

ISSA

Newsletter

December 2005

Changes in the ISSA Board

In 2005 the composition of our executive board saw quite a number of changes:

Dresdner Kleinwort Wasserstein decided to withdraw from the board (but remains a member of ISSA). In its place, Schroder Investment Management accepted an invitation to join the circle of sponsor firms, represented by Markus Ruetimann, Chief Operating Officer. In view of ISSA's increased involvement with mutual funds issues, the opportunity to add a new key category of market users to its board was both timely and highly welcome. In early November, Neil Henderson left JPMorgan Chase and therefore ceased to be an ISSA board member. His seat is currently vacant. Lastly, as of mid-December, the board representation of Nomura Securities Co., Ltd. moved from Fuminori Miura to Jun Tanabe, Executive Director.

Board and secretariat welcome the new colleagues. We are looking forward to working together in a new composition as we go into 2006.

Regional Meetings 2005

Our regional meetings in Budapest and Seoul, and ISSA's participation in the ACSDA's General Assembly in Santiago de Chile, offered welcome opportunities to renew old contacts, to make new ones and to exchange views on current issues in each of the major world regions. In Budapest, the recent expansion of the European Union and its impact on the region's securities markets was the natural focus. Market reforms and possibilities for the Asia-Pacific region to attract a bigger slice of globally diversified investment portfolios dominated the agenda in Seoul.

Mutual Funds

During the course of this year, ISSA joined hands with EFAMA in the area of streamlining mutual funds processing. A number of issues have been jointly discussed. In the months to come, the dialogue will intensify, and ISSA will look into opportunities for cross-border process improvements that go beyond automating today's work flows.

G30 Initiative

The global G30 initiative will take a new turn in 2006: As you may have heard, the Group of Thirty announced its withdrawal from active involvement with the clearing & settlement project. As from February 2006, further action on the 20 recommendations issued in 2003 will be left to the industry. A small group of key securities industry bodies recently met in London to ensure follow-up on recommendations 1, 2, 3 and 8. Those require concerted action across all market infrastructures, market participants and national borders. Several dedicated working groups will be formed to define and then address the priority issues. ISSA will assume the role of coordinator among those project teams, and take a lead role itself in the area of recommendation 8.

G30 Recommendation 2 / Giovannini Barrier 1

The key to achieve a global breakthrough on G30 Recommendation 2 is in Europe: The European Commission calls for the implementation of a common IT communication protocol linking the capital markets of all 25 EU member states. This project is known in Europe as "removing Giovannini Barrier 1". A proposal for a protocol was prepared by SWIFT earlier this year. ISSA contributed to the initial industry consultation. Based on the feedback received, a special task force then delivered an improved proposal. ISSA had an active role in that group as well. The final protocol will be ready for implementation in March 2006. ISSA will work with SWIFT throughout the implementation phase as a neutral monitoring body, and to connect the needs of Europe with those of the global securities industry.

13TH ISSA SYMPOSIUM
Consolidation – Cooperation – Competition
6-9 JUNE 2006
WOLFSBERG CONFERENCE CENTER, SWITZERLAND

G30 Tax Model

ISSA will continue to work with JPMorgan on the proposed G30 tax model to streamline global withholding tax processing. With the help of ISSA, the model was introduced to securities industry participants representing more than 50 markets to date. It received broad support, which encourages its principal author and ISSA to pursue this project in 2006.

ISSA 13

Our next ISSA Symposium takes place at Wolfsberg in Switzerland from 6 to 9 June 2006.

Under the theme "Consolidation, Cooperation, Competition" the symposium will follow up on issues raised earlier within and outside of ISSA platforms. However we will seek a format that avoids the well-known industry discussions that dominated the European agenda for a number of years.

Please note that Wolfsberg Conference Center will undergo reconstruction and renovation next year, limiting the number of guest rooms we will have available on the Wolfsberg premises. It will be essential that you register early upon receipt of your personal invitation.

ISSA Secretariat