therefore be to focus on those areas where additional effort is still required.

Actions Required

Introduction

Andy outlined the three key areas where action is needed by the WG participants.

Key Points Addressed

Review of Terms

The paper includes a number of terms and related definitions which require review and feedback from the WG participants. The Glossary of Terms commences on page 70 of the paper.

Review of Appendices

The paper also includes seven appendices which need review. These cover custody lifecycle diagrams, differing market protocols, an explanation of omnibus versus segregated custody accounts and the disadvantages of each as well as questions for asset safety global legal opinion. The Appendices commence on page 78 of the paper.

Addition of War Stories

To improve reader engagement, it was decided to introduce a war story to each of the risk sections. Andy had provided two examples by email which he walked through and reviewed with the WG participants:

- Angie suggested that, as well as potential scenarios, real-life examples could be included
- Pierre mentioned that there are some cases in the recent Cyber paper that could be used as examples for the Cyber risks section
- Maton had also shared a technology idea which should be reviewed too
- Emma mentioned that where a potential scenario is used, it will need to be plausible
- Sandrine offered to check past case law for some examples for the regulatory section

It was agreed that each risk section owner would be responsible for coming up with some examples and sharing these with the WG by 28 July. The WG participants would then agree which were the most applicable.

Follow Up Actions

- WG participants to review Glossary of Terms and provide suggested changes/ additions
- WG participants to review the seven appendices and provide any suggested changes/ additions
- Risk section owners to come up with some examples of war stories and share these with the WG
- WG participants to review war stories and provide feedback

Next Steps

Introduction

Andy then outlined the next steps.

Key Points Addressed

Whilst the actions required above are being completed, the Co-Chairs will pull together all of the feedback and changes proposed to date and bring into a single, cohesive document. This will take some time so it was agreed to cancel the call of 19 July and aim to have a first draft for review with the WG for the call on 02 August.

Follow Up Actions

- Co-Chairs to commence preparing the draft paper
- Karen to cancel 19 July call

AOB and Close

Introduction

No other business was raised so Karen closed the meeting.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Review Glossary of Terms and provide suggested changes/ additions	WG participants	04 August 2023
2.	Review the seven appendices and provide any suggested changes/ additions	WG participants	04 August 2023
3.	Come up with some examples of war stories and share these with the WG	Risk section owners	28 July 2023
4.	Review war stories and provide feedback	WG participants	04 August 2023
5.	Commencing preparing the draft paper	Co-Chairs	28 July 2023
6.	Cancel the 19 July call	Karen	COMPLETE