



**ISSA**  
INTERNATIONAL SECURITIES  
SERVICES ASSOCIATION

**Member Expectations**

**ISSA's Future...**

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## Background - why ISSA?

**A custodian's world in the early seventies – the term "Global Custody" was not coined yet:**

- ◆ Lack of knowledge about securities processing in foreign markets
- ◆ Lack of timely and efficient access to relevant information
- ◆ Lack of an international discussion forum for "back office" specialists
- ◆ But growing awareness of operational risk, and of the need to educate and innovate

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**"The front office cannot possibly earn as much on a single transaction as the back office can lose."**

(Dr Wolfgang Röller, Honorary Chairman, Dresdner Bank)



## Milestones in ISSA's Growth

- ◆ 1975: ISSA informally set up by UBS and Citibank; a loose circle of business partners
- ◆ 1988: Representation in 25 markets, seven sponsor banks
- ◆ 1989: Incorporation as a legal entity (association) under Swiss law
- ◆ 2008: Ten sponsors and 92 members, across the value chain, in 47 markets

ISSA's objective:

**ISSA provides leadership  
in the formulation and promotion of best practice  
to improve efficiency and risk management  
in the global asset servicing industry.**



## Select ISSA Projects

**ISSA made major contributions towards...**

- ◆ defining a standardized format for Eurobond certificates
- ◆ developing the ISIN code
- ◆ establishing the Clearstream - Euroclear Bridge
- ◆ proposing a model to standardize corporate action types
- ◆ raising awareness to risk issues in clearers and central depositories
- ◆ raising awareness to the impact of the Euro on securities operations
- ◆ disseminating market knowledge through the *ISSA Handbook*
- ◆ wording and implementing the 1989 G30 Recommendations
- ◆ extending G30 through the *ISSA Recommendations 2000*
- ◆ drafting the "new" G30 Recommendations published in 2003
- ◆ compliance monitoring on select G30 Recommendations
- ◆ streamlining mutual funds processing (with EFAMA, ongoing)
- ◆ defining best practice for OTC Derivatives valuation

**ISSA does not lay claim to the ownership of success.  
We see ourselves as facilitators and often hand over ground work  
to the most effective party to implement a solution.**



### **Main Benefits of a Membership**

- **Members want ISSA as a platform to discuss strategic industry developments**
- **Unique networking opportunity for senior level people, across countries and value chain**
- **"To keep in touch" with the industry seems much more important than "to do actual work" to shape where the industry is going**
- **The combination of doing professional work in an informal style seems to create a distinct "ISSA flavor" which our members like**

The ISSA logo consists of the letters "ISSA" in a bold, black, sans-serif font. A red horizontal line is positioned below the letters, starting under the first 'I' and ending under the last 'A'.

### **Can the lean approach assure ISSA's relevance?**

- **Mixed feelings**
- **Many are satisfied but some clearly concerned about ISSA's ability to tackle the future without mobilizing additional resources**
- **Heavy dependance on committed individuals – what if they step down?**
- **Some calls for a more robust corporate structure, more frequent task forces, more frequent international seminars**
- **"User advisory board" to engage members more proactively**

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### **Deficits of ISSA's lean approach**

- **Current ISSA governance does not guarantee its neutrality and openness**
- **Existing working groups not transparent enough – sort of private club**
- **More topics of interest to stock exchanges**
- **ISSA lacks visibility**

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### **Concrete proposals for eliminating the deficits**

- **Members to take ownership of certain issues**
- **Align ISSA agenda with that of other industry organisations**
- **Force members to take on certain WG topics**
- **Online discussion forums, ISSA chat-rooms, etc.**
- **Involve emerging markets more often**
- **Go for increased Asian participation / involvement**
- **Merge with other Associations**
- **Make the Symposium an annual event**

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### **ISSA's Diversity – strength or weakness ?**

- **Almost unanimously considered a strength**
- **Keep in touch with global industry developments and with the key people**
- **Have discussions on a strategic level, macro not micro**
- **Many voices urge to be more specific despite our diversity**
- **We should not strive for reaching an agreed ISSA opinion**
- **Do not tilt further towards an infrastructure and old boys club!**

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### **Appropriateness of approach nowadays**

- **Unanimous view: Approach still valuable and appropriate**
- **Many voices call for more visible and effective follow-up on results achieved**
- **ISSA should be more assertive and sell its results with more "noise" – blow the trumpet louder when we made a significant contribution to the greater good**

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### **Member priorities & commitment (1)**

#### **Top 5 Priorities (Yes votes)**

- **Corporate actions harmonization and standardization (40 - 28)**
- **Operational risk reduction (39 - 25)**
- **Processing specific / complex instruments such as derivatives, mutual funds (39 - 17)**
- **Reference Data and Standards (38 - 19)**
- **General market knowledge and education, info on market trends (36 - 18)**

**(Value of ISSA / Prepared to commit resources)**



### **Member priorities & commitment (2)**

#### **Bottom 5 Priorities (No votes)**

- **Value added custody services (17 - 24)**
- **Tax processing (17 - 25)**
- **Investor protection (15 - 23)**
- **Substantial Shareholder Reporting (13 - 20)**
- **Focus on newly emerging markets (12 - 20)**

**(No Value of ISSA / Not Prepared to commit resources)**



### **Member companies' top operational challenges**

- **As many topics as you could imagine, no clear preferences**



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