

International Securities Services Association



ISSA Update

9th ACSDA General Assembly
Mexico City

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ISSA

Agenda Part I

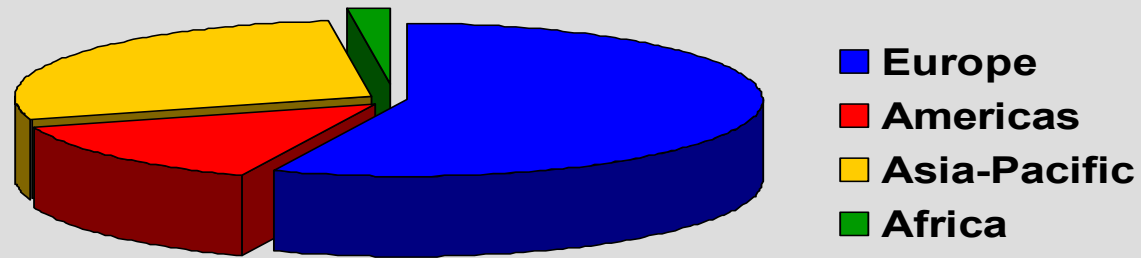
- 1. Creating value for ISSA and our members**
- 2. Change in our sponsor group**
- 3. ISSA Funds Working Group**
- 4. ISSA & the G30 Interoperability Group**
- 5. ISSA Regional Meetings 2007 and CSD9**

1. Creating value for ISSA - and for you

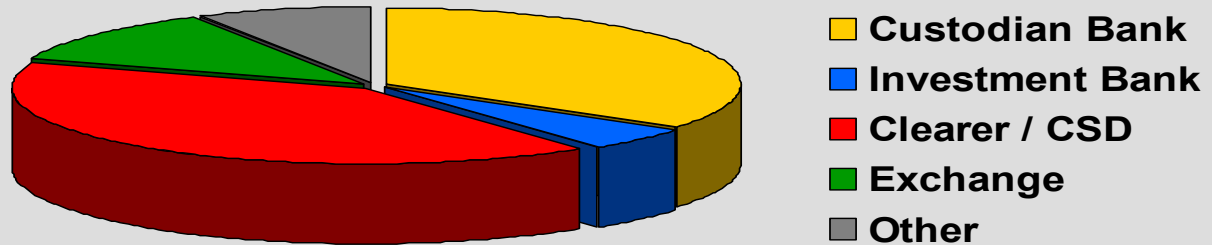


Diversity

by domicile



by service provider type



Strengths



Global reach and access

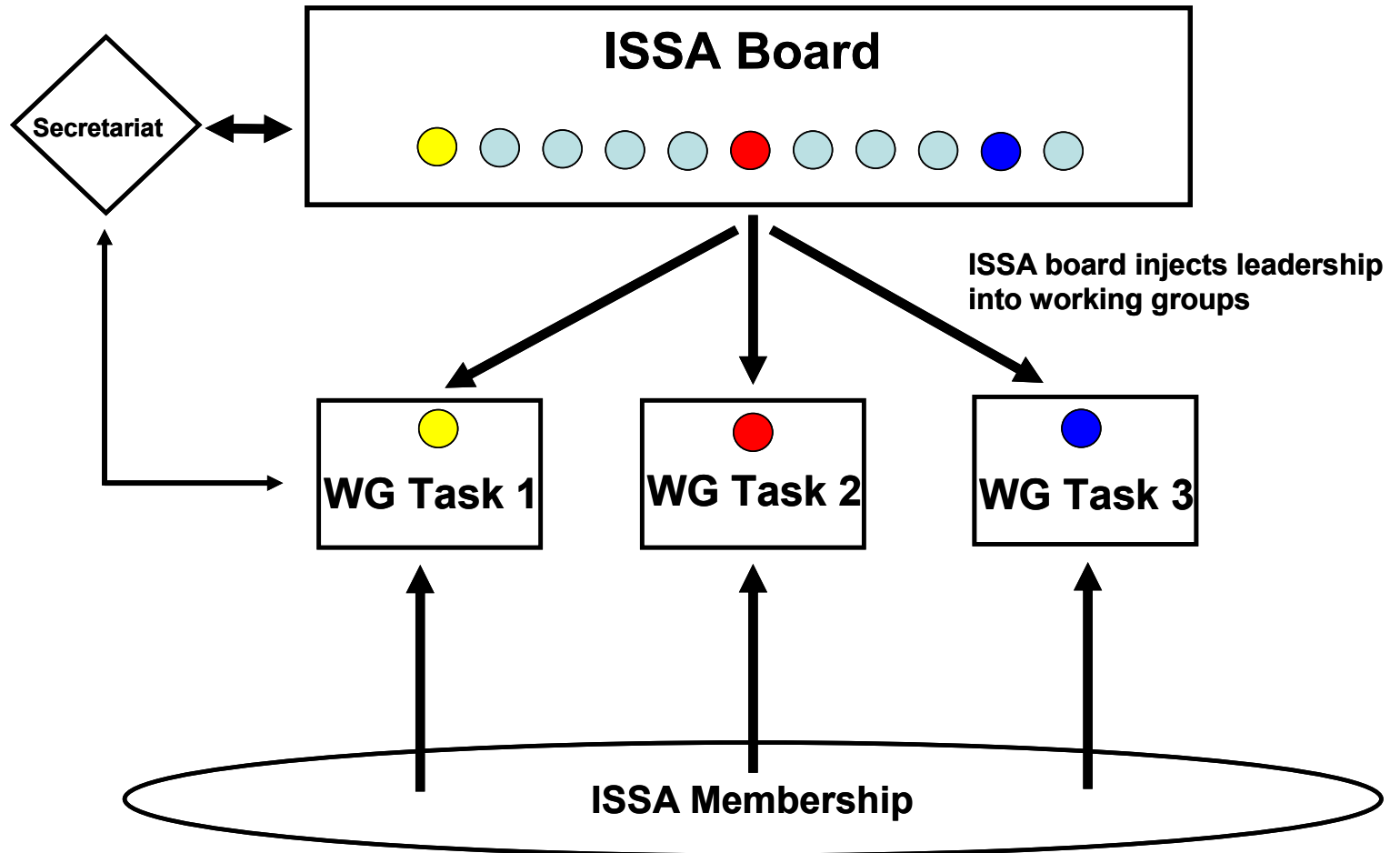


Combined market weight



Ability to link stakeholders

Proposed set-up



Items for consideration

- **Impact beyond a single market**
- **Relevance beyond one provider segment**
- **Attacking inefficiency**
- **Mitigating operational risk**

Scope

- **All investment instruments**
- **Reference data, communication standards**
- **Data management, transaction processing**
- **Asset servicing**
- **(Over-)regulation, compliance**
- **Knowledge, education**

2. Change in our sponsor group



NOMURA



ISSA



Current Sponsoring Members



NOMURA



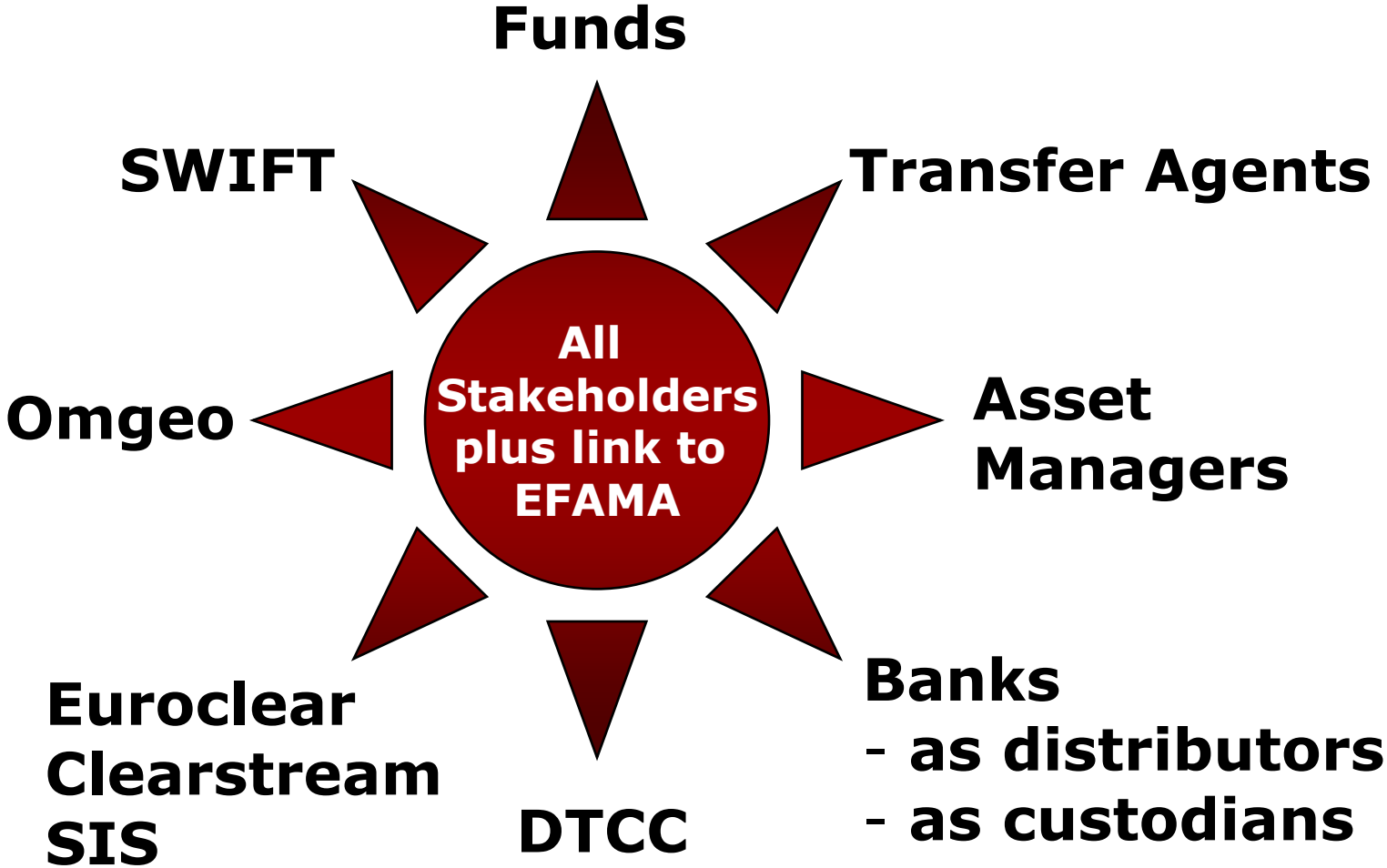
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3. Mutual Funds

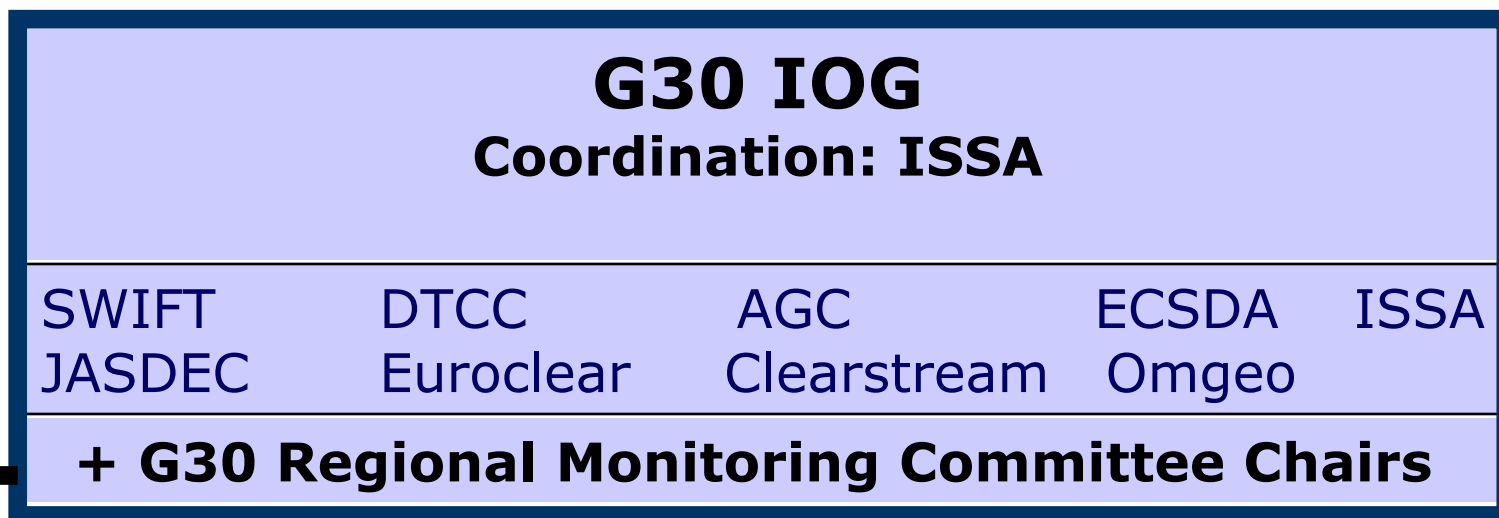


Align funds processing to equity settlements

ISSA Funds Working Group



4. G30 Interoperability Group



**WG
Rec. 1**

**WG
Rec. 2**

**WG
Rec. 3**

**WG
Rec. 8**

Lead SWIFT

**Lead ISO
WG11/ DTCC**

Lead ISSA

Link to recommendations
other than 1, 2, 3, 8

- ECSDA → CA
- AGC → Tax
- ISSA → FOL

5. Regional Meetings 2007



Monte Carlo, July 2



東京

Tokyo, November 2

European Update



Agenda Part II

- 1. Code of Conduct**
- 2. TARGET2 - Securities**
- 3. MiFID**

1. Code of Conduct

- Federation of European Securities Exchanges FESE
- European Association of Central Counterparty Clearing Houses EACH
- European CSD Association ECSDA



Principles of the Code

- **Price transparency**
- **Access and interoperability**
- **Service unbundling and accounting separation**

Principles - Details

Trading / Clearing / Settlement

- **Account maintenance**
- **Settlement**
- **Asset servicing**
- **Credit provision**
- **Securities lending**
- **Collateral management**

2. TARGET2 - Securities



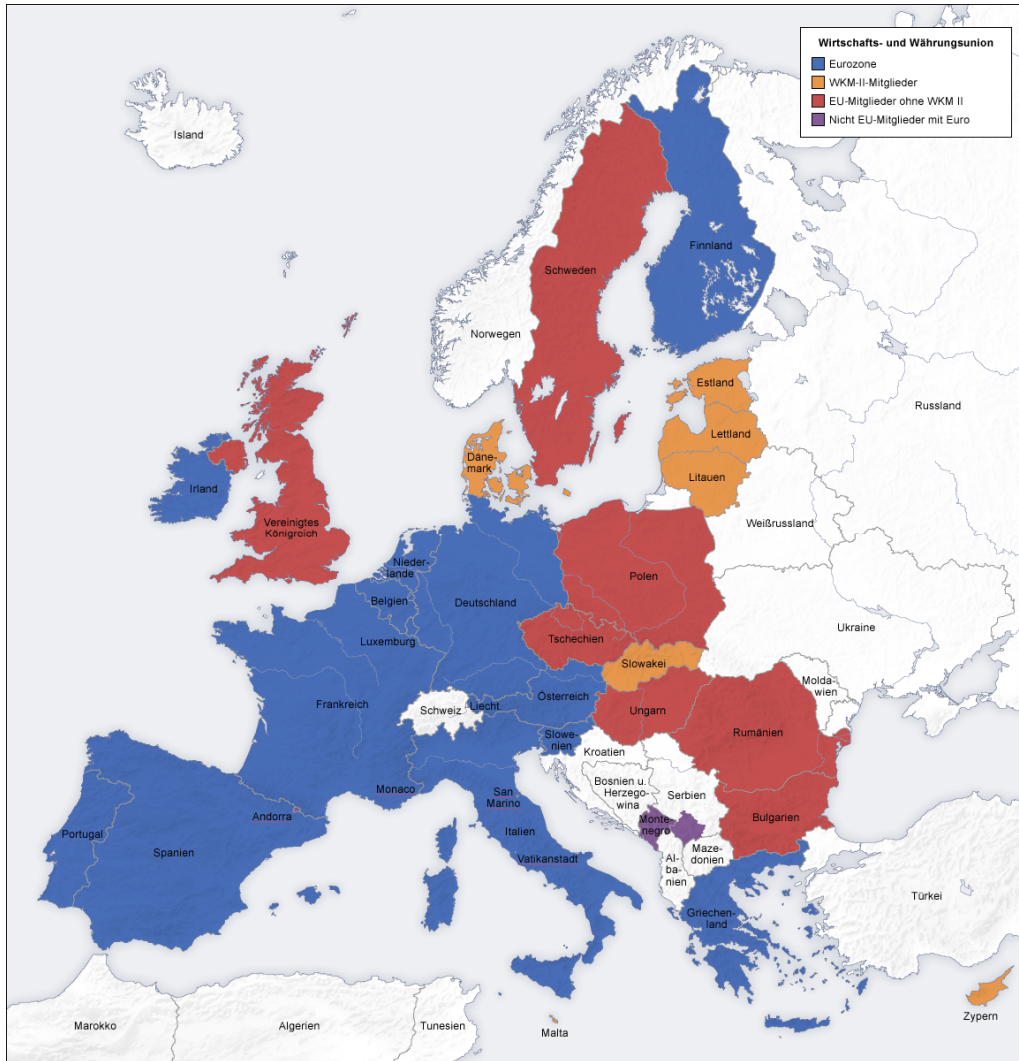
Background

TARGET: **Trans-European Automated Real-Time Gross Settlement Express Transfer**

TARGET1 – **Links** the national euro RGTS systems

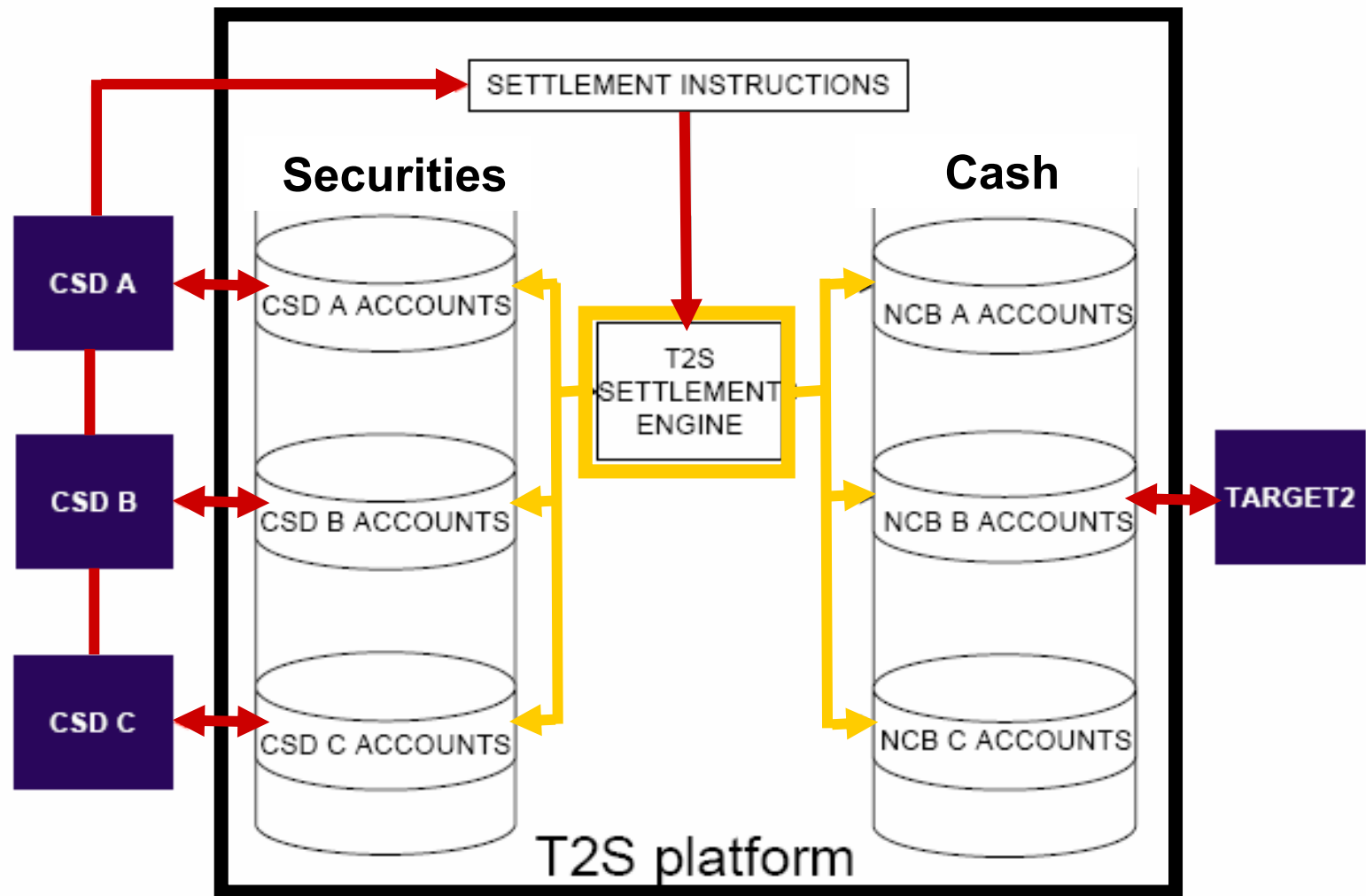
TARGET2 - **Integrates** the national RTGS systems, creates one single platform for all central bank euro payments

Eurozone



-  Eurozone
-  Stepping up
-  No plan yet
-  No EU member
-  'Pirates'

The concept



3. MiFID



**Market in
Financial
Instruments
Directive**

MiFID affects everyone (except the CSDs!)

- **EU passport for all financial services firms**
- **Trading – best execution, new venues**
- **Operations – process changes**
- **IT – upgrades and new functionalities**
- **Compliance – new monitoring duties**
- **Client relationships – client segmentation**

MiFID key objectives

- **Removal of cross border business restrictions**
- **Investor protection**
- **Abolish trading monopolies**

MiFID – Project “Turquoise”

**Citibank
Credit Suisse
Deutsche Bank
Goldman Sachs
Merrill Lynch
Morgan Stanley
UBS**

**They launch
their own exchange....
by November 1, 2007.**

**They command a 50%
market share
in the top 500 European
equities!**

MiFID key objectives

- **Removal of cross-border business restrictions**
- **Investor protection**
- **Abolish trading monopolies**
- **Full market transparency**



**European convergence is picking up speed....
But the final destination is not fixed!**

ISSA

Thank you for your interest!

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