

World Forum of CSDs



NEWS

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Letter from the Chairman - Eddie Astanin



Following a successful WFC2015 conference in May, my tenure as the WFC Chairman comes to an end as I assume the role of Vice Chairman. We welcome the new Chairman of the WFC, Mr Jorge Jaramillo, who is the President of the Americas' Central Securities Depositories Association (ACSDA).

It has been a great honour to dedicate the last two years to the future development of our CSD community and to further enhance inter-association communications. The WFC has enabled the exchange of information, engagement and it has opened discussions among regional CSD on cross-regional and global developments.

During my tenure, I am proud of the progress that was made by the WFC. We represented the CSD community internationally among The Committee on Payments and Market Infrastructures (CPMI) and the International Organisation of Securities Commissions (IOSCO), The International Securities Services Association (ISSA), the World Bank, Association of Global Custodians (AGC) and Thomas Murray.

In addition, the WFC Board cemented the work of the Task Force aimed at devising a single disclosure framework for CSDs. You can read more about this in this edition of the WFC Newsletter, as well as the efforts of our second Task Force that has focused on training CSD members on the CPMI-IOSCO Principles.

Looking ahead, I strongly believe that the WFC will flourish under the guidance and leadership of my successor, Mr Jaramillo. We wish him the greatest of success in his new role and I look forward to working with him in my new role as Vice-Chairman.

I would like to thank everyone for their contributions and support of the WFC and myself as Chairman over the last two years, particularly the members of the WFC Board and the secretariats and representatives of each regional association, as well as the secretariat for the WFC.

Eddie Astanin
WFC Chairman

Welcome from the Incoming Chairman - Jorge Jaramillo



I have been working very closely with the WFC since its inception and it is a great pleasure that I serve as its Chairman for the next two years.

The WFC is on focused knowledge sharing and the overall improvement of the CSD community since the Forum

was created in April 2011. I will ensure it continues to fulfil this purpose and look forward to the exciting initiatives that our regional associations will bring to the table under the WFC.

I am particularly passionate about the WFC Single Disclosure Project to harmonise disclosure reporting formats for the CSD industry. During 2012, a WFC Task Force established that CSDs spend a considerable amount of resources to complete disclosure questionnaires, which actually contained questions that covered similar ground. Following considerable work undertaken by the WFC Task Force, we're looking forward to the launch of a solution for

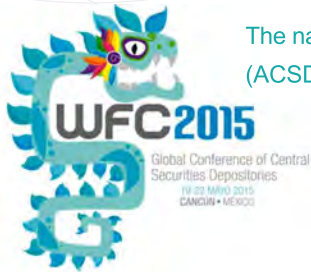
CSDs before the end of this year that will consolidate these disclosures, bringing considerable benefits to the industry.

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. You can also connect with us on various social media platforms, such as LinkedIn (www.linkedin.com/groups/WFC-World-Forum-CSDs-4438023/about) and Twitter (<https://twitter.com/WorldCSDs>).

I would like to thank Mr Eddie Astanin for his capable work chairing the WFC, as well as to Mr Mohamed for his valuable contribution as Vice-Chairman. The WFC continues to grow from strength-to-strength and I'm both privileged and honoured to take the helm as the WFC Chairman for the next two years.

Jorge Jaramillo
WFC Chairman

A Postcard from the WFC2015 Conference



The national depository of Mexico, Indeval, in conjunction with the American Central Securities Depositories Association (ACSDA), hosted the 13th World Forum of CSDs Conference (WFC2015) from 19 to 22 May 2015 in Cancun, Mexico.

The conference was a great success and well attended by over 200 international delegates.

Over and above the delegates enjoying the Mexican hospitality, the agenda was packed with interesting and informative topics from a list of international speakers and panellists.

While the conference included over ten panel discussions and three keynote addresses, some of the main topics included:

A panel discussion on the move to shorter settlement cycles which highlighted the trend to promote settlement efficiency and the benefits thereof. There is growing agreement amongst market participants and regulators that the reduced settlement cycle is best for the financial markets, since faster and more efficient settlement practices reduce counterparty risk, clearing requirements and promotes the efficient use of capital.

Both the USA and Singapore are currently working towards a T+2 (where T+2 refers to the two business days for settlement to complete after the trade takes place), following Europe's seamless migration in October 2014. One of the biggest challenges facing the CSDs

and Custodians is that their clients are all on different settlement cycles and therefore the alignment of these markets will be highly beneficial in future.

There was consistent theme running though out the conference in relation to regulations and the Committee on Payments and Market Infrastructures and the Technical Committee of the International Organisation of Securities Commissions (IOSCO)'s Principles for Financial Market Infrastructures (PFMIs). In particular one panel address the progress being made by FMIs to adopt the Principles, as well as best practice around the world in relation to Recovery and Resolution. One important take-away from the speakers was that compliance with the PFMIs should not be viewed as a regulatory requirement, but should rather as a guideline to make each region's market and CSD business more attractive to investors.

Finally, the prevention of fraud / security threats panel was considered one of the most interesting panels at the event. The definition of fraud given was "The deliberate abuse of trust for profit without the consent of the company concerned."

Speakers highlighted the growing number of cyber-attacks as there were 3.4 million cyber-attacks in 2009 and this grew to 42.8 million by 2014. There have been many 'hacking trends' over the years, starting with curiosity of breaking into systems, then moving onto hacking for purposes of notoriety, and finally, to make money via phishing. Today, hackers have a strategic intent to target governments and financial institutions in order to steal information. Many CSDs Disaster Recovery Plans address physical disasters such as floods, bombs etc., however it was suggested that they focus more attention on cyber security. The integrity of data must be put first, then the availability and the confidentiality. Up until today, CSDs have been relatively protected as limited people know about the industry, however, there are increasing awareness of the business and this topic will become even more critical in future.

Other presentations by experts included the technological challenges being faced by CSDs as well as the respective opportunities, as well as the impact of regulation on CSDs and Collaboration among CSDs as the way forward. Presentations are available on the WFC2015 website: www.wfc-2015.net.

We would like to thank the hosts for the successful organisation of the event. We also wish the Asia-Pacific CSD Group (ACG) the very best as they prepare organising WFC2017, which is set to take place in Hong Kong in November 2017. Further details will be sent closer to the time.



WFC signs MoU to appoint Vendor for Single Disclosure Task Force

The WFC Board has signed a Memorandum of Understanding (MoU) with Colombian-based web design company, Plotweb, to develop a customised online tool for the WFC Single Disclosure Database.

Plotweb has agreed to develop a harmonised disclosure-reporting framework and online tool to consolidate questionnaires that contain substantially overlapping information and reporting requirements, such as the Association of Global Custodians (AGC) and CPMI-IOSCO Disclosure Framework requirements, on a single platform.

The tool will be used by CSDs around the world to support the disclosure of their degree of compliance. It will enable CSDs globally

to efficiently and comprehensively respond to the multiple assessments and questionnaires that they typically complete annually, via a single consolidated source, saving them time through a simplified and more efficient data collection process. The solution also provides an enhanced level of disclosure for regulators.

Development is expected to take place over the next few months and the tool is expected to be up-and-running by end-August 2015 for use by CSDs.

WFC CPMI-IOSCO Training Task Force

Jurisdictions globally are in the process of incorporating the Principles for Financial Market Infrastructures (PFMIs) published by the Committee on Payments and Market Infrastructures and the Technical Committee of the International Organisation of Securities Commissions (IOSCO) during 2012.

The WFC has identified the need to advocate the adoption of the PFMIs and educate the CSD community of the benefits thereof. A Task Force was established during 2014 to training CSD members on the PFMIs.

It has been working 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.

AMEDA had agreed to support the Task Force through a special CPMI-IOSCO Training event set to take place in Abu Dhabi from 23 – 25 November 2015 between 9:00 and 16:30 local time. The venue will be confirmed in the next few weeks. The training seminar will be preceded by a one-day session hosted by Bourse Consult on CCPs. For more information, contact Riham G. Khedr, AMEDA Secretariat, via riham.g@mcsd.com.eg.

In line with the WFC's objective of knowledge-sharing, the WFC has also created a section on its website that provides visitors a centralised view of the CSDs internationally that have publically published their CPMI-IOSCO Assessments. To visit the website, click here: <https://worldcsds.wordpress.com/cpss-iosco-assessments/>



Innovative Ideas Ignited across the CSD Industry

Rapidly changing business environments, increasing competitive pressures and advances in technology and regulation are just some of the challenges facing the CSD industry. As a result, there is a growing demand for innovative solutions.

During 2014, 11 submissions were received by CSDs regarding their innovations that were being implemented, providing them with the opportunity to participate in a panel at WFC2015 this year.

In the previous newsletter, we noted the five CSDs that had been selected as panellists, but also highlighted some of the other submissions received from CSDs. Below we share new innovations that are being implemented by CSDs around the world.



Central Depository Services (India) Limited

Convenient • Dependable • Secure

The Central Depository Services (India) Limited (CDSL) aims to introduce procedures and leverage technology that facilitate in creating a paperless environment for Beneficial Owners (BOs), introducing various value-added services for BOs. One initiative, TRUST (TRansactions Using Secured Texting), provides an alternative channel for BOs to submit delivery instructions for trades done on a Stock Exchange via SMS and TRUST can be used on any mobile device.

CDSL has also promoted an Insurance Repository known as Central Insurance Repository Limited (CIRL) with the objective of providing policyholders a facility to open an eInsurance Account (eIA). Once an eIA is opened, the policyholder can hold insurance policies in electronic form and view all their policies of various insurance companies by logging on to an online portal.

To know more about CDSL, please visit www.cdslindia.com



The Central Depository Company of Pakistan Limited (CDCPL) recently introduced three new business lines. The first is its Centralised Information Sharing Solution for Insurance Industry, where important industry data is shared between Insurance companies through CDCPL. The second is its Custodial Services for Government Securities, where investors can open Investment Portfolio Services account with CDCPL, allowing them to directly invest in government securities. Its third business line is the Direct Settlement Services, which enables investors to settle their trades directly through CDCPL from their respective Investor Accounts without the involvement of any intermediary.

To know more about CDCPL, please visit www.cdcpakistan.com



The China Securities Depository and Clearing Corporation Limited (CSDC) presented the Unified Account Platform (hereinafter UAP) project and Shanghai-Hong Kong Stock Connect.

Some investors in China have numerous segregated securities accounts across systems and exchanges. UAP will integrate the accounts held by each investor into a composite account, comprising a plurality of subaccounts linked to a general account associated with an individual or an institutional investor, wherein each subaccount is directed to a particular exchange house or trading purpose. Investors will get an overall picture of their security assets and make intra-transfers instantly at brokerages or over any of our CSDC counters.

Shanghai-Hong Kong Stock Connect is a mutual market access programme that will allow investors in Hong Kong and Mainland China to trade and settle shares listed on the other market via the exchange and clearing house in their local markets. Clearing and settlement will take place in the local market where investors are based and only the netting of the buy and sell orders in one market will be cleared and settled between the two clearing houses (CSDC and HKSCC) at the end of each trading day.

To know more about CSDC, please visit:
http://www.chinaclear.cn/english/en_index.shtml



Lux CSD has introduced a solution for cross border investment funds execution and custodial services in the Central Securities Depository and International Central Securities Depository. In Europe, legislative moves are pushing some CSDs to redefine their business model, giving opportunities to CSDs to expand their businesses. While many CSDs offer domestic settlement for bonds and equities, some have invested in cross border settlement and execution services for investment funds shares. The reason for this is that agent banks found that these kind of services were not close enough to their core business.

To know more about Lux CSD, please visit: www.luxcsd.com

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, namely the Chairs and Vice-Chairs of each of the five regional associations. Mr Jorge Jaramillo of ACSDA is currently the WFC Chairman, Mr Eddie Astanin of AECSO the Vice Chairman and Mr Yoshinobu Takeuchi of ACG as Honorary Chairman.

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



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