

# World Forum of CSDs



# NEWS

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## Letter from the Chairman - Eddie Astanin



I am pleased to present the third edition of the WFC Newsletter, which provides an overview of the activities that have kept our members busy over the past six months.

Policymakers have suggested that CSDs have largely been a source of strength during the past few years. Since 2008, we have seen a number of members agree to principles that strengthen their ability to become more resilient, greater efforts to provide value to their stakeholders, as well as various initiatives undertaken in addition to operating their core services that address tax reforms and provide solutions to help clients meet their respective market and regulatory changes.

Accordingly, the CPSS-IOSCO Principles for Financial Market Infrastructures continue to remain a priority on our agenda, along with activities relating to our WFC projects and Task Forces. The World Forum of CSDs has more than 125 members from five regional associations. With a wealth of knowledge and experience being nurtured among the regional associations and their members, it has become our goal to share this knowledge with one another.

This enables other CSDs to derive value from lessons learnt, as well as implement ideas that could be of benefit to players within the global financial market.

The WFC meets twice a year and we thought it would be prudent to share some insights and information about the crucial issues, knowledge and experiences in this newsletter. It was two months after the September 2013 meeting that this newsletter was born.

This edition includes various project updates, activities of the WFC Task Forces and an article about some of the innovative initiatives being undertaken by members from the regional associations.

You may also be aware that, from time-to-time, the WFC invites representatives of regulators, central banks, service providers, international banks, custodians and other financial market participants to its meetings.

At our WFC Board Meeting held in Boston during September 2014, we were joined by Juliette Kennel, Head of Market Infrastructures at SWIFT. One of the highlights of our Meeting was her presentation on SWIFT's intention to further collaborate with the CSD community.

You can read more about this in the article entitled, "Further Collaboration with the CSD Community: SWIFT".

I would like to thank Ms Kennel, as well as other representatives from organisations that have attended our meetings over the past 18 months, for their continued support and valuable contributions at our meeting. The WFC is ready for closer co-operation with other market associations and participants, such as ISSA and global custodians. We look forward to working with these stakeholders in future.

Over the next few months, we continue to prepare for one of the most important industry events, The World Forum of CSDs Conference (WFC2015). It will be held in Cancun, Mexico, next year in May. I look forward to seeing you there, as we navigate through some of the topical challenges and opportunities for our industry. The next WFC Board Meeting is also scheduled to take place during

WFC2015 and it will be from 9:00am to 11:00am on 20 May 2015. For more details regarding the meeting, please contact the WFC Secretariat on [tanyak@strate.co.za](mailto:tanyak@strate.co.za).

Should you wish to stay up-to-date with further information about our activities, we encourage you to visit the WFC website, [www.worldcsds.wordpress.com](http://www.worldcsds.wordpress.com). You can also connect with us on various social media platforms, such as LinkedIn ([www.linkedin.com/groups/WFC-World-Forum-CSDs-4438023/about](http://www.linkedin.com/groups/WFC-World-Forum-CSDs-4438023/about)) and 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. May you and your members have a wonderful festive season and a Happy New Year.

Eddie Astanin  
WFC Chairman

## WFC 2015 Conference to Take Place in May 2015



The World Forum of CSDs Conference (**WFC2015**) will be held in Cancun, Mexico, from **19 - 22 May 2015**. Inveval, the national depository of Mexico, in conjunction with the American Central Securities Depositories Association (ACSDA), are the organisers of the event.

This conference will be the 13th of an ongoing series of biennial gatherings held throughout the globe - from Paris in 1991 to Saint Petersburg in 2013.

The three-day agenda is filled with exciting and informative keynote addresses from prominent speakers within the CSD community. Delegates can look forward to sessions about the lessons learnt from the migration to a shorter T+2 settlement cycle in Europe; a panel of experts discussing and debating global collateral management; CPSS-IOSCO; security threats and more.

Early bird registration closes at end November 2014, where delegates can secure a discounted rate to attend WFC2015. To register for the conference, [click here](#). If you wish to receive notifications about WFC2015, please check the "Notifications" boxes, in the registration section.

Follow the conference on Twitter: [@2015WFC](#) Use the hashtag [#WFCSD2015](#).

# Further Collaboration with the CSD Community: SWIFT



Juliette Kennel, Head of Market Infrastructures at SWIFT, addressed the WFC Board at its Meeting during September. She presented SWIFT's intention to further collaborate with the CSD community.

With 79 CSDs connected to SWIFT, they are viewed at the core of SWIFT's presence in the securities markets. Kennel raised some opportunities that are coming for market infrastructures together with their respective communities, where SWIFT will be willing to work with them.

SWIFT has a solid reach in Europe, but there is still scope to work with CSDs in Latin America, Asia Pacific, Africa and the Middle East.

Kennel explained that all market infrastructures were under pressure to deliver. Not only do CSDs have to cope with various regional projects (such as Target2-Securities, be active in new business domains such as Trade Repositories and collateral functions, but they also need to move to new messaging standards (ISO 20022), comply with new regulations and adopt the CPMI-IOSCO Principles. These initiatives become increasingly challenging when they are combined with efforts to maintain operational excellence and continued pressure to cut costs.

"SWIFT wants to work with the CSDs," she concluded.

## WFC Task Forces and Project Updates

The WFC currently has two operational Task Forces, the Single Disclosure Task Force and the CPSS-IOSCO Training Task Force.

### Single Disclosure Task Force

A special WFC Task Force was set up during 2012 to look at the possibility of devising a harmonised disclosure-reporting format for CSDs across the world.

Questionnaires submitted to CSDs contain substantially overlapping information and reporting requirements. Given the considerable resources that CSDs dedicate to these disclosures, the potential to consolidate the Association of Global Custodians (AGC) and CPSS-IOSCO Disclosure Framework requirements into a Single Disclosure adds considerable benefits for CSDs and regulators. Some of the benefits include a simplified and more efficient data collection process for CSDs, as well as an enhanced level of disclosure for regulators.

Importantly, there is no intention by the WFC Task Force to modify the scope and content of the CPSS-IOSCO Disclosure Framework and of the AGC questionnaire. Therefore, project aims to form a unified standard for collecting and preparing information for disclosure, in particular, to form unified norms in accordance with CPSS-IOSCO and AGC requirements. 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.

After successfully mapping the CPSS-IOSCO Disclosure Framework (using key elements and Assessment Methodology questions)

against the AGC Questionnaire, the Task Force has investigated the procurement of a customised online tool.

The Task Force obtained comparative quotes for developing the customised online tool and, upon selection of a suitable vendor, the preparation of a presentation will be planned to the WFC and / or the regional associations on what the vendor is offering.

It aims to begin implementing the solution in 2015.

### WFC CPSS-IOSCO Training Task Force

Following the need for education and training on CPSS-IOSCO, a Training Task Force comprising 11 volunteers from 9 CSDs has been formed.

In line with the Task Force's objective to provide education and training on the Principles, it will work with the regional associations to take training initiatives forward, including identifying experts to share information and knowledge on the focus areas. It has already identified two focus areas, namely Principle 13: Participant default rules and procedures and Principle 19: Tied participation arrangements.

The WFC CPSS-IOSCO Training Task Force will also research the possibility of online training and / or a practical guide to the implementation of the principles for CSDs and work with CPSS-IOSCO to rollout further training to the CSD community.

# Innovative Ideas Ignited across the CSD Industry

Given various innovative ideas and implementations in the CSD industry, an Innovation Panel has been formed to be included in Day 2 of the WFC2015 agenda, where panellists will provide an overview presentation of new services or businesses implemented within their organisation or market.

During the year, a number of submissions were received from CSDs, providing them with the opportunity to participate in the panel and present their innovation.

Five CSDs had been selected from 11 submissions. The confirmed as panellists for this session are:

- DECEVAL Colombia - Dematerialised Promissary Notes;
- Euroclear - Domestic Funds Platform;
- KSD Korea - Pension Clear, beyond FundNet;
- MKK Turkey - Electronic General Meeting System (e-GEM); and
- Strate South Africa - Building CSD industry specialists for the future.

In addition to the above-mentioned proposals, this article highlights some of the innovative submissions received from other CSDs:

A non-standard asset registration and transfer system for wealth management project, trust project, and loan, which has been built

by **China Central Depository & Clearing Co., Ltd. (CCDC)**. The System is a way for business diversification of CSDs. It could also be used for facilitating shadow banking regulation for regulatory authorities, wealth management for financial institutions, and expansion of business and revenue for CSDs.

For more about this CSD and its initiatives, please visit: <http://www.chinabond.cn/d2s/eindex.html>.

India's **National Securities Depository Limited (NSDL)** has been advocating the concept of enabling investors to hold all financial assets in paperless form in a single dematerialised account. It has identified opportunities to dematerialise other important financial assets in addition to securities, so that bank deposits, company fixed deposits, post office savings certificates, etc. that could become eligible to be held in a depository. NSDL has already set-up an insurance repository which enables all insurance policies, life and non-life, to be issued in an electronic form obviating the need for paper. For more about this CSD and its initiatives, please visit: <https://nsdl.co.in/>.

Other innovative ideas will be presented in the next edition of the WFC Newsletter.



## About 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](http://www.worldcsds.wordpress.com).



## Contact Details

WFC Secretariat: Tanya Knowles: [tanyak@strate.co.za](mailto:tanyak@strate.co.za)

For ACG: Shariq Naseem, ACG Secretariat: [ACGSecretariat@cdcpak.com](mailto:ACGSecretariat@cdcpak.com)

For ACSDA: Bruce Butterill, ACSDA Executive Director: [bbutterill@acsda.org](mailto:bbutterill@acsda.org)

For AECSD: Dmitry Klimov, AECSD Secretariat: [aecsd@aecsd.com](mailto:aecsd@aecsd.com)

For AMEDA: Riham G. Khedr, AMEDA Secretariat: [riham.g@mcsd.com.eg](mailto:riham.g@mcsd.com.eg)

For ECSDA: Soraya Belghazi, Secretary General: [info@ecsda.eu](mailto:info@ecsda.eu)