

# Working Group Webinar

Thursday, 9 February 2023, Day 2

# Agenda Day 2

1.	Welcome Remarks	Colin Parry, ISSA	13:00 – 13:05
2.	2023 Plans	Haroun Boucheta, BNP Paribas Karen Zeeb, ISSA	13:05 – 13:30
3.	Custody Risks 2023	Jyi-Chen Chueh, Standard Chartered Andy Smith, BNY Mellon	13:30 - 13:50
4.	Digital Identity and Onboarding	Brett Lewis, GlobeTax Sonia Paston-Bedingfeld, UBS	13:50 – 14.10
5.	Future of Securities Services 2023	William Hodash, DTCC Archie Stebbings, Oliver Wyman Colin Parry, ISSA	14:10 – 14.30
	Break		14.30 – 14.35
6.	T+1 Impacts	Samar Banwat, NSD Haroun Boucheta, BNP Paribas Andrew Douglas, DTCC Colin Parry, ISSA	14:35 – 15:20
7.	Wrap up of day two	Colin Parry, ISSA	15.20 – 15.25

# Welcome Remarks

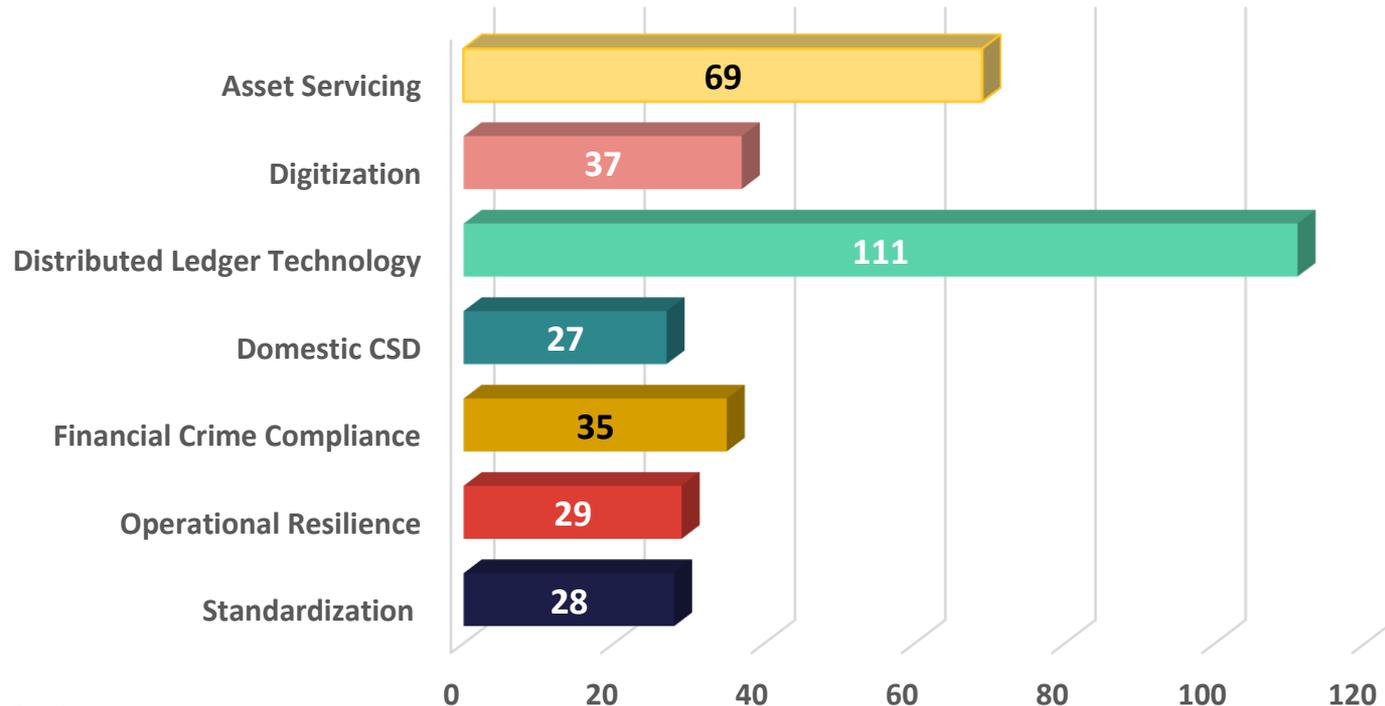
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# 2023 Plans

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# Current Working Groups - Overview

**Number of Working Group Members: 336** (as of 30 January 2023)



# Current Working Group

## Purpose

This Working Group's primary objective is to focus on the ISSA participants' digitalization and digitization journey to understand the challenges and opportunities to promote digital standardization, share best practices and enhance efficiency, risk reduction and an improved investor experience within the industry.

## Scope

The digitalization and digitization agenda is broad. This Working Group will focus upon the digitalization of processes as opposed to specific digitization of securities or currencies. Areas of focus should include topics which would benefit from best practice and industry standardization and also interoperability between participants. Private Markets is the first focus.

# Digitization Working Group

## Executive Sponsor

- Samir Pandiri, Broadridge Financial Solutions

## Working Group Co-Chairs:

- Michael Mc Polin, Broadridge  
- Ian Pledger, BNY Mellon

**38 Working Group Members**

**22 ISSA Member Firms Involved**

## Current Working Group

### Purpose

The Working Group's purpose is to research the key challenges and issues that impact the Domestic CSDs i.e. those who mainly serve their local market and international flows into that market. The aim is to provide best practice guidance and advice which may be applicable to the local market. Each market has unique regulations, and all the advice must be tailored into practical steps for the market. Through the adoption of the best practices and the resulting improvements the WG can assist the Securities Services industry in improving the client outcomes, reducing the risk and increasing the efficiency of the markets.

### Scope

Current in scope topics for 2023 under consideration include:

- Remote Network Due Diligence (including signatures on physical documentation)
- Best practices for markets about how (if they want to) they can open up to foreign investors, what do they need to have in place.



# Domestic CSD Working Group

### Executive Sponsor

- Colin Parry, ISSA

### Working Group Chair

- Dale Connock, Strate

**27 Working Group Members**

**18 ISSA Member Firms Involved**

# Current Working Group

## Purpose

The purpose of the Financial Crime Compliance Working Group (FCC WG) is to foster best practice across a broad spectrum of financial crime-related risks that could arise in the Securities Services industry.

## Scope

### ISSA Questionnaire Review

In August 2015, ISSA released 17 Principles which are recommended to be implemented by the global community of securities custodians and intermediaries in order to address the critical challenges posed by financial crime, particularly where omnibus and commingled account structures are used. The WG's scope includes reviewing these principles, and related Due Diligence Questionnaire, on an ongoing basis.

Additional, in scope topics for 2023 include:

### Asset Class and New Technologies Financial Crime Risk Review

The scope of this subgroup will be to outline the financial crime risk dimensions for different asset classes, from traditional assets to emerging assets such as crypto currencies and digital assets.

### Geopolitical Impacts Forum

The WG will create a forum to pool and share information on geopolitical impacts including, but not limited to, sanctions.

# Financial Crime Compliance Working Group

## Executive Sponsor:

- Margaret Harwood Jones, Standard Chartered

## Working Group Co-Chairs:

- Mark Gem, Clearstream

- Olivier Goffard, Euroclear

**35 Working Group Members**

**21 ISSA Member Firms involved**

# Current Working Group

## Purpose

The topic of Operational Resilience is increasingly becoming part of the regulators' requirements. ISSA anticipates that there will be a need for firms to both request, and provide, evidence and attestation around operational resilience standards. The purpose of the Operational Resilience Working Group will therefore be to assist our members understand and deal with future operational resilience requirements.

## Scope

The scope of the Working Group will be to explore how a firm can assess, mitigate and rapidly – but safely – recover from the impact of operational issues by leveraging a consistent methodology (excluding financial impacts which were covered in the Recovery, Resolution and Resilience Working Group). The aim will be to enable process alignment and standardization in order to minimize the administrative burden on the industry.



# Operational Resilience Working Group

## Executive Sponsor:

- Ivan Nicora, Euroclear

## Working Group Co-Chairs:

- Alejandra Glass, DTCC

- Simon Shepherd, Myriad

**29 Working Group Members**

**13 ISSA Member Firms involved**

## Current Working Group

### Purpose

This Working Group's purpose is to focus on the ISSA participants' standardization journey – understanding the challenges, as well as the opportunities available – so that ISSA is able to offer best practice guidance and to promote standardization. This will have a positive impact on the Securities Services (post-trade) industry through increased efficiency and reduced risk, as well as an improved investor experience.

### Scope

In 2023, the WG will focus on two key topics:

#### ESG Standards in Securities Services

This subgroup will share information and create a base understanding of ESG requirements impacting the Securities Services industry through two phases. The first phase will be an exercise to educate and level set with the WG participants on the key ESG concepts and the second phase will be to understand the impacts opportunities and problem statement.

#### ISO 2022 Standards and Securities Services

This subgroup will share information gathered in the industry about the adoption of ISO 2022, including current readiness and usage of ISO 2022, business drivers for current and future adoption, views on the necessity and paths towards broader adoption and the role of industry bodies in shaping these paths.

# Standardization Working Group



### Executive Sponsor:

- Margaret Harwood-Jones, Standard Chartered

### Working Group Co-Chairs:

- Juliette Kennel, SWIFT
- Hai Jade Fuan, Standard Chartered

26 Working Group Members

25 ISSA Member Firms Involved

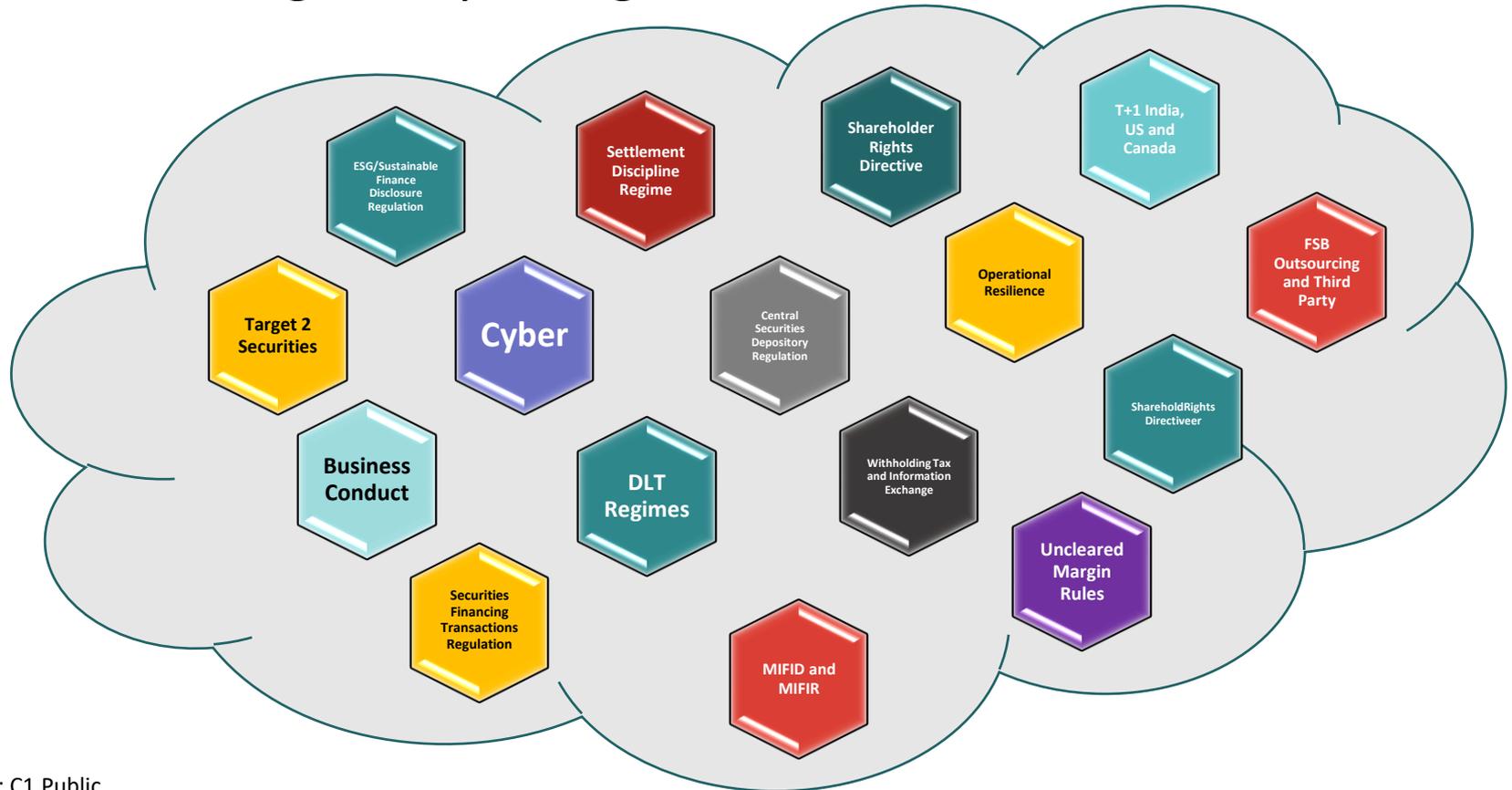
## Working Groups – new for 2023



# Custody Risks 2023

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# Selection of regulatory changes 2016-2023



## Working Group – new for 2023

### **Purpose**

To explain in straightforward terms the key risks facing those that hold and service securities.

### **Scope**

The new report will use the 2016 “Inherent Risk within the Global Custody Chain” as a basis and supplement with the observations from the WG about new or emerging risks within the value chain. Where recent papers on topics such as Cyber Risk and Digital Asset Custody have been published these will be summarized and referenced rather than rewritten for this report.



# Custody Risk 2023 Working Group

# Digital Identity and Onboarding

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## Working Group – new for 2023

### Purpose

The aim is to create Industry standards for what is acceptable and needed from a digital identity to allow the efficient and effective onboarding of Securities Services clients. These standards should reduce the costs, client friction and risks.

### Scope

- To investigate smart ways to reduce the effort involved in institutional client onboarding.
- To design industry standards to cover 90% of use cases in the 30 highest volume markets.
- These standards must cater for multi-product and jurisdictions, including the company's legal hierarchy
- To articulate that where difference exist for a market why they exist
- Articulate a design template/ requirements document that would help third parties design solutions to the Digital Identity and Onboarding challenges.



# Digital Identity and Onboarding Working Group

# Future of Securities Services 2023

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## Working Group – new for 2023

### **Purpose**

The 2020 FSS Paper made predictions about how the Securities Services would change in the next 5-10 years. There is a need to validate whether the predictions have occurred, are visible, or are still on the horizon, and whether different forces and themes have over taken the original predictions. This review will allow us to assess the current and future direction of Securities Services and allow the members to validate their assumptions and change if necessary.

### **Scope**

- To identify the evidence (or otherwise) for the themes being seen
- Analyze the impacts of new themes
- Revise the paper to incorporate the necessary changes.



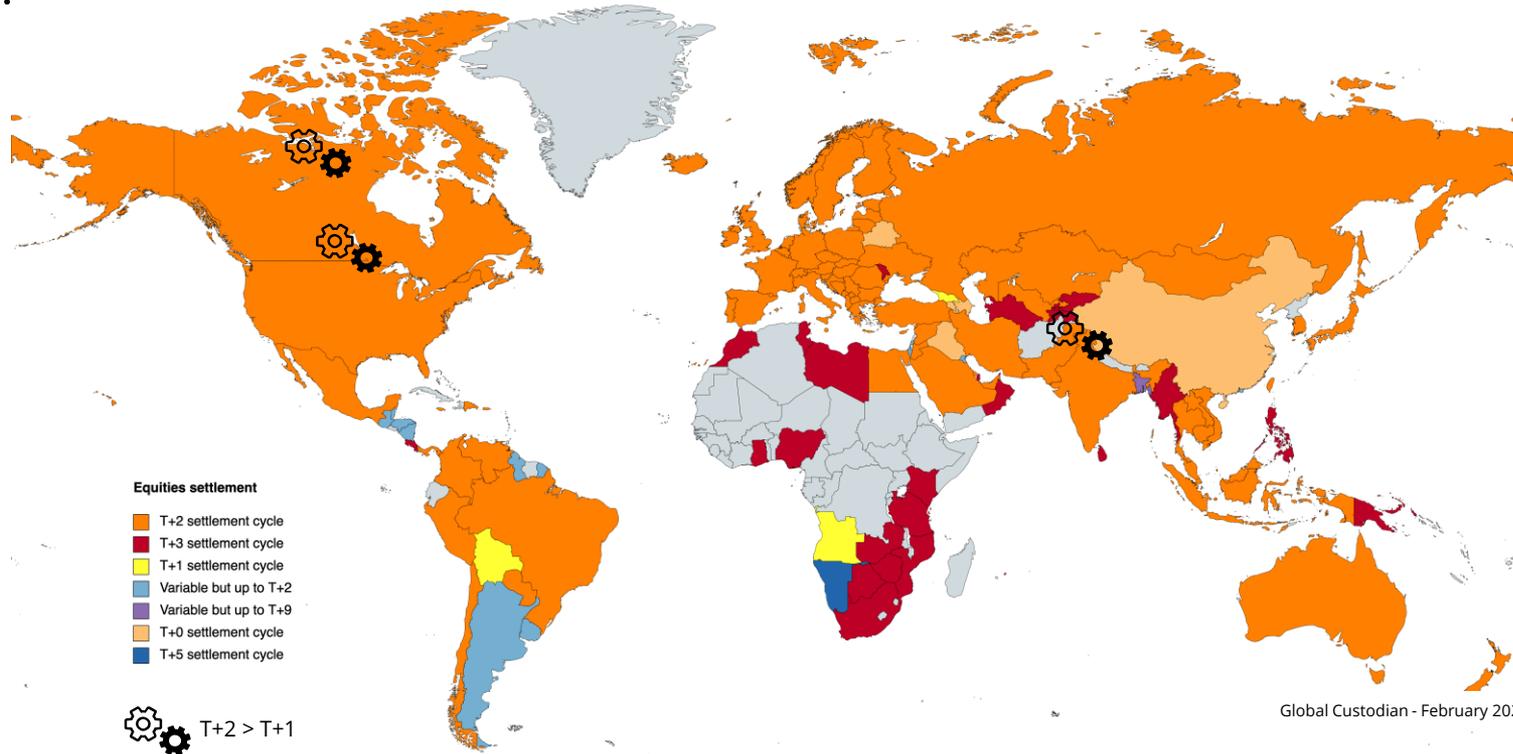
# Break

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# T+1 Impacts

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T+?



Global Custodian - February 2021

Created with mapchart.net

## Working Group – new for 2023

### Purpose

The transition to T+1 (or zero) is non-trivial to ensure that global investment flows can be efficiently managed. Nevertheless, the political and regulatory will to reduce the settlement cycle is high .

The benefits and challenges are asymmetrical in their focus. Post-trade processes will have increased pressure notably on matching, liquidity and cash management.

The WG aims to provide in depth analysis on the impacts and possible mitigating actions that can be taken by investors and their securities servicers especially in the context of non-domestic investors.

### Scope

- To identify the challenges in moving to T+1 for non-domestic investors,
- Analyze the impacts of these challenges,
- Suggest mitigation and best practices to reduce or negate these impacts,
- Decide whether discussions with public stakeholders would be appropriate.



# Wrap up day two

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