

World Forum of CSDs



NEWS

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Letter from the Chairman - Eddie Astanin



As the World Forum of CSDs (WFC) goes from strength to strength, I am pleased to present the second edition of our bi-annual newsletter.

The first half of 2014 has been an exciting period for the WFC with significant progress being made under the various

WFC initiatives, as we continue to exchange CSD industry-related information, examine issues of common interest and global developments, as well as provide a collective voice on issues relevant to our industry.

This edition of the newsletter highlights some of the important initiatives of the WFC, including the Single Disclosure Project, the newly created WFC Task Force aimed at addressing CPSS-IOSCO training, as well as our collaboration with other industry bodies. In addition, we thought it would be prudent to share some insights and information on the five regional associations that comprise the WFC.

We held the WFC Board Meeting on 20 May 2014 in Zurich and welcomed a number of industry guests and representatives to the meeting. These guests included Daniela Russo from the CPSS-IOSCO Drafting Committee, Rudy Gandenz and Ulf Noren from the

Association of Global Custodians (AGC) and Josef Landolt from the International Securities Services Association (ISSA). The WFC would like to thank these representatives for their support and valuable contributions at the meeting and it looks forward to working with them in future. In addition, a word of thanks goes to Swiss CSD SIX-SIS for hosting the WFC Board Meeting and lunch.

Our upcoming events include the next WFC Board Meeting, which will be held in Boston on Sunday 21 September, and the all-important WFC 2015 Conference, which will be held in Cancun, Mexico, from 19 - 22 May 2015.

The WFC website continues to be a source of information about our activities (www.worldcsds.wordpress.com) and we encourage readers to connect with us on LinkedIn (www.linkedin.com/groups/WFC-World-Forum-CSDs-4438023/about) or follow us on Twitter (<https://twitter.com/WorldCSDs>).

Finally I would like to thank the WFC Board, Secretariat and other regional association representatives for their hard work and support in the interest of the CSD community.

Eddie Astanin
WFC Chairman

WFC Task Forces

The WFC currently has two operational Task Forces as follows:

WFC Single Disclosure Task Force

The WFC formed a Task Force in May 2012 to look at the possibility of devising a harmonised disclosure-reporting format for the CSD industry. This would enable CSDs globally to efficiently and comprehensively respond to the multiple assessments and questionnaires that they typically complete annually, via a single consolidated source, since these questionnaires contain substantially overlapping information and reporting requirements.

Included in the initial phase of this initiative were the AGC questionnaire and the CPSS-IOSCO Disclosure Framework. While the Task Force fully recognised the differing scope and objectives of these two questionnaires, the preliminary work that they carried out revealed that many of the questions cover similar ground. Given the considerable resources that CSDs dedicate to these disclosures, the potential to consolidate the AGC and CPSS-IOSCO Disclosure Framework requirements into a Single Disclosure adds considerable benefits for CSDs (simplified and more efficient data collection process) and regulators (enhanced level of disclosure).

Over recent months, the Task Force has spent substantial time mapping the CPSS-IOSCO Disclosure Framework (using key elements and Assessment Methodology questions) against the AGC Questionnaire, with tangible and successful results.

This work was formally presented to CPSS-IOSCO Drafting Committee representative, Daniela Russo, and AGC representatives, Rudy Gandenz and Ulf Noren, at the WFC Board Meeting on 20 May 2014. The various representatives commended the work that the Task Force had completed to date and reiterated their support of the project.

Moving forward, the Task Force will look to procure a suitable online tool for the WFC's Single Disclosure Questionnaire project. It aims to implement the solution in 2015.

WFC CPSS-IOSCO Training Task Force

In 2013, the WFC Board identified the need to form a Task Force to address the common gaps identified by CSDs having completed the assessment of the CPSS-IOSCO Principles and share this information and the challenges faced by CSDs in dealing with the CPSS-IOSCO Principles. As a result, the WFC CPSS-IOSCO Training Task Force has been formed to:

- Provide education and training on the CPSS-IOSCO Principles for the benefit of the regional CSD association members and their stakeholders;
- Allow CSDs that have completed the CPSS-IOSCO Assessment Methodology to share their experiences and challenges, as well as to provide recommendations to other CSDs that still need to undergo the assessment;
- Identify common gaps experienced by CSDs that have completed the CPSS-IOSCO assessment and put mechanisms in place to share information and potential solutions;
- Engage with CPSS-IOSCO to provide practical insights into the assessment process and to share the common gaps that were identified by CSDs during the assessment; and
- The training would be targeted at staff within CSD and regulators who are directly involved in working on the CPSS-IOSCO Principles on behalf of their organisation.

The mandate of the Task Force was approved by the WFC Board on 20 May 2014 and the members will look to implement the action plan to meet its objectives.

Delegates from the WFC Board Meeting that was held on 20 May 2014 in Zurich, Switzerland.



Regional Associations of the WFC

The WFC is comprised of the five regional CSD associations, which together represent over 125 member CSDs around the world. Here, we briefly explore each of these regional associations in more detail:



Asia-Pacific Central Securities Depository Group (ACG)

The ACG was formed in November 1997 as an informal international organisation with the objective to facilitate the exchange of information and to promote mutual assistance among CSDs and clearing organisations in the Asia-Pacific region. Since then, the Group has expanded to represent 32 CSDs from over 23 countries. While the ACG has established a number of Task Forces over the years, its newly formed Risk and Recovery Management Task Force aims to survey and assess the readiness of CSDs in terms of Risk & Recovery Management.

ACG will be holding its 18th General Meeting from 14 - 17 October in Xi'an, China. Further details regarding this event and more information about the ACG can be found at <http://www.acgcsd.org>.



Americas' Central Securities Depositories Association (ACSDA)

ACSDA is a non-profit organisation comprised of CSDs and Clearing Houses of the Americas with headquarters in Lima, Peru. Established in 1999, ACSDA is comprised of 28 members from South, Central and North America as well as South Africa. Along with the exchange of information and experiences among its members, ACSDA looks to promote best practice recommendations in services such as securities depositories, clearance, settlement and risk management. The Association is also the proud host of the upcoming biennial CSD Conference - the WFC 2015 - which will take place in Cancun, Mexico, from 19 - 22 May 2015. This international event provides a forum for CSDs to discuss and collaborate on themes that are most prevalent to the industry. For more information on ACSDA, visit <http://www.acsda.org>.



Association of Eurasian Central Securities Depositories (AECSD)

AECSD unites the CSDs of the Commonwealth of Independent States (CIS) countries. In 2001, the members identified the long-term need to establish cooperation between CSDs in the region. This included efforts to improve and harmonise legislation on the securities market and find efficient means of cooperation between

markets in general. As a result, AECSD was formally registered as an Association in 2004. Today it boasts 10 members from the region and a number of working groups that address issues such as CSD / Depository Links and Information Disclosure. More information regarding AECSD can be found at <http://www.aecsd.com>.



Africa & Middle East Depositories Association (AMEDA)

As the newest regional association, AMEDA was established 2005 to represent the CSDs and Clearing Houses of Africa and the Middle East. The Association's goal is to support local markets in their efforts to adopt securities market regulations, while considering their specific circumstances. This includes serving as a dialogue channel with other organisations internationally. AMEDA has 32 members comprising 'Full Membership' for CSDs as well as 'Associate Membership' for organisations performing custodian, clearing and other post-trade functions in the market. Its next meeting will take place in November 2014 in the Kingdom of Bahrain, where the Association will address a number of activities, including the work on its various working groups. Visit <http://www.ameda.org.eg> for more information.



European Central Securities Depositories Association (ECSDA)

Originally formed in 1997, ECSDA represents 41 national and international CSDs across 37 European countries. Its objective is to offer solutions and provide advice at an international level on technical, economic, financial and regulatory matters to reduce risk and increase efficiencies in custody, pre-settlement and settlement arrangements for securities and related payments across Europe. This is done for the benefit of issuers, investors and market participants. The Association provides a forum for European CSDs to exchange views and take forward projects of mutual interest. ECSDA currently has a number of active working groups, including those that address public policy, settlement and harmonisation. Further information can be found at <http://www.ecsda.eu/>.

Collaboration with the International Securities Services Association (ISSA)

Since its inception, the WFC has had close ties with a number of international organisations and associations, including the International Securities Services Association (ISSA). ISSA representative, Joseph Landolt, was invited to attend the recent WFC Board Meeting in Zurich where he provided insights on a number of the Association's activities. This included feedback on ISSA's Working Group and its Reports on Collateral Management, Shadow Banking, Corporate Actions, Out-of-Network Assets, Regulatory Impacts and Risk

Management. ISSA had received great support from the WFC / CSD industry, particularly on the topic of Corporate Actions, and it will focus on cross-border regulatory challenges in 2014.

On behalf of the WFC Board, we would like to congratulate Stephen Lomas and Joseph Landolt, who have been appointed as the ISSA Chairman and CEO respectively.

Cross-Border Regulatory Forum (CBRF) Launched to Facilitate the Enhancement of Global Regulatory Standards

In May 2014, a Cross-Border Regulation Forum (CBRF) was created by an international group of financial services trade associations, investment banks, brokerage houses, market infrastructure operators and consumers of financial services to help improve and encourage the dialogue on international regulatory standards. The CBRF anticipates that it will be able to provide significant input into the cross-border regulatory work being undertaken by the recently established IOSCO Task Force, based on the expertise and practical knowledge of the global financial services business of its member firms and markets.

To date, the CBRF has attended each of the open "stakeholder" meetings of the IOSCO Task Force in Hong Kong,

London and Washington. It has already entered into a dialogue with the IOSCO Task Force, in which it has expressed its support for the G20 agenda. Through this dialogue, it has set out its initial concerns and suggested the factors and criteria that it believes IOSCO should take into account when setting standards for measuring inter-jurisdictional regulatory compatibility and strengthening supervisory cooperation.

ECSDA are a founding member of the CBRF and the WFC Board believes that collaboration with the CSD industry will be beneficial to both parties in the future. As a result, the WFC Board have applied to the CBRF for membership.



Upcoming Events

The next **WFC Meeting** will take place on **Sunday, 28 September 2014, in Boston**. Should you require more details regarding the meeting, please contact the WFC Secretariat on tanyak@strate.co.za.



The conference of the **World's Central Securities Depositories (WFC 2015)** will be held in **Cancun, Mexico, from 19 - 22 May 2015**. The 13th edition of this biennial event will be hosted by Indeval, the national depository of Mexico, in conjunction with ACSDA.

Background to the WFC

On April 15, 2011, at the closing of the CSD11 conference in Cape Town, South Africa, the five regional CSD associations announced the formation of the World Forum of CSDs (WFC) in order to further enhance inter-association communications. The WFC provides a forum for regional CSD associations to exchange information, discuss issues of common interest and increase their influence and engagement on cross-regional and global developments.

The Forum has a Board composed of 10 members, being the Chairs and Vice-Chairs of each of the five regional associations. Eddie Astanin of AECSD is currently the WFC Chairman, Mr. Mohamed Abdel Salam of AMEDA is the Vice Chairman and Mr. Yoshinobu Takeuchi of ACG is the Honorary Chairman.

For further information, visit www.worldcsds.wordpress.com.



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