

Meeting Minutes

Participants (in attendance in bold):

▪ Julia	McKenny	ISSA, CEO
▪ Julie	Huxford	ISSA, PMD
▪ Catherine	Tinavapi	Standard Chartered Bank
▪ Rakesh	Mehta	NSDL Group
▪ Lavinia	Gheorghe	Depozitarul Central S.A.
▪ Jiahua	Liu	Macao Central Securities Depository and Clearing
▪ Matthew	Pallett	Euroclear
▪ Piotr	Sokol	Deutsche Börse Group
▪ Palesa	Banda	Standard Bank
▪ Jim	Micklethwaite	Thomas Murray
▪ Hector	Lau	HKMA
▪ Femi	Onifade	CSCS
▪ Sohayla	Ezzat	Egyptian Central Securities Depository
▪ Ahmed	Marzouk	Egyptian Central Securities Depository
▪ Tarek	Khorshid	Egyptian Central Securities Depository

Meeting purpose

To pull together a small Domestic CSD WG sub-group to catch up on current status / tracking on review of AFME questionnaire as applies to the topic of Remote Network Due-Diligence, which remains a popular topic with the wider group.

Discussion

- Intent of sub-group is to bring together smaller group to allow for focussed discussions between the wider WG meetings. Output / progress from this group will be shared back to main WG, where participants will then have the opportunity for input and questions, and to assist with decision making where this is required.
- Group participants chosen for experience and institutional diversity.
- Round table seeking agreement from all to approach and willingness to participate on this basis. Confirmed that all in the meeting are in agreement with approach and willing to bring their different perspectives to the table.
- Jim declared a potential conflict of interest in that Thomas Murray conducts assessments of various CSDs on a commercial basis (noted that this differs somewhat to the work of this group however). After some discussion, it was clarified that this was acceptable as disclosed, given that Jim is in a strong position to contribute and to add value to the group. He (along with others) is keen to understand the scope of the problem statement for the CSDs. While there are arguably a plethora of questions, the flip side is client frustration in terms of getting the information sought from CSDs. All a question of balance.
- Discussion around some of the various questionnaires (Global Assn of CSDs (WFC) - noted as not being completed by many; ECSDA - very difficult questionnaire - seems to be some misalignment between CSDs vs say credit institutions; AFME - past work done has left people disappointed / has not been completed - more to do still. 86 pages long (that alone needs focus) - as well as distilling what the actual required information is vs box ticking for the sake of it.
- General consensus is that there is an education element that needs to occur. Need to understand what is behind the questions (many just translated from one industry to another and don't necessarily correlate and / or may be able to be evidenced in another way). Also noted that there tends to be a lot of repetition and asking for things that can readily be found in other information that is already publicly disclosed as required by various regulatory bodies. Helping recipients

understand the distinction between CSDs and other types of infrastructures and how CSDs are regulated would clearly help (totally different in nature to a custodian for example). Noted however that those asking the questions are typically being chased by their Risk areas (can be looking for a one size fits all approach).

- Agreed that it would be good to see a framework where guidance was provided in terms of how to answer (for various infrastructures) / removal of ambiguity as well as a steer on the required supporting documents.
 - In summary - there needs to be 2-way dialogue on what is being sought, how that needs to be evidenced; look to make/negotiate refinements to what is out there (starting from scratch to big an ask given all the vested parties) and an aim to provide notes / guidance.
- Broader discussion on PFMI - industry standard; noted that a number already disclose on that basis. Also noted that this is very European, and to a lesser extent, US, centric. Quite scattered outside of that. As such, keen to bring Asia/APAC CSDs into the discussion (**Action point: JH to pick this up with APAC group**). Also the question of whether the PFMI standards are the globally relevant standard, and, if so, if they are sufficiently aspirational in order to cover risks adequately. Group to consider what is the most mature framework in order to propose a base standard to take forward.
- Julia noted that we have the support of AGC on this work, as well as AFME to an extent. Need to consider best approach to take this work forward - collaborate vs present them with refinements or an alternative. Need to kickstart / resume discussion with AFME to get clear around the residual issues and the path forward.
- **Action point: JH to schedule regular meetings for this group ahead of the main WG meetings**

AOB and Close

No other business raised. The meeting was then closed.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Look to bring in Asia-Pacific participant/s to this sub-group, in order to get APAC perspective.	Julie	Mid-Feb
2.	JH to schedule regular meetings for this group ahead of the main WG meetings	Julie	Mid-Feb

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