

G30 Global Clearing & Settlement

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Agenda

- ◆ G30 Vision
- ◆ G30 Recommendations and ISSA Monitoring
- ◆ Overlaps and Gaps between G30's Recommendations and ISSA's



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G30 Global Clearing & Settlement

Vision

Fully automated and **interoperable** systems

- ◆ forming a **seamless** global network for C&S
- ◆ with **fair access** for all qualified users
- ◆ providing sound **risk management** practices
- ◆ overlaid by strong and effective **governance**
- ◆ subject to **consistent** supervision and oversight

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Three groups of Recommendations

**Creating a
strengthened,
interoperable
network**

1 - 8

**Mitigating
Risk**

9 - 16

**Improving
Governance**

17 - 20

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Interoperable Network

Recommendation 1:

Eliminate paper and automate communication, data capture and enrichment.

- ◆ Paper securities certificates
- ◆ checks, confirmations, notifications, transfer documents, prospectuses, BO declarations
- ◆ avoid duplicate recording and manual addition
- ◆ ZIP - Zero Intervention Process

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Interoperable Network

Recommendation 2:

Harmonize messaging standards and communication protocols.

Recommendation 3:

Develop and implement reference data standards.

- ◆ ISO 15022 --> XML
- ◆ ISO 6166 - ISIN
- ◆ ISO 9362 - BIC
- ◆ Other generic data categories

Corporate Actions !



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Interoperable Network

Recommendation 4:

Synchronize timing between different clearing and settlement systems and associated payment and foreign-exchange systems.

Recommendation 5:

Automate and standardize institutional trade matching.

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Interoperable Network

Recommendation 6:

Expand the use of central counterparties.

- ◆ Markets without CCP to issue comment paper
- ◆ Assess Risks, costs and benefits of a CCP
- ◆ Potentially use services of existing CCPs rather than establishing new ones

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Interoperable Network

Recommendation 7:

Permit securities lending and borrowing to expedite settlement.

- ◆ Identify impediments in relevant markets
- ◆ Propose steps to remove and define time-frame
- ◆ Lobbying effort with authorities
- ◆ Opportunities to offer new / improved services

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Interoperable Network

Recommendation 8:

Automate and standardize asset servicing processes, including corporate actions, tax relief arrangements, and restrictions on foreign ownership

- ◆ Automated and timely CA details
- ◆ Automate/standardize tax relief arrangements
- ◆ Transparency in foreign ownership restrictions and ownership reporting requirements

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Risk Mitigation

Recommendation 9:

Ensure financial integrity of providers of clearing and settlement.

Recommendation 10:

Reinforce the risk management practices of users of clearing and settlement service providers.

Recommendation 11:

Ensure final, simultaneous transfer and availability of assets.

Risk Mitigation

Recommendation 12:

Ensure effective business continuity and disaster recovery planning.

Recommendation 13:

Address the possibility of failure of a systemically important institution.

Risk Mitigation

Recommendation 14:

Strengthen assessment of the enforceability of contracts.

Recommendation 15:

Advance legal certainty over rights to securities, cash or collateral.

Recommendation 16:

Recognize and support improved valuation and close-out netting arrangements.

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Improved Governance

Recommendation 17:

Ensure appointment of appropriately experienced and senior board members.

Recommendation 18:

Promote fair access to securities clearing and settlement networks.

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Improved Governance

Recommendation 19:

Ensure equitable and effective attention to stakeholder interest.

Recommendation 20:

Encourage consistent regulation and oversight of clearing and settlement service providers.

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G30 / ISSA - Overlaps / Gaps

Preliminary

1. Governance
2. Technology - core processing
3. Messaging and standards
4. Market practices
5. Settlement risk
6. Market linkages
7. Investor protection
8. Legal infrastructure



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No separate monitoring anymore



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