

# ISSA

## Newsletter

**December 2008**

### **Symposium follow-up**

#### **Role of ISSA**

The 14<sup>th</sup> ISSA Symposium featured a member discussion with regard to the future positioning and role of ISSA in the securities services industry. ISSA is distinct from other industry groups in that it does not speak for a specific service provider segment, nor does it have a geographic focus or a narrowly defined scope of issues it addresses. Such diversity entails both strengths and weaknesses. The view of a large majority was that the strengths prevail. However, some members felt that ISSA's mission should be defined more precisely and doing so would allow building further upon the strengths. The key points made at Wolfsberg were tabled for follow-up in a board meeting, where ISSA's key objectives were stated as follows:

- ISSA shares professional knowledge that is relevant to all stakeholders in the securities industry
- ISSA fosters industry debate of both strategic and day to day issues
- ISSA takes the lead to achieve progress in select issues
- ISSA is global, non-commercial and non-partisan

These points will guide the board in setting ISSA's agenda in the years ahead.

#### **ISSA's activities**

Another outcome of the ISSA Symposium was that members want to be better informed on what activities go on behind the scenes, particularly in the different working groups.

For this purpose we have created a new section on our website [www.issanet.org/html/wgs.html](http://www.issanet.org/html/wgs.html)

Details on current WG activities are also given on the next page.

#### **Extension of the board in 2009**

One important element of the dialogue mentioned above was the need – or not – for changes in ISSA's governance structure and organizational set-up. Reviewing our members' feedback, the board concluded that a moderate extension of itself is now appropriate to better reflect the composition of ISSA's membership, and indeed the full asset servicing chain. The desirable diversity in the board can be achieved by adding three constituencies: central depositories, technology infrastructure, and institutional investors.

The board is delighted to announce the addition of new board members, from January 1, 2009:

- Jeffrey Tessler, CEO, Clearstream International SA
- Frederic Hannequart, Chairman, Euroclear Bank SA/NV
- Don Donahue, Chairman & CEO, The Depository Trust & Clearing Corporation
- Lázaro Campos, CEO, SWIFT

One additional seat has been set aside for an institutional investor domiciled in the Asia-Pacific region.

The board is convinced that, with this move, ISSA's stature as a unique cross-industry organization will gain further, and this will allow us to better realize the potential of our association.

#### **Member events in 2009**

As announced during the symposium, the ISSA Regional Meetings held since 1995 in the interim years between two symposia will be replaced by leaner, more workshop-like events. Key objective is to create more value for our members, by bringing the experts in a select issue together in a more focused way.

In 2009, the current ISSA working group activities will be at the forefront. As a pilot, it is planned to hold a first event on mutual funds processing in late June 2009, in Europe (details to follow).

#### **Membership changes**

##### **Membership changes in 2008**

The National Depository Center of Azerbaijan and DST International Limited joined ISSA as new members in 2008. Westpac Custodian Nominees terminated its membership. With these changes ISSA counts 91 members domiciled in 48 countries.

## **ISSA Board**

2008 also saw a number of changes in the representation of ISSA's sponsoring members in the executive board.

**Nomura** shifted its board representation to a very senior level by nominating Hiroshi Tanaka, Member of the Executive Managing Board and CIO, Group Compliance Head and Group Operations Head, Nomura Holdings, Inc.

Hiroshi Ohno remains closely involved with ISSA.

**HSBC:** The vacancy left by John Gubert's retirement from the ISSA board in June 2008 was filled by Alex Powell, Chief Operating Officer, HSBC Securities Services.

**Morgan Stanley** decided to step down from the board and withdraw from ISSA at the end of 2008.

## **Working Group activities**

### **OTC Derivatives Working Group**

The group completed its first project in September 2008 with the publication of a best practice document on the verification of valuations of OTC derivatives used in regulated investment funds. The document was received very positively by market participants, auditors, consultants and regulators.

In a next work stream, the group is looking to draft best practice recommendations to improve the trade capture and trade confirmation process for OTC derivatives.

### **Fund Working Group**

The group's mandate is to propose practical ways of gradually achieving more efficiency in European cross-border funds processing. A status report was published in September 2008. In the past year, the cross-industry group chaired by Edouard-François de Lencquesaing mainly examined the first three out of five areas or functions that had been defined as follows:

1. Reference data and messaging standards
2. Order routing and order execution
3. Settlement
4. Registration and custody
5. Distribution

The proven service provider-neutral, functional approach will be used again in the next six months to address the remaining areas and to revisit in greater detail some of the issues already raised. At the same time, ISSA will continue to

support the European Fund and Asset Management Association EFAMA in promoting the European Funds Processing Passport, and work together with the leading financial instruments data vendors towards building a European funds data base.

### **New Asset Servicing Working Group**

The symposium revealed that risk issues related to corporate actions are the top priority item where members wished ISSA to become active. In response, a new working group led by Citigroup is now being launched. Its initial mandate foresees two work streams to be pursued in parallel:

- To develop best practice recommendations for the mitigation of operational risk in voluntary corporate actions, including reorganizations and distributions with options. This is in consideration of ISSA's role as a leader in select industry issues.
- To join hands with other industry organizations active in the corporate actions area, to expedite and leverage the implementation of best practice already developed, and to identify critical issues requiring improvement. This is in consideration of ISSA's role as a platform to share knowledge, foster industry dialogue and reach out to all stakeholders.

## **Other topics**

### **Annual membership fee 2009**

The membership fee for 2009 remains unchanged at EUR 1,500. It will be invoiced in the first quarter of 2009.

### **Next ISSA Symposium in 2010**

The 15<sup>th</sup> ISSA Symposium will – as always – take place at Wolfsberg, Switzerland June 1 - 4, 2010.

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