

VII General Assembly of ACSDA

Industry Developments

March 3, 2005

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ACSDA



Americas' Central Securities Depositories Association

US Developments

- Straight Through Processing
- Corporate Action Reforms
- Regulatory & Compliance



Straight Through Processing

- **SEC Concept Release of March 2004 sought comments on:**
 - ✓ **Mandatory affirmation & confirmation on Trade Date**
 - ✓ **Shortened settlement cycle**
 - ✓ **Elimination of physicals**



Response to SEC

- **Single Matching Utility**
 - ✓ *NO – continue development of STP solutions*
- **Mandatory TD Affirmation**
 - ✓ *NO - T+1 Noon is best target given current behavior & cross-border activity. Mandatory affirm could increase fail rates. Re-visit.*
- **Shortened Settlement Cycle**
 - ✓ *NO – Cost-benefit does not justify currently. Re-visit.*
- **Elimination of Physicals**
 - ✓ *YES – Aggressively pursue changes to investor & issuer practices & reforms to state legislation.*



Responses

- **Re-visit:**
 - ✓ **SIA initiative to identify structural changes to institutional trade processing flow:**
 - Working group includes IMs, Custodians, B/Ds, DTCC
 - Changes being considered include pricing incentives, netting, standards, rules/regs, etc.

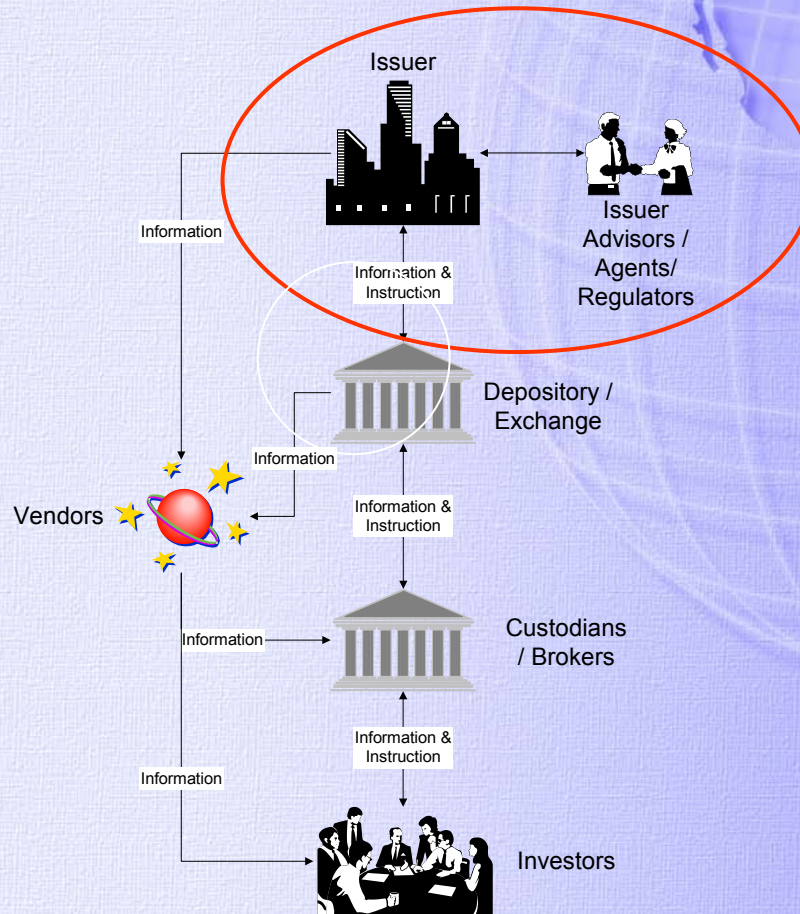


Winemaking STP



Corporate Action Reform

Focused on Information Flow



Corporate Action Reform

- SIA-led initiative to improve data quality & flow through standards and simplification
- Positive response from Issuers & Regulators:
 - ✓ SEC, Association of Corporate Secretaries, NY State Bar Association.



Corporate Action Reform

- **Consistent with other high-profile initiatives:**
 - ✓ '33 Act Reform addressing securities offerings rules
 - ✓ Enhancing filings through Tagged Data (XbRL)
 - ✓ Re-engineering of DTCC's Underwriting & Corporate Action Processing



Regulatory & Compliance OBJECTIVES

**INVESTOR
PROTECTION**

**RISK
MANAGEMENT**

**OVERSIGHT &
SURVEILLANCE**

Regulatory & Compliance

Securities processing related initiatives include ...

INVESTOR PROTECTION

*Mutual Fund Disclosure,
Prospectus Delivery*

RISK MANAGEMENT

*Sarbanes-Oxley404,
Basle II , AML*

OVERSIGHT & SURVEILLANCE

OrderAuditTrail



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