



CSDs and Digital Assets

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Agenda

- ✓ Key areas driving the CSD industry
- ✓ Opportunities for CSDs in the digital space

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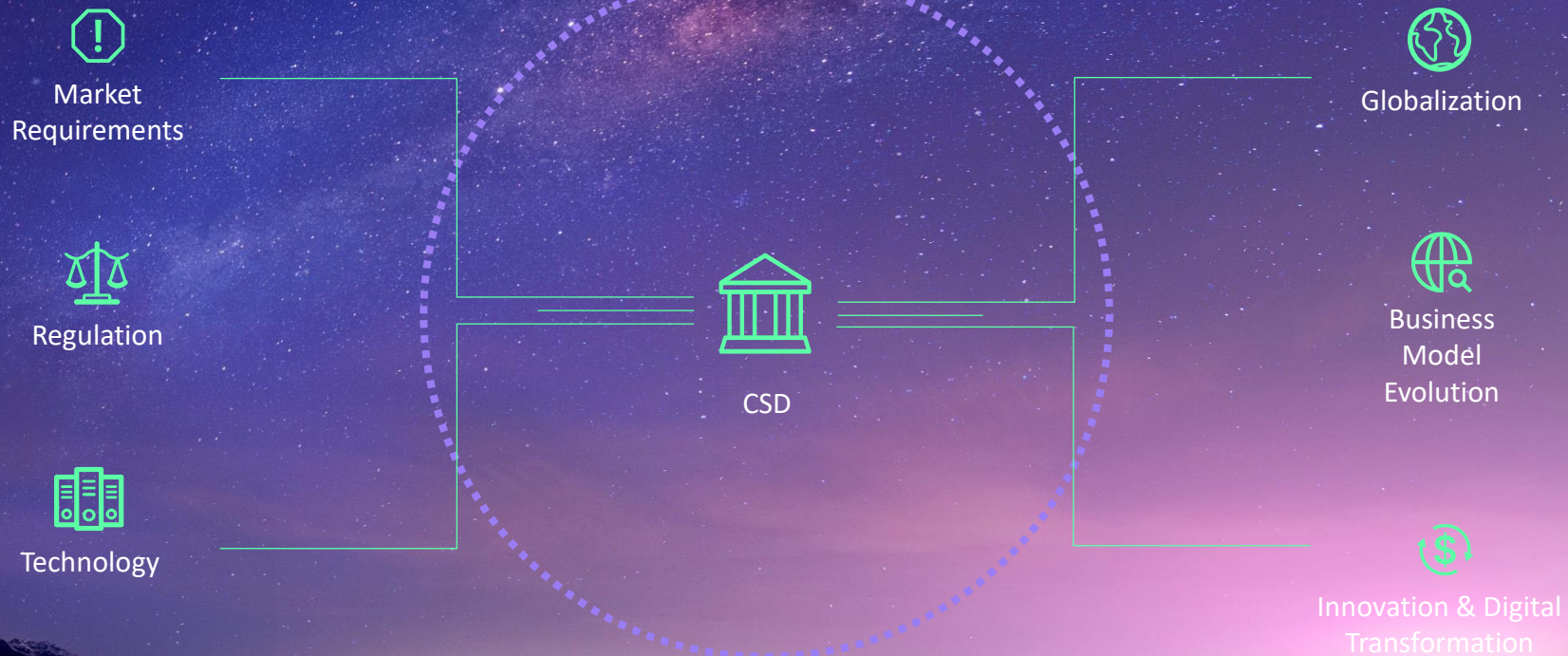
Key Areas Driving the CSD Industry

CSDs are highly regulated businesses that demand the highest levels of resilience and low-cost operations.

At the same time, they need to invest in the business opportunities created by unprecedented innovation and globalization.



Key Areas Driving The Industry Evolution



Opportunities for CSDs



Expand into tokenized securities and cryptocurrencies



Leverage the Cloud



Capitalize on your Data

Expand into Digital Assets

CSDs are in a good position to offer issuance, custody and settlement services to their clients



Digital Assets

- Tokenized securities enable fractionalized investments, **reaching a larger market of investors**
- Crypto currencies are becoming a natural part of **investment portfolios**
- CSDs now have the ability to move into this and efficiently **issue, administer and settle digital assets**



Digital Payments

- Global CBDC **markets are maturing** with increased adoption at global level
- In parallel, we see other **payment rails** such as Fnlity and Stable coins
- **Regulation is increasingly being addressed** by EU and US regulators specifically

71% of Institutional Investors Plan to Adopt Digital Assets

Source: Fidelity Digital Assets

They have the potential not only to add new asset types but to make existing processes more efficient, and to create entirely new roles as well as adding new techniques such as smart contracts.

Source: ISSA DLT

I believe that crypto is here to stay and that we are just at the very beginning of the market”.

Source: - Itay Tuchman, Citigroup

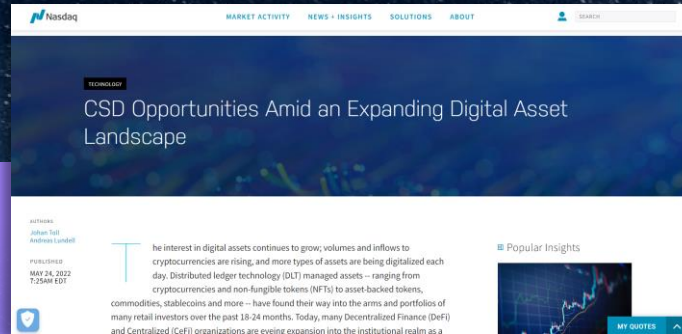
Digital assets are here and the impact on market infrastructure is being felt in a fundamental way in issuance, trading, custody...and our overall place in the ecosystem

Source: Celent 2021 CIO MIO Survey

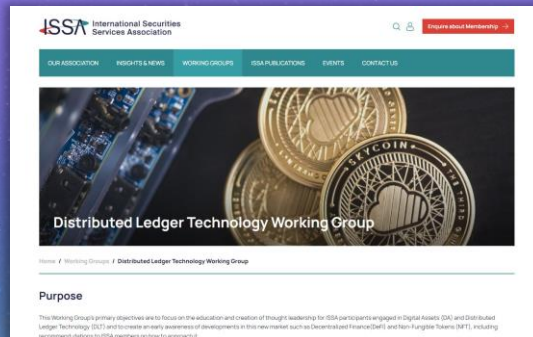
New Assets and Digitalization of Existing Assets



CoinDesk article titled "Switzerland's Six Digital Exchange Launches With Blockchain Bond". The article discusses the SDX blockchain bond, the first digital issuance using regulated market infrastructure, launched by parent company SIX. The article is dated November 19, 2021.



Nasdaq article titled "CSD Opportunities Amid an Expanding Digital Asset Landscape". The article discusses the growing interest in digital assets and the expansion of Central Securities Depositories (CSD) into this space. The article is dated March 24, 2022.



ISSA (International Securities Services Association) article titled "Distributed Ledger Technology Working Group". The article outlines the purpose of the working group, which is to focus on the education and creation of thought leadership for ISSA participants engaged in Digital Assets (DA) and Distributed Ledger Technology (DLT).



Ledger Insights article titled "DTCC to support private digital stocks on public blockchain in early 2022". The article reports that DTCC will support private digital stocks on public blockchain in early 2022. The article is dated November 10, 2021.



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Opportunities for CSDs in Digital Assets



Providing Post-Trade Services for all Assets

Coexistence between traditional assets and digital assets requires safe and secure management for all assets classes through regulations and technology

Serving investor community

- Consolidated view of holdings regardless of asset pool
- Supporting the coexistence of asset types and transition of existing asset types into the digital ecosystem
- Connectivity to investment community

Operational scale

- Leverage parts of existing processing models and methods to new asset types and payment rails

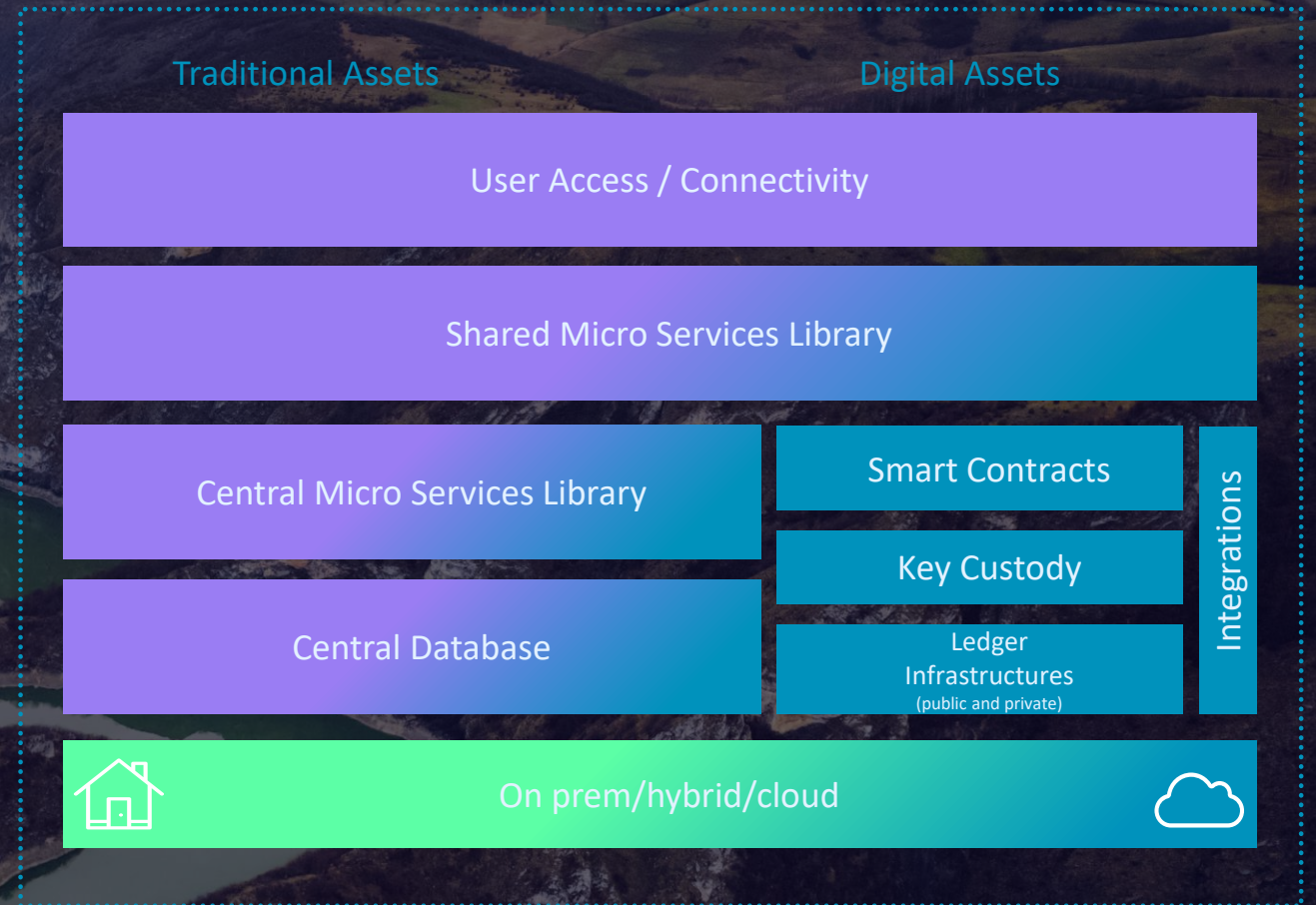
Regulatory framework

- Facilitates the addition of new asset classes into the existing or new regulatory framework

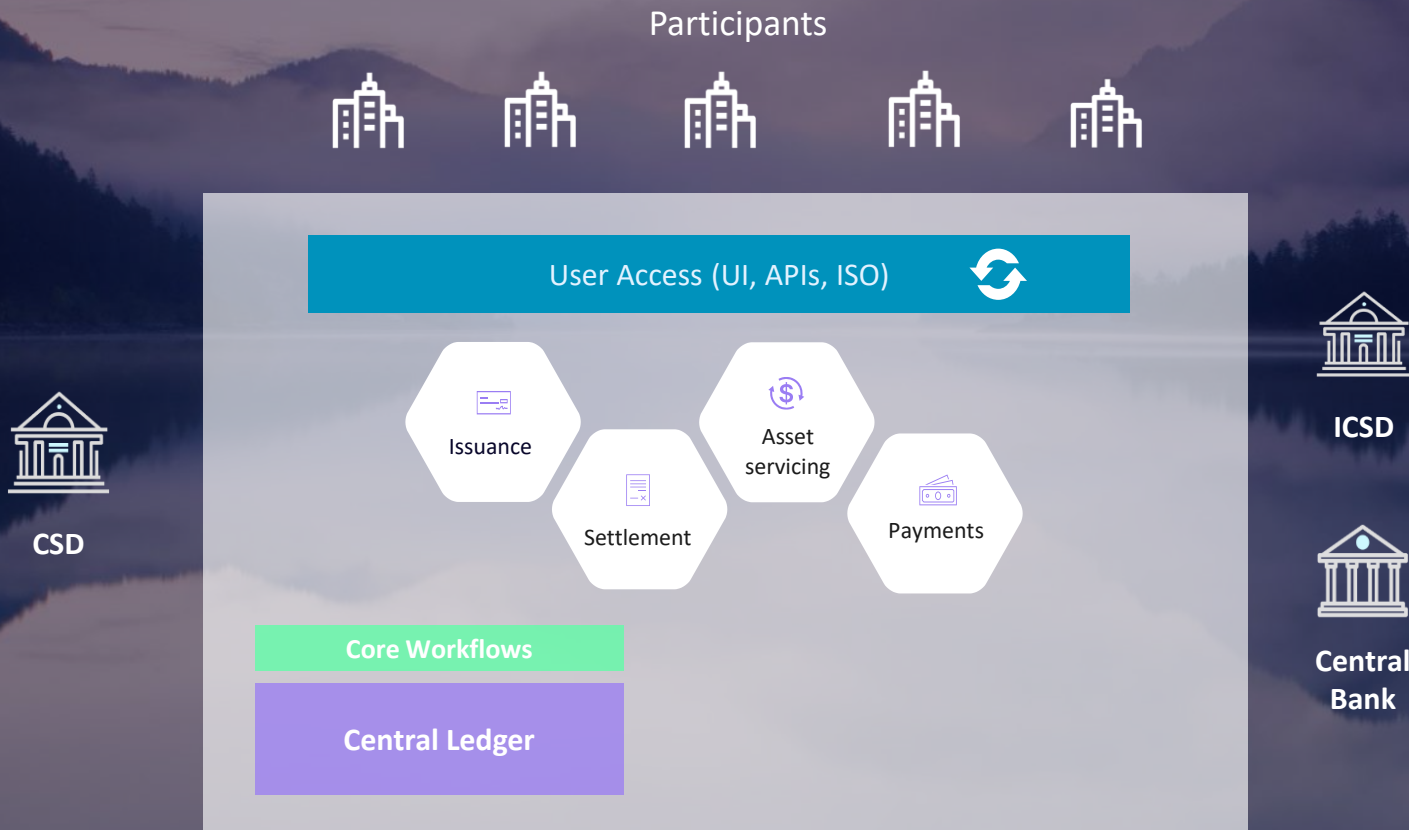
Enabling Interconnected Ecosystems

Including Digital Assets Service capabilities with existing NCSD solution:

- Enables migration to a fully digital CSD in the future
- Choose network of issuance at point of creation
- Shared business processes
- Enables cross servicing
- Partnerships to drive ecosystems



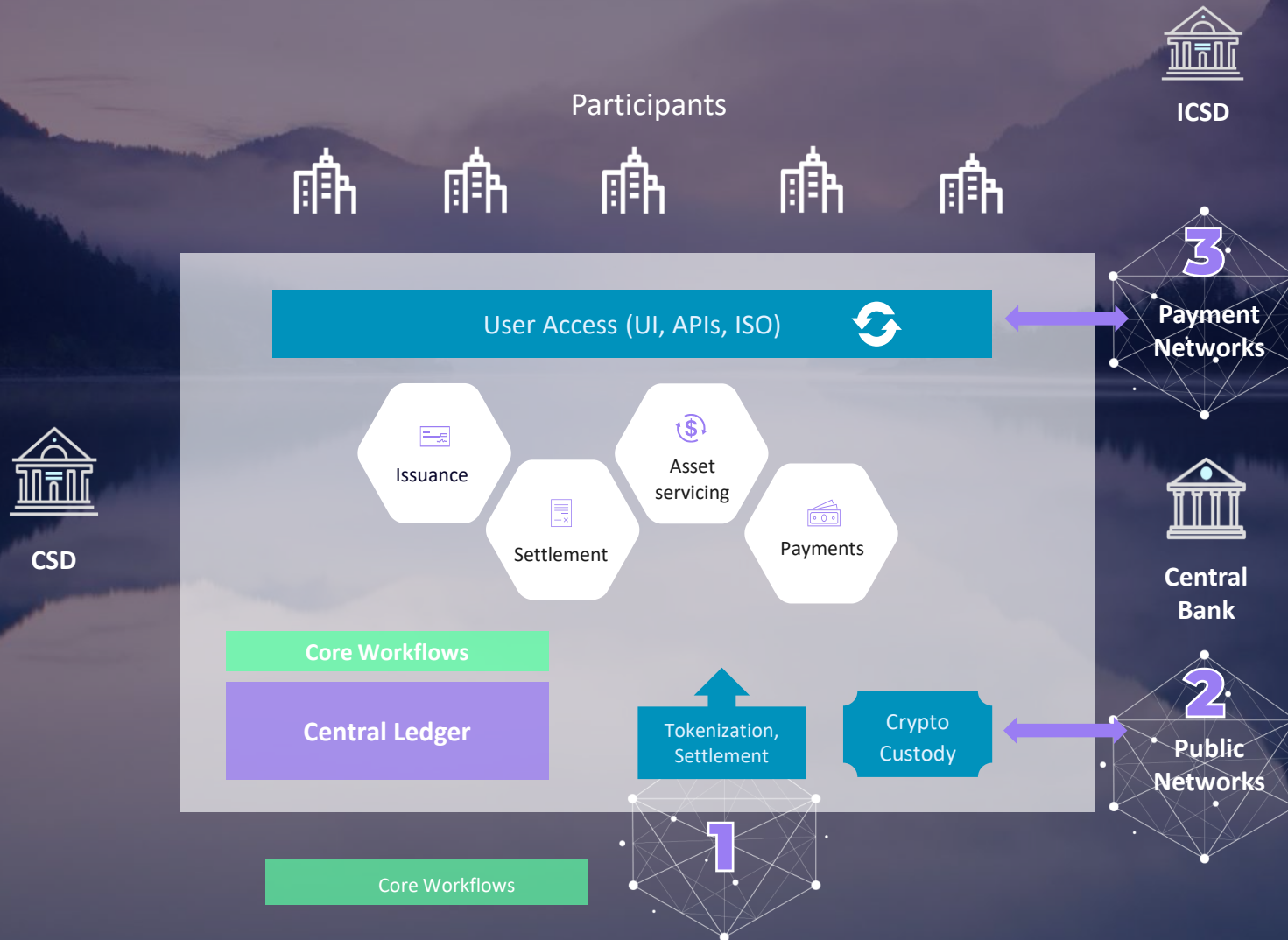
Traditional Ecosystem



Current ecosystem supporting traditional assets in a local context

- ✓ Systemically important for the local market
- ✓ Attraction of international investor
- ✓ Driving harmonization and standardization for the local market

Consolidated Ecosystem



Digital Assets use cases providing a consolidated view for all assets:

1. Issuance, Settlement and registry of Digital assets
 2. Custody and settlement of crypto currencies
 3. Connectivity to payment networks
- One platform for all assets
 - One consolidated view
 - One point of access
 - Facilitated settlement between asset and liquidity pools



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