

Evolving Technologies Working Group – Big Tech Workstream

30 July 2025, On Teams

Meeting Minutes

Bill Hodash, (PMO)

Participants (in attendance in bold):

Giles	Elliott	TATA Consultancy Services Limited
Richard Simon	Shepherd	Myriad Group Technologies Ltd
Juerg	Unger	Swiss Re
Patrick	Kropp	Deutsche Börse Group
Gagan	Arora	S&P Global
Glen	Fernandes	Euroclear SA/NV
Jan Wolfgang	Doser	Deutsche Börse Group

Agenda

1. Validate the Theme/Question the Workstream Will Address and Next Steps

Key Points Addressed

- Bill reminded the members of the theme we agreed in the last meeting: “How can a partnership driven approach with tech players help the industry achieve its Data & AI goals”. Plus, that when discussing the words “tech players” the group had agreed that the focus should be mainly (though not exclusively) on the “Big Tech” firms (Apple, Amazon, Microsoft, Google) as well as the key players in AI like Anthropic and Open AI.
- In the last meeting we started discussing what we meant by “Partnership”. It was agreed we mean something beyond straight customer (banks) – supplier (tech firms) arrangements’ and would entail more strategic arrangements, potentially with some shared “skin in the game” between the two contracting parties. We acknowledged that the actual shared risk/reward in these arrangements is confidential, but that the acknowledgment that there is risk/reward sharing may be an element to include. Moreover, we will look to focus on what the financial services firms see as their opportunities in these partnerships.
- It was agreed that the group will first focus on drafting its view of the elements of strategic partnerships and agree on that prior to exploring the opportunities some banks and exchanges/marketplaces are looking to further in current examples of strategic partnerships with Big Tech and AI firms.
- Glen and Bill discussed this after the last meeting and crafted this query to submit to Anthropic’s AI Chatbot called Claude:
 - Several of the Big Tech firms like Microsoft, Apple, Amazon and Google and newer AI firms like Anthropic and Open AI have established strategic partnerships with banks like the Bank of New York Mellon and with exchanges like CME Group, Nasdaq, LSE Group and Deutsche Borse. What are the key elements of these arrangements that distinguish them as strategic partnerships rather than normal vendor- customer relationships?

- Here is Claude’s response: “Based on my search results and knowledge of these arrangements, I can identify several key elements that distinguish these partnerships as strategic rather than typical vendor-customer relationships:
- **Equity Stakes and Financial Investment**
 - The most distinctive feature is **mutual equity investment**. Microsoft invested US2 billion to acquire a 4% stake in the London Stock Exchange Group as part of their partnership, while Microsoft has multibillion-dollar investments in OpenAI, and Amazon and Google have significant investments in Anthropic. This creates aligned financial incentives beyond traditional vendor payments.
- **Long-term Exclusive or Preferential Access**
 - These partnerships typically involve **multi-year commitments with preferential access** to cutting-edge technology. BNY Mellon's partnership with OpenAI gives the bank access to advanced tools like Deep Research and the most sophisticated reasoning models, integrated with their internal AI platform rather than using standard commercial offerings.
- **Joint Development and Co-innovation**
 - Unlike vendor relationships where products are purchased as-is, these partnerships involve **collaborative development**. CME Group's expanded partnership with Google involves building a dedicated private Google Cloud region specifically for CME's ultra-low-latency trading requirements, representing customized infrastructure development.
- **Deep Integration and Platform Embedding**
 - The partnerships involve **deep technical integration** rather than surface-level adoption. LSEG's 10-year partnership with Microsoft encompasses next-generation data analytics and cloud infrastructure solutions that fundamentally transform how the exchange operates.
- **Strategic Business Transformation**
 - These arrangements are designed to **transform core business operations** rather than simply improve existing processes. The partnerships often involve restructuring how financial institutions deliver services to their clients, create new revenue streams, or enter new markets.
- **Regulatory Scrutiny and Market Impact**
 - The strategic nature of these partnerships has attracted significant regulatory attention. The FTC and UK CMA have launched inquiries into these arrangements, with regulators identifying "an interconnected web of over 90 partnerships and strategic investments" that could impact market competition.
- The distinguishing factor is that these partnerships create **sybiotic relationships** where both parties' long-term success becomes intertwined, involving shared risk, joint investment, and collaborative innovation rather than simple technology procurement.”
- The members then discussed the elements of Claude’s definition and concluded:
 - The first five areas are spot on and provide an excellent framework for us to take further.
 - The sixth area “Regulatory Scrutiny and Market Impact” is more of a consequence than a feature of these strategic partnerships.
 - Banks turn to Big Tech firms to gain capabilities that the Big Tech firms can invest far higher capital in than Banks can and to gain capabilities not resident in the industry or in the jurisdiction.
- Further discussion ensued leading to agreement on the following approach:
 - The group will draft a brief white paper Outline focusing on the above types or partnerships, geared toward determining best practices in establishing and running such strategic partnerships.

- The Outline will incorporate how these partnerships might be able to address big Problems or Issues that the industry is trying to deal with but has not made breakthroughs in. How can the industry work differently to solve these issues? We should emphasize how the industry can harness capabilities emanating from these partnerships to improve the value and services they provide to clients – how can Custodians and CSDs serve their clients better, lowering their clients’ risks and costs and providing them with more insightful analysis?
- Once we have an Outline, we will consider sending it to some of the ISSA Board member companies that have publicly announced long-term strategic partnerships with Big Tech firms (Deutsche Borse; Nasdaq; BNYM) for their reaction and an invitation to discuss the overall topic with the Subgroup and/or the full Evolving Technologies Working Group.
- During these discussions and during our subsequent drafting of our White Paper we will keep in mind the structure below as a reference:

Evolution of Big Techs in the Capital Markets

1. Tech Infrastructure
2. Vendor Products
3. Data
4. AI

How has the industry collaboration changed

- Start as vendor
- Strategic partnerships – e.g., DBAG/Google, LSEG /MS, BNY/OpenAI
- AI evolution may be the game changer - it takes a huge investment and the Tech firms are in a race to win/banks cannot match these investments

What are the commercial incentives and areas of synergy?

1. Tech Infrastructure – Consumption led
2. Vendor Products – License. Revenue share? Market places?
3. Data
4. AI

Opportunities for the industry

- Modernization
- Innovation
- Distribution of Industry Products/Services to clients
- Access to customers
- AI development
- Competitive advantage? Higher Opportunity?
- Where do we want to compete and where to we want to standardize/harmonize?
- Could they drive tech harmonization – e.g., Smart Contract Standardization/interface with Blockchain protocols or AI

Challenges/Risks

- Lock-In
- Intellectual Property
- Business/Bank Product dependency
- Geopolitical
- Readiness – For e.g., Do we have our data organised/digitised for the transition
- Standards/Interop/Harmonization?

What should firms be doing to gain the most from these partnerships

1. Get their Data organized, truly digitized and at the highest quality levels– Enterprise Data Management, Data Quality, Basic Data Analytics to know everything about the data
2. Get their strategies set and aligned: Cyber, Infrastructure/Cloud, Data, AI, Product before approaching Tech Firms

AOB and Close

No other business raised. The meeting was then closed.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Distribute the first draft of an Outline of a White Paper for discussion at our next meeting	Glen, Giles and Bill	Before August 27

