

## 22<sup>nd</sup> ISSA Symposium - Context Document

### Breakout Session 2: Networked Securities Services

#### HYPOTHESIS

Everybody is an ecosystem participant and are all linked to each other. However, it is not always clear where the interdependencies are, and the consequence of a failure of a single point or sets of points to the whole ecosystem. The Securities Services industry thrives on scale, but that provides concentration.

The hypothesis is that the Securities Services industry has an imperative to work better together to ensure that there:

- Is balance between regulation and innovation both of which provide challenges and opportunities to the industry
- Are no singular points of failure, and that resilience is embedded in our industry. To do this without losing the scale advantages is key to the long-term success of the industry and financial markets more widely

ISSA believes that the industry can innovate and build out the ecosystem for higher levels of resilience, reduced stress and maintain the economic outcomes of scale.

Regulation is both a benefit and challenge to the Securities Services industry. It can have a significant impact on the ecosystem's efficiency, processes and ability to adopt novel solutions. Regulation is a significant driving force in securities services, how does the industry ensure that the principles of "same activity, same regulation" are enacted. This will provide equality on the playing field between non-banks, FMI's, banks, crypto firms and big data companies, without stifling innovation.

As demonstrated by the recent T2/T2S outage and other outages, our entire post trade ecosystem is closely interconnected and able to respond adequately to crises as they arise. While the industry has achieved resilience looking at incidents (and how to handle/contain them) in isolation, the industry should get better at understanding the interconnectedness between the ecosystem, and how to assess/mitigate/render visible the hidden threads in the post trade "spiderweb".

The objective of the Breakout Session will therefore be to assess and recommend an industry approach to adoption of innovation and improving / maintaining resilience. In the discussion the Breakout groups should highlight areas where ISSA should support or lead efforts to innovate whilst retaining a resilient posture.

The Breakout Session will then split into two sub-groups to discuss the following two sub-themes in greater detail:

- Resilience
- Innovation and Regulation

## PRE-READING

Breakout Session participants should read the following collateral to familiarize themselves with the hypothesis prior to the Symposium:

[The Impact of Regulatory Changes on the Financial Services Industry](#)

[Innovation, tech and regulatory change are shaping investing | World Economic Forum](#)

[Resiliency takes precedence | Global Perspectives | HSBC](#)

## IDEAS FOR CONSIDERATION

Below is a list of ideas that the Breakout Session participants may wish to consider during their discussions:

### Resilience

- Impact of geopolitical and geoeconomic instability on resilience plans and solutions
- Disintermediation throughout the value chain or duplication of the value chain?
- How should the industry improve resilience and plan for a point of failure

### Innovation and Regulation

- Rise of digital assets players – how can the industry help and protect clients
- Data wars and data ownership / permissions – are there recommendations around the ownership of data or standards that should be set
- How can individual firms maintain relevance in an innovating world