

Domestic CSD Working Group

17 April 2025, On Teams

Meeting Minutes

Participants (in attendance in bold):

- **Suresh Gopal ISSA, PMO**
- Olayemi Sehinde Agbeleye Central Securities Clearing System Plc
- **Farid Akhmed Abu Bakr CMA Small Systems AB**
- Melvina Amofo Central Securities Depository Ghana Limited
- Magnus Asgeirsson Nasdaq Inc.
- Mirela Bratu Depozitarul Central S.A.
- Bruce Butterill Americas' Central Securities Depositories Association ACSDA
- Pichaya Chomchaiya The Stock Exchange of Thailand
- Alan Chuen Hong Kong Exchanges and Clearing Limited
- Faustina Coleman-Forson Central Securities Depository Ghana Limited
- Louise Colfach UBS Group AG
- Simon Davis UBS Group AG
- Paul De Liedekerke BNY
- Miguel Espinoza Montran
- John Eze Central Securities Clearing System Plc
- **Sohayla Ezzat Egyptian Central Securities Depository**
- **Rebecca Fisher MYRIAD Group Technologies Ltd**
- James Fok CMU OmniClear Limited
- Lavinia Gheorghe Depozitarul Central S.A.
- Mikhail Grishko Central Securities Depository Joint-Stock Company Kazakhstan
- Laura Hale UBS Group AG
- **Sally Jacques The Standard Bank of South Africa**
- Vinod Jain Datos Insights
- Haruna Jalo-Waziri Central Securities Clearing System Plc
- Javier Andres Jara Traub Deposito Central de Valores (DCV)
- **Louis Jin Deutsche Bank AG**
- **Tarek Khorshid Egyptian Central Securities Depository**
- Onome Komolafe Central Securities Clearing System Plc
- Christopher Lam BNY
- **Hector Lau CMU OmniClear Limited**
- Jiahua Liu Macao Central Securities Depository and Clearing Limited
- **Ahmed Marzouk Egyptian Central Securities Depository**
- **Rakesh Mehta NSDL Group**
- Conor Melaugh MYRIAD Group Technologies Ltd
- **Jim Micklethwaite Thomas Murray**
- **Bulat Nizamov CMA Small Systems AB**
- Henrik Ohlsen Euronext N.V
- Femi Onifade Central Securities Clearing System Plc
- **Matthew Pallett Euroclear**
- Richard Shum Hong Kong Exchanges and Clearing Limited
- Piotr Sokol Deutsche Börse Group
- Ana Paula Theodoro B3 Brazilian Exchange and OTC
- **Catherine Tinavapi Standard Chartered Bank**
- **Adam Vine MYRIAD Group Technologies Ltd**

Agenda

- 1 Welcome and Introductions of New Members
- 2 AFME DDQ
Follow up meeting with AFME
from Matthew Pallett
- 3 Managing Change From a Domestic CSD Perspective Discussion

Welcome and Introduction of New Members

Suresh and Catherine welcomed new members Farid Abu Bakr (CMA Small Systems AB), Bulat Nizamov (CMA Small System AB), Adam Vine (Myriad Group Technologies Ltd), and Jim Micklethwaite (Thomas Murray) to the ISA Domestic CSD Working Group. Catherine introduced herself as the co-chair and provided an overview of the working group's purpose. Catherine explained her role as co-chair, working alongside Femi, and highlighted Suresh's role in coordinating the working group. She also mentioned her position at Standard Chartered in Johannesburg, covering Africa and the Middle East.

Jim's Introduction

Jim Micklethwaite introduced himself, mentioning his role in market intelligence at Thomas Murray, focusing on post-trade market practices and financial market infrastructures. He has 25 years of experience with CSDs and has served on various working groups, including the original AFME Due Diligence Working Group for sub-custodians.

Farid's Introduction

Farid introduced himself, highlighting his PhD in macroeconomics and his career in banking, including central banking. He has experience in liquidity management and central bank open market operations. Currently, he is responsible for developing business in Latin America and Europe at CMA.

Bulat's Introduction

Bulat introduced himself, explaining his role as a technology vendor providing CSD solutions globally. He has over 20 years of experience in capital markets, working as a business analyst, product manager, and consultant.

Adam's Introduction

Adam Vine introduced himself, mentioning his role as Chief Investment Officer and Head of Client Operations at Myriad Group Technologies Limited. He is based in Hong Kong and expressed his eagerness to contribute to the working group.

AFME DDQ

Follow up Discussion With AFME

Suresh informed the group that AFME is ready to reengage on the AFME DDQ comments and feedback. AFME proposed scheduling a follow-up meeting to share the outcome of their internal discussions on June 2nd or June 4th and invited interested members to join. Both Matt and Jim volunteered to participate in the discussion. A summary of the discussion will be shared with the WG at the next meeting – see Appendix 1 for the Call Summary.

For the benefit of the new members, Catherine provided a brief overview of the working group's efforts to adapt the AFME DDQ for depositories. She explained the historical context and the ongoing collaboration with AFME to create a more pragmatic document as the original document was designed for sub-custodian and hence not ideal for depositories. The goal is to align the questionnaire with the specific requirements and operations of depositories.

International Securities Services Association

Update from Matthew Pallett – DDQ Review

Matthew shared his concerns about the current 80-page AFME DDQ, highlighting its inefficiency and lack of structure. He suggested focusing on key areas such as operational resilience, third-party risk management, and cyber security to create a more streamlined and valuable document.

Matthew also expressed concerns about the current 80-page AFME DDQ, describing it as inefficient and lacking structure. He emphasised the need for a more streamlined document.

Matthew suggested focusing on key areas such as operational resilience, third-party risk management, and cyber security. He believes that addressing these areas will create a more valuable and relevant document for depositories.

Matthew mentioned the importance of aligning the questionnaire with regulatory frameworks, such as the CSDR, to ensure comprehensive risk management and compliance.

Given his prior involvement with the drafting of the AFME DDQ, Jim provided background on the original AFME Sub-Custodian Due Diligence Questionnaire. He explained that the original AFME Sub-Custodian Due Diligence Questionnaire was designed for monitoring purposes, focusing on key changes and risk elements that have occurred in a organisation each year (based on the organisation's RFP responses) He concurred with Matt's assessment and supported the process of creating a more tailored version of the DDQ for depositories by making it more relevant and concise.

Regulatory Requirements in Questionnaires

Ahmed proposed incorporating the requirements of the Three Point Declaration into the AGC Questionnaire, alongside other relevant forms and disclosures. Ahmed added that this would streamline the data collection efforts by consolidating key information into a single, comprehensive document. He added that this will enhance the practicality, efficiency, and overall effectiveness of the process. Finally, he stated that integrating the Three Point Declaration into the AGC framework will ensure greater alignment with international standards and allow for more holistic insights.

Managing Change from a Domestic CSD Perspective Discussion

Document Purpose

For the benefit of the new members, Catherine explained the purpose of this document was to discuss the issues and challenges faced when dealing with CSD changes. As these issues and challenges were market wide, the paper would give the market participant an understanding of what it takes to get everybody that is affected by a change through that change at the same pace and arriving at the same desired outcome.

Catherine added that at the last meeting, the WG agreed to reframe the purpose document from being a "how to guide" to a document that sets out the expectations of the external stakeholder community during CSD changes – it sets out the areas that need to be considered with each project stage. The document aims to address communication, engagement, and impact analysis throughout the project stages.

Project Stages

In proposing the document approach, Catherine suggested that the document be structured by project stages, detailing the expectations and preferred communication channels at each stage. The table below sets out the key stages that the document will focus on. It aims to ensure that all stakeholders are informed and engaged throughout the project lifecycle.

Catherine added that the timescale required to plan and execute on implementation are crucial element for consideration and hence the document should reflect some of these proposed timings.

Finally, Catherine stated deliverable and preferred channels of communication are other focal points of this paper – what are the most efficient and effective mediums of communication to enable the required levels of engagement.

Phase	Investor Expectations	Deliverables	Preferred Channels	Timing
Pre-Announcement	The reframing shifts the focus from operational implementation to transparent communication, trust-building and readiness assurance across the change lifecycle. All market stakeholders including foreign portfolio investors expect clarity, risk mitigation and predictability to protect their investments and to effectively manage their operational workflows. The table below is an overview of the proposed paper	Change intent note, investor Q&A, consultation schedule, establishing a market wide user forum	Custodian bulletins, market notices	6-9 months before go-live
Planning	Detailed roadmap, impact across trade/settlement/custody, risk identification, stakeholder map	Roadmap deck, FPI FAQ, visual timeline	Webinars, investor townhalls	6 months before go-live
Design & Development	System/process changes, standards update (ISO 20022), regulatory status	Technical summary, message specs guide, regulatory status tracker	Custodian comms, regulatory notices	3-5 months before go-live
Testing & Market Simulation	Market-wide testing assurance, custodian participation, transparency of test results	Testing calendar, FPI testing guide, incident log summary	Webinar briefings, email updates	2-3 months before go-live
Transition & Go-Live	Clear cutover plan, fallback processes, emergency contacts	Investor Go-Live Pack, escalation matrix, readiness checklist	Email packs, custodian client managers	0-1 month before go-live
Post-Go-Live & Stabilization	Post-go-live performance reports, feedback loop, early issue transparency	Go-Live KPI report, investor debrief pack, feedback survey	Post-mortem webinars, newsletters	0-3 months post-go-live

Catherine then invited to WG participants to share their comments.

Tarek shared his experience when launching the CSD, and value of forming a user group with all stakeholders, including regulators, to ensure alignment and address concerns throughout the project lifecycle. Pulse checks were taken to gauge how stakeholder were progressing with the change initiative – this provided the stakeholders to discuss and address issues early on in the change initiative (well before the testing phase). He suggested adding user group formation to the pre-announcement stage of the document.

Catherine stated that the ECSD experiences with their launch will provide good examples in the paper. Catherine then raised the question of how can we get the investors’ perspective on these change initiatives.

Ahmed proposed that custodians could act as the voice of investors by enabling a communication channel to discuss ongoing projects and gather feedback. He emphasised the importance of custodians in representing investor interests.

Tarek and Ahmed discussed the use of surveys and service calls to gather feedback from custodians and their clients. They highlighted the importance of frequent communication and engagement to address concerns and improve service quality.

Bulat suggested involving investors directly in the process to ensure their perspectives are considered. Catherine agreed and mentioned the possibility of engaging investor associations to gather their input.

Suresh requested feedback on the document approach and asked for volunteers to contribute content for the various phases. He aimed to create a first iteration of the document for review at the next meeting in early June.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Update on Follow Up Meeting With AFME	Suresh	Done
2.	Regular Requirements List (Three Point Declarations)	Ahmed	Done
3	Feedback on Document Approach	All	Done
4	Investor Involvement for Paper	Catherine	In Progress

Appendix 1 - Call Summary – AFME / ISSA Follow-up Call

1. Date & Time:

2 June 2025, 11:00 AM BST

2. Participants:

AFME: Alan Cameron, Pablo Garcia

ISSA: Colin Parry, Catherine Tinavapi, Matthew Pallett, Jim Micklethwaite, Suresh Gopal

3. Purpose of Call:

AFME provided updates on its internal discussions following ISSA's request to enhance the AFME DDQ.

4. Summary of Discussion:

- Matthew highlighted that the current AFME questionnaire is very long and time-consuming for CSDs and questioned the value that responses to for some of the questions in the DDQ would offer AFME members.
- Jim highlighted that the AFME questionnaire was originally intended for global custodians to monitor changes in their direct sub-custodian relationships and hence its current use may not be relevant for many markets outside Europe.
- AFME confirmed the DDQ requests will be conducted annually, with responses expected by year-end. AFME Members will initiate requests at the start of Q4.
- Smaller depositories without direct relationships may opt not to respond.
- AFME's responses to ISSA's requests:
 - Declined request to retrieve certain information from CSD websites.
 - Cyber Security-related questions can be addressed at a high level, without compromising sensitive details.
 - Latest DDQ version contains additional clarifications.
- AFME is updating the Cyber Security section, with completion expected by the end of July 2025.
- A comprehensive DDQ review is planned for 2026, and ISSA proposed a joint review with AFME, which AFME will consider.

5. Decisions Made:

- Both parties agreed to proceed with AFME's proposed approach for 2025.
- A thorough review of the DDQ will be conducted in 2026.

6. Action Items:

- AFME to finalize Cyber Security section updates by the end of July 2025.