International Securities Services Association

Q2 Newsletter

Welcome to our new member of the ISSA Board:

Ankush Zutshi

Managing Director

S&P Global Market

Intellilgenc*e*

Welcome

Dear Friends of ISSA

This quarter has been very busy with a number of papers have been released and we hope that you have enjoyed the accompanying "Co-Chair" videos. Hopefully you have seen these on LinkedIn and ISSA's YouTube channel! Please let us know if these are a useful addition to our offering. ISSA has also hosted and participated in a number of fantastic events – details of which are below.

It looks as if the third quarter will be equally busy with further papers and articles due to be published and attendance at various conferences planned. One event that I would like to highlight is the Post Trade 360 conference which will be held in Stockholm 4-5th September. ISSA is partnering with Post Trade to provide a number of sessions at the event. Registration is free, and we would love to see you there. Finally, ISSA is moving offices, details of which are below. Our thanks to SIX Group for hosting ISSA over the last five years. We will miss you!

 Colin Parry, ISSA CEO

ISSA is Moving !

From the 01 July, ISSA will have new contact details. We ask you to therefore take a note of the following information and update our addresses and email details in your contacts list. Additionally, please ensure that your IT department are aware of these new addresses to ensure that you continue to be able to receive information from ISSA. If you experience any issues, please do let us know.

- **New ISSA Address:**
  ISSA Int. Securities Services Association
  c/o Westhive
  Hardturmstrasse 161
  8005 Zurich
  Switzerland
- **New Email Addresses:**
  Colin   colin.parry@issanet.org
  Karen   karen.zeeb@issanet.org
  Bill   william.hodash@issanet.org
  Miriam   miriam.breil@issanet.org
- **Same Telephone Numbers:**
  Colin   +44 7398 752014
  Karen   +41 78 625 52 92
  Bill   +1 917 251 3332
  Miriam   +41 76 431 09 05

Asian CSD Group CTS Event

POST TRADE 360°

sibos

ACG26 Meeting

Event Update

During the second quarter, ISSA hosted its first **Women of ISSA** event on Tuesday 04 June. The event was attended by over 60 ISSA members from all over the world who listened and interacted with three of ISSA's senior women Board members as they shared some of their experiences and challenges as working women as well as insights into their careers in Securities Services. The feedback from the attendees on the day was overwhelmingly positive and we will therefore look to host further events in the coming quarters. Thank you to Caroline Butler, Margaret Harwood-Jones and Vicky Kyproglou for making this first event a success. Further information on the next event will follow shortly.

ISSA also participated in a number of external events this quarter, including:
- The SWIFT Securities Forum (London and New York)
- US Bank's Client conference (Lake Geneva (Wisconsin!))
- BNP's Lisbon Forum

As well as physical events, ISSA participated in a number of remote presentations. If you would like ISSA to present at one of your events please let Colin know.
ISSA will also be involved in further events in the second half of the year, including.

- **Asian CSD Group CTS Event**
  ISSA will participate in the ACG CTS event which is being held in Hong Kong from the 23 to 25 July. Colin will provide an overview of ISSA and present on a number of the Working Group papers

- **PostTrade 360**
  ISSA is partnering with PostTrade 360 to bring a number of ISSA papers and meetings together in Stockholm on the 04 and 05 September 2024

- **SIBOS**
  ISSA will be attending SIBOS in Beijing from the 21 to 24 October. We would be delighted to see you if you are attending, so please let us know if you would like a meeting as soon as possible

- **ACG26**
  Colin is delighted to join the 26th Annual General Meeting of Asia-Pacific Central Securities Depository Group (ACG26), which will take place in Almaty

Educational Offering Update

Thank you to those firms who have responded to our educational offering survey. We presented the feedback to the Board earlier this month, and have agreed that ISSA is not the right organisation to facilitate training in the Securities Services sphere. The majority of the membership did not feel that it was a valuable use of the ISSA resources or already have adequate training in place. ISSA has agreed to look to see if we can provide a training directory as well as increasing the frequency of the webinars to focus on the ISSA generated content.

Working Group Updates

This quarter, the ISSA Working Groups (WGs) have made fantastic progress in delivering key output to further support the Securities Services industry. Our thanks to all of the WG participants who have actively participated in these projects to ensure that the information published is of a high standard that will resonate with our members and the broader industry. Outputs includes:

- Digital Identity & Onboarding challenges paper
- DLT Survey Results
- DLT Project Paper
- ISO 20022 Paper

Further information on each of these deliveries can be found below. Over the next quarter, further reports and papers are due to be published, including:

- The Asset Servicing WG's Technology Enablers subgroup - in collaboration with The Value Exchange, Broadridge and DTCC – will provide the results of their Technology Enablers survey
- The Operational Resilience (OR) WG has been exploring how firms can assess, mitigate and rapidly – but safely – recover from the impact of operational issues by leveraging a consistent methodology. The result is an OR Questionnaire, which has been developed to assist firms which may need to request, and /or provid evidence and attestation around operational resilience standards
- The Securities Services Risks 2024 WG will publish the latest version of ISSA's Risks report with the aim of informing and educating ISSA members about the existing, new and emerging risks within the Securities Services value chain

Digital Identity & Onboarding Challenges

During my time at UBS I was known to offer the sage advice that "Your plan lacks ambition" on a fairly frequent basis. The plan to solve the Digital Identity and Onboarding challenges was not "a plan that lacked ambition" but may have been overly optimistic in the short term. As the African saying goes "There is only one way to eat an elephant: one bite at a time." The WG paper (to be published shortly) has articulated an objective set of insights on the different factors that affect onboarding and create the underlying complexity and has captured the challenges and opportunities within the onboarding lifecycle. The aim is to generate a market dialogue about the problems – has the WG identified them correctly, or missed any, or highlighted something which the industry does not think is an issue in reality?

DLT Project

Kelly Mathieson and Steve Everett co-chaired the DLT Projects WG. DLT projects — despite sharing similar themes with traditional projects, such as project execution — need to be handled differently from a planning and preparation perspective, since the success is likely dependent on multiple stakeholders coming together in an ecosystem. This was the finding from the interviews and experiences of a number of the WG participants. The short paper sought to highlight the differences from normal securities services project management. These differences do not negate the lessons, and scars, that many of us have from delivering projects over the years.

Welcome to our new members of the ISSA Operating Committee:

Yan Lam
Senior Vice President
Central Moneymarkets Unit, Hong Kong Monetary Authority

Richard Wilson
Executive Director
S&P Global

Fiona McNally
Global Head of Network Management
BNY Mellon

In Q2 2024, ISSA has been delighted to welcome the following new Member:

- Chainlink Labs

- Kazakhstan Central Securities Depository (KCSD)

- Montran

Chainlink Labs

KCSD Central Securities Depository

MONTRAN

ISSA

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Phone: +41 58 399 71 29
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DLT Project (continued)

The nine characteristics that benefits from a deeper understanding include: business case, client, design, deployment, knowledge management, governance, network, regulation and vendor approach. You can see Kelly's video summary of the paper here. This highlights the "connectivity, control and mobility" aspects of DLT deployments. Solutions should avoid the creation of digital islands, create strong privacy, data sovereignty and controls, as well as facilitating mobility of asset pools.

DLT Survey Results

The "ISSA DLT In the Real World" survey is now five years old. The intent of the survey from the start was to give a longitudinal view of the industry attitudes, investment and outcomes of the DLT phenomenon.
Gartner's hype cycle is a simplistic tool for the articulation of a technology's adoption but that does not mean that it is any less insightful. ISSA , in association with Value Exchange have produced the fifth in the sequence of survey results which again makes interesting reading.
The report is broken down into three areas of focus "Where are we on the journey?", "Where and why is digital liquidity forming?" and "How can we accelerate growth?". Each section gives numerous findings which are too dense to unpack here. However the macro findings are that different elements of the industry (even within the same firm) are on different places on the Gartner hype cycle, but progress is being made.

ISO 20022

Sadly this maybe the last update on ISO 20022 in the newsletter for a while, as the series of papers that the ISO 20022 WG has written is logically complete. Finishing with the "Market Considerations and ISO 20022 Migration Approaches for Securities" is an apt place to pause. The report articulates the approach that the WG believes should be taken in the adoption of ISO 20022 for securities if a market decides to adopt ISO 20022 for some, or all of its needs. The output can be summarise as three key migration and industry recommendations.

Migrations Recommendations:
- Consult with the targeted market participants, agree a robust business case, then set a realistic plan
- Co-existence, co maintenance and use of extensions during migration help adoption
- Move to the latest base standard, remove extensions as quickly as possible and only implement new business processes using ISO 20022

Industry Recommendations:
- Review ISO 20022's governance processes, to ensure it meets the needs of today
- Focus on adopting the Global Market Practices Guidelines and publish known differences as well as non adherence
- Find ways to limit the numbers of versions used at any one time

However the WG would recommend any market looking to implement changes should additionally read the appendices of the report which explain various journeys of previous migrations.