

**Group 1: Trading/Exchanges**

**Group 1 - Trading/Exchanges**

The world consists of domestic markets and is likely to continue to consist of domestic markets, due to the persistence of domestic laws, taxes, regulations and procedures.

Simultaneous, new trading platforms are emerging in a wide variety of areas (fixed income derivatives, energy contracts, commodities, etc.) and forms (ECNs, market-making, order-driven, auction, etc.) and some traditional exchanges are moving into non-traditional trading activities, as more assets are securitised.

The question is: How do we deliver efficient clearing and settlement in this more complicated environment? Our suggested priorities are:

- standardisation of reference data
- netting across asset classes
- cross-collateralisation
- exchanges to work with issuers to improve the quality of corporate actions data
- standardisation of messaging
- choice in where to clear and settle

**Groups 2+3: Clearing & Settlement**

### Group members

- Bernard Stéphane
- Brguljan Anto
- Catana Emin
- Chen Jiazan
- Cock Charles
- De Lencquesaing Edouard
- Dowman Philip
- György Dudas
- Fischer Heinz
- Fors Göran
- Frey Werner
- Fujishiro Kazuhisa
- Gilchrist John
- Pachlatko Andreas
- Rauh Gerhard
- Rickenbacher Robert
- Rotar Tomas
- Rüttimann Marc
- Watanabe Koji
- Zhang Guoping

### Process

- Each group member expressed view
- List of points generated
- Group into 4 critical issues
- ISSA's role assessed

**LIST OF POINTS** - without emphasis or priority

Competition	CSDs vs Members CSDs vs ICSDs
Regulation / Regulators	Oversight Prudential Supervision Regulation & Responsibility
CSDs / Governance	Role & Purpose Mission Ownership
Structure	Single CSD Multi CSD Vertical Silo (open) Horizontal Structure

**LIST OF POINTS** - without emphasis or priority

CCP	Nordic cooperation (currently no CCP)
Fragmentation	Europe Different market practices, laws, regulations, tax reclaims Each market efficient but different Cross-border issue
European model	Do you build domestic to x-border? Do you build regional model? Need for cost reduction but additional costs are involved.



### LIST OF POINTS - without emphasis or priority

Managed funds	No DvP Risk issues Automation needs Standardisation Market differences
Sound legal basis	Spanning value chain CSD / CSRs, Security firms, Investor
Definitions	Different definitions used by various standards bodies



### Critical issues

Governance	Competition between CSD / members and owners Should CSD's compete or not? Profit maximisation (price/vol. related) Status quo is not an option given. Market changes
Managed funds	No DvP Risk issues Automation needs Standardisation Market differences

### Critical issues

European fragmentation 	Market practices Regulation / Laws Tax regimes
Legal / Regulations Status 	CSDs / CSRs / CCPs Role & purpose, mission ownership Ownership vs benefits

### CRITICAL ISSUES SELECTED

Managed Funds 	ISSA needs to assess and monitor future challenges and issues : - Vision - Think tank / round table
Legal / Regulatory Status infrastructure 	ISSA needs to form a working group and issue a high level policy paper endorsed by ISSA Board.

**Groups 4+5: Asset Servicing**

**Revolution**

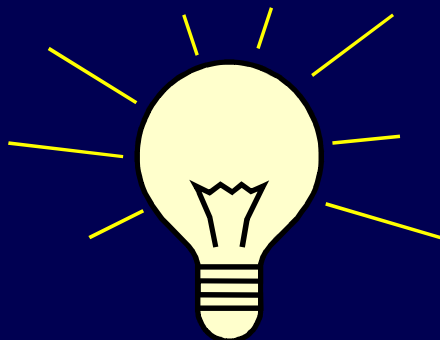
or

**Evolution**

**Competition drives the change**

**Approach**

<b>WHAT</b>	<b>Topics</b>
<b>WHO</b>	<b>Institutions</b>
<b>WHEN</b>	<b>Timelines</b>
<b>HOW</b>	<b>.....</b>



**Industry led initiatives do NOT automatically work**

Subject	Easy	Difficult	Priority 1 - 5	Remarks
Establish simple authoritative source for corporate actions reference date within each local market		X	1	IT corporate action processing utilities
Automate tax reclaim process for major relevant markets		X	1	Association of Global Custodians working group
Create flexible limits to protect foreign investments against risks associated with overall foreign ownership exceeding limits during lag between trade execution and share registration	X		1	
Positioning for the future: new markets <ul style="list-style-type: none"> <li>• under the umbrella of G-30</li> <li>• standards development</li> <li>• standards implementation</li> </ul>	X	X	1	asset mix will change continuous process

Subject	Easy	Difficult	Priority 1 - 5	Remarks
Harmonization of tax regulations and accounting standards		X	1	
No new monopolies in the infrastructure No market participants who abuse their position		X (impossible)	3	watchdog function
More transparency in CSD and regulate CSDs	X	X	1	pricing, etc.
Fewer industry committees		X	4	