

**Focus on Private Markets (draft)****5<sup>th</sup> August 2025****High-level points to address specific to private credit:**

- What are Private Credits?
- Types of Private Credits
- Private Credit Process
- Servicers involved in Private Credit
- Challenges in Private Credit from a Depositary perspective

**Elaine Chan, GIC (Singapore): [N.B., adapted by JRS]:**

- a. What do you think are the material changes in private market space since the publication of the 2014 ISSA / AGC paper?
- One of the key changes is the necessity for private market solutions to be not only more digitized but also scalable. Given the volatility in public markets, capital allocators are increasingly directing more funds toward illiquid private assets that offer higher returns.
  - Data transparency is improving, and clients are asking for enhanced data solutions for unstructured private data. Additionally, fundraising through retail channels may necessitate the convergence of traditional custody solutions with wealth management and private banking services.
  - Increased in secondary market activity, although 10-15% of private equity funds are being sold on the secondary market annually. However, with many funds coming to the end of their 7-10 year investment horizons, we would expect more exits through the secondary markets.
- b. Are there any specific challenges that ISSA /AGC should focus their efforts on that will you believe will deliver significant benefit to the private market industry?
- Agility in integrating products to create holistic solutions—such as custody, cash management, treasury, and financing—will be essential;
  - More structured client onboarding;
  - Effective document management, and
  - Streamlined communication of banking details among GPs, LPs, and custodians.
- c. In relation to the challenges, are there any set of data points that you wish to call out that supports the enormity of the challenge.
- Lagged valuations and hence reporting of capital account statements;
  - Increasing regulatory scrutiny, with compliance costs rising by an average of 20% annually for private markets firms (GPs, and LPs alike);
  - Lack of standardisation of reporting across GPs,
  - Slower adoption of technologies hindering many firms' ability to respond to industry changes even if standards are introduced.

The adoption of AI has the potential to greatly enhance document management by transforming inherent unstructured private data into more structured and organized information. Custodians have the technology to help.

- d. In relation to the inclusion of fund-of-fund in the scope of private market investments, are all fund-of-fund investments similar to private credit investments? If not, which types of fund-to-fund investments are to be included in the private market scope of investments?
- ... fund-of-funds are more akin to hedge funds than to private credit.
  - By contrast, private credit encompasses securitized instruments that are privately traded, as well as loans and private direct debts issued to corporations.
  - Private credit instruments typically exhibit more debt characteristics than fund characteristics.
- [N.B.: this suggests it is important to clearly distinguish between private credit “instruments” and private credit “funds”].
- e. Are we all agreed that loans are to be included in the scope of private market investments?
- Loans would be quite similar to private credits in terms of operational processes.

**Ashweeni Basenoo, US Bank (Lux) [N.B., adapted by JRS]:**

1. What do you think are the material changes in private market space since the publication of the 2014 ISSA / AGC paper?
  - Capture all the out of Network assets addressed in the 2014 Paper (third-party time deposits, interests in funds, bank loans, derivatives, precious metals) and include the following:
    1. Private Equity
    2. Private Debt (to capture most types of Private Debt)
    3. Real Estate
    4. Fund of Private Equity Funds, Real Estate Funds, Infrastructure Funds and Debt Funds
  - Define the standard ownership and existence documents for each asset types
    - Try to identify common threads that are jurisdiction agnostic
  - Define the possibility of leveraging servicers i.e. Loan administrator, Loan agent, Target Transfer agent subject to a proper due diligence –
    - Harmonisation and standardisation of processes (e.g., onboarding), automation, adoption of common messaging standards.
    - Which processes present most significant divergence?
  - Address regulatory requirements imposed by law or regulation:
    - Lux: document the pre-check on illiquid asset (specific to Luxembourg). See communique received from the CSSF: *“Clarification by the CSSF regarding controls to be implemented by Luxembourg depositaries in relation to alternative investment funds (AIFs) investing in illiquid assets”*



Clarification by the  
CSSF regarding contri

Attaching link to the CSSF communique as well: [Clarification by the CSSF regarding controls to be implemented by Luxembourg depositaries in relation to alternative investment funds \(AIFs\) investing in illiquid assets – CSSF](#)

- Address any look-through elements for liquid (for financial instruments held by an SPV) and illiquid assets.
  - Include the liability regime in terms of Financial Instrument held directly by the fund and Financial Instrument held through SPVs
  - Other jurisdictions?
    - Ireland: [???
    - UK: [???
    - [Other jurisdictions, e.g., Cayman, Singapore, HK, U.S.?]
2. Are there any specific challenges that ISSA /AGC should focus their efforts on that will you believe will deliver significant benefit to the private market industry?
- Please refer to point (1) above
3. In relation to the inclusion of fund-of-fund in the scope of private market investments, are all fund-of-fund investments similar to private credit investments? If not, which types of fund-to-fund investments are to be included in the private market scope of investments?
- Fund of Funds do work the same way of some private credit, but they do include specificities around callable distribution/capital which is not the case in Debt.
  - We should have a dedicated section on Fund of Private Equity Fund, Real Estate Fund, Infrastructure Fund and Debt Fund
4. Are we all agreed that loans are to be included in the scope of private market investments?
- Agreed