

Introduction by the ISSA CEO Office

Governance Update

Changes to the ISSA Board
Changes to the Operating
Committee

New ISSA Members

5 new Members have joined
ISSA since April 2018

SIBOS 2018

Major take aways related to
the following sessions:

- Workshop on
Infrastructure for
Crypto-Assets
- Panel on Financial Crime
Compliance in Securities
- Panel on Cyber-Attacks
in the Securities
Markets
- Panel on DLT and
Crypto-Assets

For more
information about
ISSA's activities
please visit our
Homepage

www.issanet.org



SIBOS 2018

This year's SIBOS in Sydney provided ISSA with various platforms where ISSA was able to present its work to a broader audience by means of panel discussions and SIBOS.TV interviews. ISSA is very grateful to SWIFT for having been offered these opportunities. Just in time for this 40th industry event, ISSA published a series of reports, which were announced by the October [Newsletter](#). As one industry commentator put it a few days later: «*Two recent white papers on crypto assets and cyber security by ISSA represent excellent reading material for travelers making the long-haul flight to SIBOS 2018 in Sydney next week*». Judging by the attendance in the ISSA related SIBOS sessions, the reports seemed to have received proper attention indeed.

As in the past, SIBOS provided the CEO Office with the excellent opportunity to meet a sizeable number of existing and potential members. The discussions centered around the various industry challenges and progress of existing work items. Some ISSA members raised new topics for potential further pursuit. A fair number of members also expressed their interest in contributing to one or more ISSA Working Groups. The overall positive feedbacks which the ISSA CEO Office received are testimony that ISSA continues to pursue the right topics and that the opportunity offered to members to participate in Working Groups is highly appreciated. In fact, almost half of ISSA's member institutions presently have delegated experts into its different Working Groups!

A look at the categories of members recently gained shows that ISSA's topics are of increasing relevance to specialized service firms and companies active in the FinTech sector. ISSA welcomes the opportunity to have these market segments represented in its membership and Working Groups. It became evident at SIBOS on various occasions, that cooperation and partnerships between securities industry services providers and FinTech companies have become more common.

Next to the above-mentioned findings, this Newsletter focuses on additional SIBOS take aways on topics that are closely related to ISSA's work.

With best regards
ISSA CEO Office

Governance Update

ISSA Board

- As of June 1, 2018, Nicola Kane was appointed as Credit Suisse's representative on the ISSA Board, succeeding Ulrich Stritzke.
- Also in June 2018, James Fok was nominated as Hong Kong Exchanges & Clearing's representative on the ISSA Board, succeeding Trevor Spanner.
- As of September 12, 2018, James Cox was appointed as Deutsche Bank's representative on the ISSA Board.

ISSA Operating Committee

- In April, An Mestdagh, Euroclear, was nominated as Member of the ISSA Operating Committee, succeeding Edwin de Pauw in this function.
- In addition, Roland Chai, Hong Kong Exchanges & Clearing was nominated as Member of the ISSA Operating Committee, effective August 2018.

We congratulate all delegates at Board and Operating Committee level to their nomination and we wish them all the best in their new roles.

New Members

Since the Newsletter of April 2018, the following 5 Members have joined our Association:

- IHS Markit, India
- F.I.S. Global, United States
- Exante (XNT), Malta
- ITI Capital Limited, United Kingdom
- Consensys AG, Switzerland

We welcome these organizations and are looking forward to a fruitful relationship.

Board of ISSA

SIBOS 2018

More than 7'500 representatives attended this year's SIBOS. As mentioned before, ISSA was given various platforms enabling ISSA to present its work to a broader

audience and to make specific reference to its work published in time for SIBOS.

As announced by ISSA's October 2018 Newsletter, representatives of ISSA Member Institutions talked about the topics described in the following sections.

Workshop on Infrastructure for Crypto-Assets

Pre-SIBOS, the ISSA Working Group on DLT held this Workshop on October 21, 2018 with a view to discussing ISSA's report on «Infrastructure for Crypto-Assets: A Review by Infrastructure Providers». 28 representatives attended this event. A summary presentation of the report was well received and offered the opportunity for questions. The open discussion revealed a need for cooperation between different industry player segments, a fact that was echoed repeatedly during the conference.

The Workshop attendees agreed to continue work on crypto-assets, by creating three distinct work streams as follows:

- Adding the point of view from custodians, paying agents and potentially issuers to the above-mentioned report.
- Elaborating on «Safekeeping of Crypto-Assets», with respect to opportunity, risks, service description, options and potential requirements.
- Agreeing on a number of individual topics, such as for example liquidity of crypto-assets, settlement, technical interoperability of different infrastructures, legal interoperability regarding crypto-asset transactions, etc.

At its meeting of November 8, 2018, the ISSA Board agreed that the Working Group should pursue the above work streams.

Panel on Financial Crime Compliance in Securities

Composed of representatives from four ISSA Member institutions and moderated by Mark Gem, Clearstream and Leader of ISSA's Working Group on Financial Crime Compliance, this panel elaborated on how

securities services firms are responding to financial crime compliance challenges.

Key takeaways from the panel were:

- ISSA's Financial Crime Compliance Principles (FCCP) originally issued in 2015 and revised in 2017 are making a practical difference to addressing financial crime challenges.
- The regulators are supportive of the industry's attempts in this respect.
- By implementing ISSA's FCCP on a large scale basis, the industry is confident of contributing to a safer environment.
- ISSA needs to increase awareness of FCCP on a wide-spread basis; communication is key.

Refer in this connection to the SIBOS.TV interview with Jonathan Ehrenfeld from SWIFT and Mark Gem from Clearstream. They talk about cyber crime and specifically about financial crime compliance. The video is available under the following link on Youtube:

<https://www.sibos.com/media/video/sibostv-cyber-criminals-targeting-securities-industry-25-oct-2018>

The next steps of the Working Group will focus on the implementation of the Principles over the next few quarters. A Workshop to be held in December 2018 will agree in more details on the activities to be initiated.

Panel on Cyber Attacks in the Securities Markets

Moderated by Bill Hodash, DTCC, and Chairman of the ISSA Operating Committee, this panel comprised 3 experts from ISSA Member institutions. The session highlighted the major findings from the ISSA Report on «Cyber Security Risk Management in Securities Services» that was published immediately preceding SIBOS.

As has become evident from the panel but also from other sessions and events at SIBOS, cyber crime in the financial services arena is no longer confined to the payments industry, where so far the more spectacular incidents have occurred.

Its high concentration of high value assets, its complexity with many entry points and its reliance on centralized critical functions make the custody and securities value chain

particularly susceptible to disruption and a series of crimes (e.g. ransom, asset theft, information theft and / or market manipulation).

Refer in this connection to the SIBOS.TV interview with Bill Hodash from DTCC and Andy Smith, BNY Mellon, Leader of the Working Group, having compiled and issued the ISSA paper on Cyber Risk. The video is available under the following link on Youtube:

<https://www.sibos.com/media/video/sibostv-cyber-attacks-securities-market-24-oct-2018>

The panel offered the opportunity to ask specific questions from the audience, the responses to which will be used in determining further steps to be taken by the Working Group. ISSA will inform on further activities by means of its regular Newsletters and updates to its Homepage.

Panel on DLT and Crypto-Assets

This panel was composed of four senior exponents from ISSA Member firms. It was moderated by Urs Staehli, ISSA Secretary, and it focused on tangible DLT solutions already in place or being developed for ready implementation. The audience heard of specific challenges incurred during these processes and of benefits to be gained. The panel also briefly touched on crypto-assets, on one side based on the related ISSA report published immediately before SIBOS, on the other hand induced by the potential offered by tokenizing existing and new assets.

The panel's findings clearly contrasted to the discussions held in a previous panel where representatives of the FinTech sector and from crypto companies painted a rather dark future for incumbent service providers in the securities services industry. Their conclusions were based on the disruptive potential of DLT and the advent of crypto-assets.

Both panels agreed, however, that cooperation among the various providers and specialists is inevitable going forward.

Be sure to follow ISSA's Newsletters and updates on its Homepage regarding further activities and progress by the various ISSA Working Groups.