Feedback Breakout Group 'Distributed Ledger Technology'

Clifford Richards, ASX, 25 May 2018
Challenges – Real & Perceived (1)

- **Adoption / Stakeholder Engagement**
  - Meet business goals – not a “solution looking for a problem”
  - Ecosystem, network effects and developer community
  - Migration, transition and rollout approaches

- **Smart Contracts – Risks not Properly Understood**

- **Scalability**
  - Technology – throughput capacity and data storage size
  - DLT providers – their current capacity to deliver multiple solutions
Challenges – Real & Perceived (2)

- **Regulatory / Legal**
  - Regulator education, comfort, buy-in and support
  - Legal barriers – cross border aspects, KYC, AML, sanctions

- **Privacy, Confidentiality & Cybersecurity – the ‘Forward Security’ Problem**

- **Interoperability**
  - Intra-organisation – DLT to traditional systems
  - Inter-organisation – DLT to DLT
  - Inter-jurisdiction – FMI-a DLT to FMI-b DLT - cross border legal treatment
Opportunities in Post Trade (1)

- **Golden Source Data** - permissioned liberation and mutualisation of data

- **Cost Reduction**
  - Reduction of reconciliation, messaging, latency, risk, capital and margin
  - Common data formats, structures and software versions
  - Intra- and Inter-entity multiparty STP

- **Revenue Generation**
  - Smart contract application development – build once, deploy everywhere
  - Data analytics & insights; predictive models, robotics and AI
  - Client nodes – distribution of clients' services through node offerings
Opportunities in Post Trade (2)

- **Back Office Automation** – bookings, corporate actions, settlement optimisation, sec lending, collateral optimisation (tri-party) and mobilisation

- **Regulatory**
  - Reporting, transparency, tax, cyber security
  - Codification of market rules, pro-active surveillance

- **Investor Protection** – omnibus structure liberation

- **Identity** – AML / KYC / Sanctions

- **Multi Asset Class / Use Case Expansion** – paper based processes, listed / unlisted assets, trade finance, bank guarantees, letters of credit, DLT cash (fiat, commercial bank, crypto)...