

## 23rd ISSA Symposium - Context Document

### Breakout Session 6: Intersection of Securities and Cash

#### HYPOTHESIS

One of the most prominent themes for Symposium attendees is navigating the next generation of interoperability between cash and securities in an ever-evolving technology environment. This pressure is heavily shaping firms' strategic priorities as well.

There are many questions and challenges to consider when we raise the theme of **intersection of cash and securities**. At its core, the issue is synchronization: aligning the movement of cash and securities across multiple parties, systems, and jurisdictions. Any misalignment introduces risk, cost, and inefficiency, which is why the industry pushes toward:

- Real-time or near-real-time settlement
- Integrated cash and securities platforms
- Greater standardization and collaboration

One of the biggest concerns is whether cash and securities move simultaneously. If one leg fails, get principal risk (one party loses assets without receiving value) is introduced. This is why Delivery-versus-Payment (DvP) models are critical—but they require tight coordination across institutions and systems and cross-border trades make this harder due to different time zones and settlement systems.

Liquidity and funding pressures create the need to have cash available at the exact moment securities settle. As an example, intraday liquidity becomes crucial, especially in high-volume markets, collateral and margin requirements (from clearing houses) tie up cash and settlement cycles shortening (e.g. T+2 → T+1) increase pressure to fund positions faster.

Timing mismatches add to this pressure because cash and securities often sit in different infrastructures (securities settle in CSDs, cash settles in payment systems or via correspondent banks) creating cut-off time conflicts, time-zone frictions and increased need for prefunding. All of these concerns are exacerbated by disruption in, to and concerning operational complexity and reconciliation, corporate actions, collateral management and regulatory and capital constraints, fragmented infrastructure and technology and legacy systems, FX risk and fails management.

Adding to this is the increasingly evident and vocal client's expectations demanding, amongst other things, more efficient, cost-effective services, real-time visibility of their holdings and projected movements, including a clear cash ladder and maximum return on their positions and optimal use of collateral.

We will also need to consider what the risks are for clients. We continually hear that existing payment and settlement rails resemble a trusted infrastructure. This being the case, as we move forward and digitalize our rails we need to ask what does it mean for the end investor and what is it we are trying to solve. Questions such as these need to be asked:

- What are the current challenges and why do they exist?
- What solutions are required as we progress the traditional route and maintain the current infrastructure?
- How do we coexist between the old and the new and what interoperability is required and finally what is the future operating model and what parties will be fundamental in shaping and creating it

## OBJECTIVE OF THE BREAKOUT SESSION

The objective of the Breakout Session will be to review the overall theme of the Intersection of Cash and Securities as well as debate the subgroup topics of:

- Subgroup 1: **Current Challenges and Solutions**
- Subgroup 2: **Future Operating Model**

The Breakout Session attendees should identify whether there are areas which impact the ISSA membership and broader Securities Services industry and assess what opportunities there are for ISSA to further develop its capabilities in this area.

## PRE-READING

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

- The ValueExchange: the case for collateral tokenisation  
[Stablecoins, Liquidity and the future of tokenized assets: A global Perspective](#)
- BIS Annual Economic Report 2025: III  
[The next-generation monetary and financial system](#)
- Recent SIX Group report on settlement fails  
[SIX Group: Settlement fails](#)

## QUESTIONS FOR CONSIDERATION

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

### Subgroup 1: Current Challenges and Solutions

- Is there a delay to the end investor receiving their cash / securities currently that we believe is an issue? If yes, where is the issue? How can we change it?
- Are there frictions with respect to the end investor?
- What can ISSA do to create solutions now?

### Subgroup 2: Future Operating Model

- What problem are we solving? (e.g. going forward will interoperability be the concern, and hence be the problem to solve as we move to future digital rails? How do we transfer from old rails to new rails? what are the challenges, and solutions, for clients?)
- How are we solving the problem?
- What can ISSA do to support?