Emerging Themes Working Group – Restricted Securities

21 October 2026, Online

Workshop Minutes

Participants (in attendance in bold):

First Name	Last Name	Contact's Legal Entity Name
Timur	**Abdraimov**	**Clearstream Banking S.A.**
Nathalie	**Adam**	**Clearstream Banking S.A.**
Achala Chowdhary	**Balusu**	**Clearstream Banking S.A.**
Poornima	**Bissoon**	**The Mauritius Commercial Bank Ltd.**
Nathalie	**Cimolino**	**Clearstream Banking S.A.**
Sagar	**Dudday**	**HSBC Bank PLC**
James	Fok	CMU OmniClear Limited
Mark	**Gem**	**Clearstream International SA**
Marta	**Gonzalez Perez**	**Euroclear**
Maria	Ivanova	BNY
Srividhya	**Iyemperumal**	**SIX Group**
Holly Anne	Kelly-Byrne	J.P. Morgan
Ulrich	**Martin**	**SIX Group AG**
Kristina	**Piccolo-Tarkhanyan**	**BNY**
Olivier	**Piras**	**Euroclear**
Erica	Preston	HSBC Bank PLC
Natalie	**Quinlivan**	**Fieldfisher LLP**
Yasmine	**Sadek**	**Clearstream Bank Luxembourg**
Silvie	**Samaey**	**Euroclear**
Piotr	**Sokol**	**Clearstream Banking S.A**
Merel	Stout	McKinsey & Company
Frederik	**Van den Weghe**	**ASX**
Yvan	**Vangeneugden**	**Euroclear Bank**
Yong Yong	**Wee**	**Standard Chartered Bank**
Karen	**Zeeb**	**ISSA**

Agenda

- Introductions and Welcome
- Objectives of the Working Group
- Problem Statements
- AOB

Introductions and Welcome

Introduction

Karen welcomed the participants to the new Restricted Securities WG. She briefly introduced herself as the ISSA PMD for the Working Group (WG) and then asked each participant to introduce themselves to the broader group. Finally, Karen outlined the agenda.

Key Points Addressed

Karen first asked the two Co-Chairs for the WG to introduce themselves:

- Mark Gem, Clearstream
  Responsible for the first line of risk at Clearstream. Mark has a background in product and compliance and has been one of the Co-Chairs of the ISSA Financial Crime Compliance WG since its inception
- Yvan Vangeneugden, Euroclear
  Yvan is a senior operations specialist at Euroclear and has been heavily involved in managing the sanctions programme within the organization

Each WG participant then introduced themselves:

- Yasmine Sadeek, Clearstream
  Head of anti-financial crime
- Srividhya Iyemperumal (Vidya), SIX
  Information Security Officer at SIX Group
- Ulrich Martin (Uli), SIX
  Responsible for the business side heading the data section
- Natalie Quinlivan, Fieldfisher
  Responsible for financial crime investigations in financial services
- Nathalie Adam, Clearstream
  Head of control unit of sanctioned assets
- Poornima Bissoon, Mauritius Commercial Bank
  Responsible for corporate assets securities maintenance
- Silvie Samaey, Euroclear
  Working in operations responsible for financial compliance
- Nathalie Cimolino, Clearstream
  Responsible for AML functions
- Timur Abdraimov, Clearstream
  Working in corporate actions responsible for sanction
- Sagar Dudday, HSBC
  Global and UK Securities Services financial crime compliance manager
- Marta Gonzalez, Euroclear
  Senior financial crime compliance lead

- Olivier Piras, Euroclear
  Head of operations for sanctions
- Boon-Hiong Chan, Deutsche Bank
  Responsible for foreign sanctions for Singapore institutions and Product management for China
- Kristina Piccolo-Tarkhanyan, BNY
  Works in global network management along with her colleague, Maria, who could unfortunately not join the call
- Piotr Sokol, Clearstream
  Works in network management
- Frederik Van den Weghe, ASX
  Responsible for banks and CSDs
- Yong Yong Wee, Standard Chartered
  Head of Singapore financial crime compliance and CSDR advisory

Objectives of the Working Group

Introduction

Mark, Yvan and Karen outlined the overall objectives for the WG and the proposed approach.

Key Points Addressed

ISSA has established a multidisciplinary WG to document the operational, legal, tax, accounting and compliance problems that could arise in the event that sanctions and related countermeasures were lifted at some point in the future. The aim would be to use specialist subgroups to develop and review problem statements.

Objective

Mark explained that the WG will focus primarily on clearly articulating and documenting market problems rather than immediately designing solutions. A documented overview of the issues would provide ISSA members, as well as the broader industry, with an authoritative reference in enforcement actions and litigation, while also identifying areas where solutions or regulatory engagement may be needed.

Problem Statement Approach

Mark and Yvan outlined the proposed approach focused on a series of eight problem statements that the industry will need to focus on should sanctions be lifted. These problem statements will be collated into a white paper that will be shared with both ISSA's members as well as the broader industry. The WG participants agreed with the approach.

Subgroups

The idea would be for the WG participants to split in to small subgroups to cover individual problem statement. Mark asked that each subgroup assess whether each proposed problem statement was complete and accurately articulated. The WG participants should also identify any missing concerns and nominate suitable experts from their organizations to help develop the work. Each subgroup should draft a detailed section for the paper, based on the outlined problem statement, which the full WG would then subsequently review and mature in parallel with the other topics.

Planned Outreach

Karen stated that the eventual deliverable should support an outcome of a wider industry awareness and a programme of discussions with regulators, tax authorities and other relevant stakeholders. Once the paper is close to completion, the WG participants would be asked to help agree which organizations and groups should be contacted and assist with the engagement.

Problem Statements

Introduction

Mark and Yvan walked through the initial list of problem statements asking for feedback on both the statements and the content.

Key Points Addressed

There was an interesting and interactive debate around each of the problem statements that Mark and Yvan walked through. Below is summarized the points addressed during the discussion on each problem statement. Karen highlighted and agreed with the WG participants which business areas would need to be involved in the subgroup discussions. This information was added to the draft paper for reference.

Market Expectations on Lifting Sanctions

Yvan and Mark highlighted that sanctions may be lifted at different times across jurisdictions and that trading could resume before securities are legally and operationally unfrozen. There will be a need to provide clear market expectations about settlement, KYC and related delays.

- Asynchronous Lifting
  Yvan explained that the United States, European Union and United Kingdom may lift sanctions at different times, creating uncertainty about when trading and settlement can restart. Market participants could expect immediate activity, but settlement providers may still be unable to process transactions. On top the countermeasures might be lifted at another moment, resulting in longer delays before settlement might open.
- Unfreezing Delays
  The lifting of a sanction will not necessarily mean that securities are immediately unfrozen. Additional KYC, legal, reconciliation and operational steps may be required before assets can be released. The WG participants therefore agreed to clarify the distinction between formal lifting and practical unfreezing.
- Market Communication
  Mark noted that traders and investors may try to pressurize Securities Services providers into resuming activity quickly. However, the Securities Services providers need to be aware that they would remain responsible for protecting client assets and complying with applicable rules.

Tax Operations

Mark identified unresolved tax, withholding and payment-release problems involving blocked income, delayed client credits and conflicting obligations to tax authorities as being another key problem area. He also highlighted the potentially different treatment for friendly and unfriendly jurisdictions.

- Delayed Tax Reporting
  Mark explained that payments received at an upper tier of the depository chain may be blocked or unreconciled and therefore cannot be credited to clients. If the delay were to exceed statutory deadlines for withholding certifications and reporting, the market may not know which tax year or withholding rate should apply when, or if, the client would eventually be credited.
- Conflicting Obligations
  Fiscal or withholding agents may owe blocked payments to tax authorities while also being prohibited from transferring those funds under sanctions. Mark described the resulting conflict as potentially exposing an institution to legal consequences whether it pays the tax authority or retains the funds, with such issues already arising in practice.

- Jurisdictional Treatment
  Kristina explained that clients in jurisdictions regarded by Russia as friendly may be unable to receive expected tax benefits because they remain within a custody chain in a jurisdiction regarded as unfriendly. She also noted a draft proposal to increase withholding tax for unfriendly jurisdictions from 15% to 35%, which should be monitored even though it had not yet been approved.

Forced Transfers and Replacement Securities

Yvan, outlined how forced transfers, replacement securities and other countermeasures may prevent reconciliation after sanctions are lifted. There could be the risk of fraud and the loss of assets which would mean continued settlement restrictions and legal involvement.

- Reconciliation Delays
  Yvan explained that securities may have been replaced or transferred locally without the full custody chain being aware. Even after sanctions are lifted - and KYC requirements are completed - issuers, depositories and custodians may need substantial time to reconcile positions and settlement may need to remain stopped during that period.
- Fraud
  Mark raised the possibility that some claims for replacement securities may not be genuine because local holders may lack confirmation of the original custodian rights and may rely on altered or unreliable statements. The WG participants would therefore needs to consider how ownership and entitlement can be validated as part of their review.
- Loss Of Assets
  Kristina raised that replacement instruments may result in assets being lost and that legal specialists should be involved because institutions may need to assess or declare such losses collectively. Mark also identified reconciliation and control specialists as relevant contributors.

Allocation of Risk with Blocked Securities

Mark outlined the issue around the income and dividends on blocked securities and that the cash would not be covered under force majeure. This could, over time, lead to a potential allocation risk between different entities as cash monetizes over time.

- Risk Allocation
  Mark explained that traditional custody terms often allocate force majeure and loss risks, but it is unclear whether those protections extend from a blocked security to cash generated when that security is redeemed. The legal analysis should consider whether blocked cash is treated differently from blocked securities and how contractual risk allocation would operate.
- Accounting Treatment
  Kristina also raised that the treatment of blocked Russian rubel cash, including whether it is recognised or de-recognised on balance sheet, could materially change the legal and risk position. Mark agreed that accountants and finance specialists should participate in the discussions alongside legal and operational experts.

Depositary Receipts (ADR/GDR)

Yvan explained the additional complexity for ADRs, GDRs and other depositary receipts because multiple agents and jurisdictions may hold inconsistent records. This could create cancellation shortfalls, dividend claims, tax issues and recognition conflicts.

- Cancellation Short Falls
  Yvan explained that local shares may have been issued after depositary receipts were cancelled or replaced, while Russian custodians, depositaries and DR agents may hold inconsistent positions. Some DR agents have already had insufficient positions to cover all receipts and have therefore made repayments on a pro-rata basis.
- Dividend Entitlements
  Dividend payments linked to local shares could be affected by changes in Russian rules and decrees. The WG participants agreed that it would be necessary to determine whether delayed claims could still be made and how tax reporting and withholding should work when claims arise several years after the original payment date.
- CSD Recognition
  Frederik asked that the WG participants also consider cases where an asset has been de-recognised in its source jurisdiction but remains recognised by another CSD or market infrastructure. He highlighted that accounting recognition and legal entitlement may produce different outcomes across jurisdictions, requiring CSD perspectives, including from CSDs such as ASX.

Non-Standard Procedures and Accounting Approaches

Mark described the need to preserve and strengthen manual procedures, records, reporting and reconciliation processes created during sanctions and countermeasures so that future claims and entitlements could be reconstructed reliably.

- Manual Processes
  Mark noted that sanctions and countermeasures have led institutions to use ad hoc procedures, manual interventions and spreadsheet-based solutions for record keeping, reporting and reconciliations. These arrangements could continue for many years and should be assessed on an ongoing basis for durability and control effectiveness.
- Long-Term Reconstruction
  Mark highlighted that the WG participants would need to consider how records would support the allocation of rights and entitlements if restrictions are lifted many years later. Mark cautioned that writing off positions or retaining incomplete records could make it impossible to reconstruct claims and calculate what is owed.
- Reporting Channels
  Kristina explained that when certain Russian institutions were removed from SWIFT, alternative means of interaction were introduced to preserve reporting. If sanctions were to be lifted, and institutions were to return to SWIFT, SWIFT specialists would be needed to manage the transition and ensure reporting remains continuous.
- Missing Securities And Cash
  Yvan raised the related question of how downstream parties should record entitlements when a security has redeemed but the cash has not been received, leaving neither the original security nor the proceeds available. Reporting and bookkeeping standards will need to address these situations.

Portfolio Transfers

Yvan stated that portfolio transfers, mergers, acquisitions and client moves could take months or years where sanctions, licences and asset restrictions apply. This would mean that early planning and integration of sanctions analysis should be essential to any portfolio transfer.

- Transfer Delays
  Yvan explained that clients may seek to transfer portfolios because of business wins, losses, mergers or acquisitions. However, sanctions could prevent the rapid movement of all, or certain, assets. Licensing, approvals and asset-specific restrictions may mean that transferring a complete portfolio takes months or years.

- Client Expectations
  The WG participants agreed that the communication of portfolio transfers must begin early and may not have a rapid solution. Clear guidance should explain the relevant restrictions, dependencies and possible timelines so that clients would be able to plan realistically.
- Integration Planning
  Mark asked that it be stated clearly in the problem statement that compliance should be involved in integrations and migrations from the outset rather than being consulted immediately before implementation. That way, it would be possible to address how sanctions requirements could be built into transfer planning and project governance.

Financial Accounting

Mark identified a conflict between producing a true and fair financial view and complying with sanctions when assets, cash, income or liabilities are affected by events outside the reporting institution's jurisdiction or by sanctions lifted at different times.

- Recognition Decisions
  Mark explained that an institution may know that an upstream or downstream event has occurred, such as assets being taken or cash being blocked. However, it may not be able to recognise or de-recognise the resulting income, asset, liability or expense without an applicable derogation.
- Asymmetric Jurisdictions
  If sanctions are lifted at different times in the United States, European Union or other jurisdictions, an event permitted in one location may affect a frozen asset or reporting obligation elsewhere. This can make it difficult to reflect economic reality consistently across entities and markets.
- Financial Reporting Duties
  The inability to record 'reality' may conflict with obligations to present a true and fair view, calculate prudential ratios and report profit and loss accurately. Mark described this as an under-recognised market issue requiring accountants, compliance, legal and operational specialists.

Follow Up Actions

- Provide the updated white paper containing the subgroup business profiles required for each problem statement to the WG participants (Karen)
- Email Karen with details of which subgroup (s) you would wish to join (WG participants)
- Email Mark and Yvan with any additional problem statements which you believe should be considered for inclusion in the paper (WG participants)
- Prepare concrete examples for the problem statements for discussion in subgroup meetings (WG participants)
- Arrange subgroup meetings in conjunction with the WG participants at the next meeting (Karen)

AOB and Close

Introduction

Frederik asked whether earlier sanctions and sanctions-lifting experiences (such as Libya or Iran) could provide operational, tax or legal lessons. Mark agreed that Libya was a useful precedent, while noting that some disputes over differing interpretations of sanctions lifting remain unresolved years after programmes ended. Karen proposed adding concrete examples to each problem statement, covering both situations where an issue arose and situations where an established practice or prior response may provide useful context. Mark agreed that examples would make the deliverable more practical and informative.

No other business raised so the meeting was closed.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Provide the updated white paper containing the subgroup business profiles required for each problem statement to the WG participants	Karen	COMPLETE
2.	Email Karen with details of which subgroup (s) you would wish to join	WG participants	16 November
3.	Email Mark and Yvan with any additional problem statements which you believe should be considered for inclusion in the paper	WG participants	16 November
4.	Prepare concrete examples for the problem statements for discussion in subgroup meetings	WG participants	30 November
5.	Arrange subgroup meetings in conjunction with the WG participants at the next meeting	Karen	20 November