

# Asia-Pacific CSD Group E-NEWSLETTER

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# MESSAGE FROM ACG CHAIRMAN



**Dr. Wenhua DAI**

ACG Chairman

China Securities Depository and Clearing Corporation

Dear ACG Members,

I hope this letter finds you well. As we step into the transformative year of 2024, I am excited to share some significant updates and upcoming events within the Asia-Pacific CSD Group (ACG).

First and foremost, I am pleased to announce the results of the recent ACG Executive Committee elections. Following the non-physical ACG general meeting held from March to April, 21 ACG members cast their votes for the 5 Executive Member applicants vying for 3 coveted seats. I am delighted to inform you that CSDI, HKCSS, and KCSD have been elected to serve on the 5th ACG Executive Committee. As Chairman of ACG, I eagerly anticipate working closely with the newly elected committee members to advance our collective goals and initiatives.

In addition to the Executive Committee elections, I am thrilled to highlight two upcoming events that promise to be both informative and engaging. From July 23rd to July 26th, 2024, HKCSS will host the 24th ACG Cross Training Seminar (CTS24) in the vibrant city of Hong Kong. Subsequently, from September 9th to 12th, 2024, KCSD will host the 26th ACG General Meeting (ACG26) in Almaty, Kazakhstan. I encourage all members to mark their calendars and actively participate in these enriching gatherings.

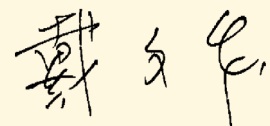
Furthermore, it brings me great pleasure to welcome a new addition to the ACG family. Following the non-physical AGM in May 2024, MKK, a distinguished Turkish CSD, has officially joined our esteemed group. As a member of both ACG and AECSD, MKK serves as a vital link between these two prominent CSD groups, fostering increased collaboration and communication. I am confident that MKK's unique perspective and geographic advantage will contribute significantly to the growth and prosperity of ACG.

Lastly, I would like to take this opportunity to address the forthcoming ACG Chairmanship and Vice-chairmanship election, scheduled to take place during ACG26. After serving as ACG Chairman for the past five years, I believe it is time for me to pass the torch and welcome a new leader to guide our organization into the future. I extend my deepest gratitude to all ACG members, associate members, and the ACG Secretariat office for your unwavering support and dedication over the years. Together, we have overcome numerous challenges, celebrated milestones, and forged enduring partnerships. As I reflect on my tenure as Chairman, I am filled with pride and gratitude for the collective achievements we have accomplished.

In closing, I remain steadfast in my belief that the future of ACG is brighter than ever before. With your continued support and active participation, I am confident that we will navigate the opportunities and challenges that lie ahead, paving the way for continued growth and success.

Thank you once again for your commitment to ACG and its mission. I look forward to our continued collaboration and the exciting journey that awaits us.

Warm regards,



# MEMBER PROFILE



## ► I. Introduction to Merkezi Kayıt Kuruluşu and its Functions

Merkezi Kayıt Kuruluşu A.Ş. (MKK) plays a pivotal role as the Central Securities Depository and Repository of Turkish Capital Markets, operating under the supervision and regulation of the Capital Markets Board of Türkiye and the Central Bank of Türkiye. Officially licensed as a Financial Markets Infrastructure Institution and an R&D Center, MKK operates an in-house developed depository system (MKS) and maintains direct links with foreign CSDs like Euroclear Bank and MDM for omnibus accounts that deposit Turkish government debt instruments. Additionally, MKK has connections with the Austrian CSD – OeKB and for the shares of an Austrian company that is dual listed on Vienna Stock Exchange and Borsa İstanbul. MKK also acts as the Financial Accounts Center and Registrar in Turkish capital markets.

MKK concentrates its services on four main pillars: Depository, Data and Trade Repository, Corporate Governance, and Investor Services.

**Depository Services:** Under this category, MKK provides central securities depository services for dematerialized capital market instruments that are traded in Borsa İstanbul Equities, Fixed Income and Derivatives markets, Takasbank

Lending Market and Funds Platform (TEFAS), Turkish Mercantile Exchange (TURIB) e-Warehouse Receipts Spot Market and Crowdfunding Platforms. MKK also provides depository services for bearer shares of companies not regulated under the Capital Markets Law, and for company shares listed on the Turkish Republic of Northern Cyprus Stock Exchange.

**Data and Trade Repository Services:** Trade repositories play a crucial role in financial markets by collecting and maintaining records of derivatives trades. This process aids regulators in monitoring systemic risk build-up and ensuring financial stability. Recognizing this critical function, the Capital Markets Board of Türkiye authorized MKK to serve as Türkiye's official Trade Repository. This designation enables MKK to effectively monitor systemic risks within Turkish capital markets. MKK's e-VEDO System is instrumental in recording transaction details for over-the-counter and exchange-traded derivatives from both financial and non-financial counterparties. This system adheres to EU regulations and aligns with standards set by the European Securities and Market Authority (ESMA) and European Market

Infrastructure Regulation (EMIR). As of December 2023, approximately 230 members are actively reporting to this system daily, generating almost 350,000 notifications each day.

Since 2020, MKK has notably enhanced the Data Services. These enhancements include T+0 reporting, Fixed Income Reporting, and the YRTS Investor Risk Monitoring System. Additionally, it includes YRTS Group Credit and Interest Rate Reporting, the VAP Data Analysis Platform, and the GEFAS. These developments have significantly bolstered MKK's capability in managing and mitigating systemic risk in Turkish capital markets.

Corporate Governance Services: MKK provides a wide range of products and services that improve corporate governance practices of companies. It operates of Public Disclosure Platform (PDP-KAP) which is the primary source of information of Turkish Capital Markets. The XBRL based KAP system is also developed by MKK's R&D center. All listed companies, intermediary institutions, portfolio management companies, audit firms, rating firms, regulatory authorities and funds have to disclose their notifications within the scope of mandatory public disclosure obligations on KAP. On annual basis around 150.000 notifications disclosed on the system, and KAP web page receives 43.000 visits per day. The mobile application of KAP has more than 200.000 users.

As part of its corporate governance service range, MKK furthermore develops and operates systems such as the Electronic General Meeting System (e-GKS) and Companies Information Portal (e-ŞİRKET). MKK's most recent addition to these services was the Electronic Board of Directors System (e-YKS). e-GKS is a product that MKK implements in markets around the world. As a quite new service, the e-YKS system enables all

board and committee meeting processes, including sharing of information and documents, in addition to direct real-time communication and voting, currently used by more than 160 companies in Türkiye.

Investor Services: Through the e-YATIRIMCI system, investors can view the account balance and portfolio distribution of their accounts held with MKK, put/remove blockage on their securities, access corporate actions information on their shares, receive periodic notifications regarding to their transactions, monitor their limits on crowdfunding platforms, prepare and send notifications regarding their bearer shares, and monitor their holdings in these shares.

## ► II. International Cooperation

MKK's technological expertise, comprehensive knowledge, and extensive experience position it among the leading CSDs globally, particularly in terms of international collaborations. MKK has signed Memoranda of Understanding (MoUs) with 20 foreign CSDs and maintains formal contacts with numerous CSDs worldwide. MKK actively participates in working groups and conferences hosted by major CSD Associations such as ECSDA, AECSD, AMEDA, WFC, and ISSA, through its memberships in all these regional industry organizations. MKK's recent membership in the Asia Pacific CSD Group (ACG) marks a significant milestone in strengthening its collaborations with regional peers.

Over the past few years, MKK's global reach expanded significantly. MKK signed a sales agreement with Africlear Global (2016) for the use of e-GKS in Kenya and Nigeria, followed by another sales agreement signed with the



Indonesian CSD - KSEI (2017). Currently a customized version e-GKS is widely used in this country by issuer companies and shareholders. MKK is taking significant steps to integrate foreign and domestic capital markets. This includes establishing direct links and account relationships with foreign central securities depository institutions, a move that will expand its global footprint and facilitate international investment flows. Furthermore, MKK is exploring opportunities for dual listings and similar business models with foreign markets, providing unprecedented access and exposure for both Turkish and international investors.

Following its first issuer CSD link with Euroclear Bank in 2020, MKK welcomed the National Deposit Center (MDM) of Azerbaijan as a member

in 2021. This partnership allows Azerbaijani investment institutions and investors to directly engage in clearing and custody operations for Turkish government debt securities through the MDM omnibus account at MKK. In a reciprocal arrangement, MKK opened an omnibus account under MDM by the end of 2022.

### ► III. Dr. Ekrem ARIKAN's (MKK CEO and Board Member) Profile

Dr. Ekrem Arıkan, with over 25 years of experience, predominantly as a senior manager in the financial sector, has made a substantial impact on the Turkish capital markets, through the innovative initiatives that he led.

Dr. Arıkan began his career as a computer



**Dr. Ekrem Arıkan**

engineer at Microsoft as an International Program Manager, focusing on Windows operating system development for Turkish markets. He later held various managerial positions at Ziraat Teknoloji A.Ş. and Ziraat Insurance Company, providing IT services for Ziraat Finance Group, the largest governmental bank of Türkiye. His career path includes pivotal roles at the EPIAŞ (Energy Exchange - Enerji Piyasaları İşletme A.Ş.), which was founded in year 2015 as the energy exchange company of Türkiye, where he contributed to the establishment of the Transparency Platform, strategic planning, and international collaborations.

In 2016, he joined Borsa İstanbul Group at Takasbank A.Ş. as the Executive Vice President for Information Technology. He led projects like the BISTECH transition, the gold backed cryptocurrency (BiGA) project based on blockchain technology, establishment and structuring of the Takasbank R&D center, takeover of check clearing system from the Central Bank of the Republic of Türkiye, establishment of the EPIAŞ Natural Gas Market Clearing and Collateral Management services, the opening of the SWAP market, the development of the Türkiye Electronic Fund Trading Platform (TEFAS) and Pension Fund System applications, as well as enterprise architecture and IT infrastructure.

Since 2019, he has been serving as the CEO and Board Member at Merkezi Kayıt Kuruluşu A.Ş. (MKK), the Central Securities Depository and Trade Repository of Türkiye. Here, he has been instrumental in launching numerous products and services, enhancing the organization's capabilities and range of services. These initiatives

include depository services provided to the Turkish Mercantile Exchange, establishment of the Omnibus Account structure and membership of Euroclear Bank and the Central Securities Depository of Azerbaijan (MDM), founding of the Crowdfunding Platform, the development of the Electronic Trade Repository, the implementation of the Electronic General Meeting System (e-GKS) in the Indonesian capital market, and the acquisition of the MKK Real Estate Information Center (GABİM) company from the Turkish Association of Appraisers. Moreover, he led the development and establishment of the Data Analysis Platform, the Investor Information Center (e-YATIRIMCI) application, the Bearer Shares Registry System, the Investor Risk Monitoring System, the Intermediary Institutions MKK Data Analysis Platform (Pusula) and the Real Estate Based and Developing Financial Instruments Information System (GEFAS). He is currently serving as the Chairman of the Special Expertise Commission on Financial Services of the 12th (2024-2028) Five-Year Development Plan, and leading the efforts of MKK to establish the Capital Markets Risk Monitoring Center for Turkish capital markets.

As of September 2023, Dr. Arıkan, in his capacity as CEO and Board Member of MKK, has undertaken the role of Chairman of the Association of Eurasian Central Securities Depositories (AECSD). Additionally, he has enhanced his influence in the international financial world by becoming a Board Member of the World Forum of CSDs (WFC), as the representative of AECSD.

# MARKET UPDATES

## Managing the Shift: 3 Considerations before Accelerating the Settlement Cycle



Deutsche Bank

Over the course of the past two decades, the post-trade industry has witnessed an acceleration in settlement cycles from T+3 to T+2. More recently, we see the trend in the following markets.

01



MARKETS THAT HAVE SHORTENED THEIR CYCLES

- January 2023: India completed the phased approach to transition to a T+1 settlement cycle.
- August 2023: Philippines accelerated their settlement cycle from T+3 to T+2

02



MARKETS WHO ARE PLANNING TO SHIFT TO A SHORTER CYCLE

- 27th May 2024 Canada and Mexico are set to adopt a T+1 cycle
- 28th May 2024 USA to move to T+1 cycle
- 2024: Sri Lanka reportedly to move to a T+2 settlement within 2024.
- 2024: Pakistan has the intention to move to T+1

03



MARKETS THAT HAVE INITIATED INVESTIGATION

- Aug 2023: The UK Finance released "Accelerated Settlement – Examining the case for trades to be settled more quickly in the UK- Moving to T+1".
- Oct 2023: The European Securities and Markets Authority (ESMA) released the "Call for Evidence on the shortening the settlement cycle" gathering feedback on the impacts, benefits and costs of a move to T+1.
- Dec 2023: India released consultation on the 'Introduction of optional T+0 and optional Instant Settlement of Trades in addition to T+1 Settlement Cycle in Indian Securities Markets'.
- Some Asia markets are investigating the move to T+1.

### ► Benefits and challenges of a shortened settlement cycle

The acceleration of the settlement cycle is primarily driven by the push to reduce market risk and margin requirements. With the delivery of trades in a shorter time frame, various risks such as systemic risk, operational risks, counterparty exposure risk and liquidity risk are reduced. This reduction in risk exposure then translates into lower margin costs.

Furthermore, the acceleration of the settlement cycle is seen as an opportunity for operational efficiencies and costs savings, as well as further automation opportunities.





However, the transition into faster settlement, which implies faster pre-settlement processes, also presents new operational challenges accompanied by certain heightened risks such as settlement and funding, which will need to be carefully managed. Compressing the settlement cycle may also lead to an increase in trade failure if the new market cut offs are not met, causing negative impacts on market liquidity.

In Asia, accelerated settlement cycles are not new, and they offer references to models that work at a heightened speed. For example, the Chinese securities market has been operating on a T+0 timing and the Northbound Stock Connect that solved this speed for cross-border participants has become a success. India successfully moved to T+1 and is now amid consulting on its planned move to T+0 and possible future instant settlements.

SES is actively involved in bridging cross-border flows into its investment markets including USA, India and China; and facilitates seamless transactions into the ASEAN region with a single window for clients<sup>1</sup>. Drawing on our experience and insights, this article summarises 3 considerations that are commonly involved in the move to a shorter securities settlement cycle.

### ► **Consideration 1: Faster settlement cycle involves at least two main Stakeholder communities —Onshore and Offshore**

When assessing the impacts of a shorter settlement cycle, markets that have significant inflows from foreign capital and highly liquid international markets (like currency-controlled markets) need holistic attention to include implications on cross-border investors and intermediaries. The challenges to offshore investors and intermediaries can be particularly complex due to the current market structure of intermediary layers that need time to process, and information flows that are not always perfect. These

<sup>1</sup> DB CustodyOne offers clients a single point of access to markets globally, supporting 50+ key investment markets and more on a case-to-case basis.

challenges are potentially further compounded by time zone differences.

The below table highlights select challenges that offshore investors can face due to the shorter settlement cycle.

Key points	Offshore Investors	With a shorter timeframe,
<b>Time zone</b>	Offshore investors situated in different time zones may have a shorter window to complete post trade processes.	The window to complete post trade processes is compressed even further.
<b>FX</b>	Offshore investors will need to execute FX to fund their settlement trades.	Offshore investors are left with a shorter window of time to execute FX. Access to liquidity during this window is a consideration as it affects the spreads.
<b>Intermediaries</b>	Offshore investors access the local market through multiple intermediaries such as international brokers and global custodians. More layers lead to more time taken to access the market	Communication across these layers will have to be timely and precise to meet the new cut offs.
<b>Market Infrastructure set up</b>	Market practices may involve multiple checkpoints between clients, brokers and custodians e.g., pre matching and affirmation processes.	The various checks that were sustainable in a longer cycle may become an impediment in a shorter settlement cycle. This will require major overhauls to the market infrastructure, which will then require changes in the country's securities market regulations.

Indeed, even after the shorter workflows have been ironed out, documents like service level agreements, standard operating procedures etc. are likely to need re-documentation and signoff by the number of parties involved.

These key challenges should be considered when determining the implementation date for an accelerated cycle, bearing in mind that offshore investors and intermediaries would require additional time in their preparation for new processes associated with the accelerated cycle.

## ► Consideration 2: The automation strategy.

When markets move from a T+2 to a T+1 settlement cycle, market settlement cycle cut offs are brought forward by a day. Activities that are carried out across the T+2 windows must be completed by T+1, with the bulk of activities to be completed on T Date itself. According to DTCC, this reduction of 24 hours can effectively leave offshore investors and intermediaries with 2 hours or less<sup>2</sup> depending on their location, making it a race against time to complete the settlement process.

<sup>2</sup> The Road to U.S. T+1 Settlement | DTCC

Technology automation tends to be viewed as a silver bullet solution to solve this compressed time challenge. There are mainly 3 approaches that technology can be applied, each with its own trade-offs:

#### **a. Automation by brute force—doing the same number of tasks in a shorter time frame**

This approach seeks to automate all current processes that are manually intense to allow operations staff to complete the same number of tasks within the shorter timeframe. Below shows a non-exhaustive list of steps in the settlement process. These steps are now required to be completed in 2 days in a T+1 cycle.



**Source: Referenced from Securities Operations by Michael Simmons**

To manage this compression of activities into a shorter time frame, firms aim to implement straight through processing (STP). Activities that tend to be manual such as the pre matching of trades with counterparties can be standardised and automated. For full STP to be realised, data harmonisation has to be achieved across the various systems involved.

### Limitations to automation

Implementing automation like the use of “bots” to achieve higher level of STP would help to complete the same number of tasks in a shorter time span. However, not all processes can be fully automated, for example, exceptions from reconciliation breaks will still require human expertise to investigate and reconcile in a timely manner.

Another inhibitor to full automation is the external dependency on counterparties to have compatible systems for synchronisation. For example, a custodian may be able to automate all SWIFT instructions. However, if the client instructs via email, STP can only begin after the email instructions has been converted into SWIFT messaging format for the systems to pick up.

Furthermore, STP does not result in the total elimination of operational risks. Proper checks and balances remain crucial to prevent errors from slipping through the cracks.

### b. Automate to remove processes — doing lesser in the same time frame

Another way to quicken the time taken to settle a trade is to reduce the number of steps in the settlement process. Certain practices can be realigned, combined, or removed completely. This would require a full front to end review of the firm’s current processes at every step of the trade lifecycle. For example, the client today first instructs the executing broker. The broker then provides a confirmation to the client, after which the client generates a settlement instruction to their custodian. Can there be a solution to reduce the number of back and forth between the client, broker and custodian by combining the steps? If implemented on an industry level, this solution has the potential to generate even more benefits on a wider scale.



The development of technologies such as machine learning and distributed ledger technologies (DLT) can replace certain current processes in the trade lifecycle. With DLT, business rules such as corporate actions entitlement can be embedded into smart contracts, removing the steps for manual calculation. Concurrent processes can be implemented to replace sequential ones for faster communication, although legality can be a new inhibitor to such parallel workflows. Other new technologies can also be used, for instance, artificial intelligence can be trained with historical data to flag out potential trade errors at the point of execution, giving an additional layer of checks to prevent fails.

This approach would require a longer time as it requires the right expertise to design and manage new workflows while retaining the same levels of operational risks controls in place. Firms will be required to invest in building new systems and technologies to support the faster settlement cycle in the near future.

### **c. Industry utility – from today’s decentralised to centralised platform for automation.**

The creation of a central utility by financial market infrastructures has the potential to introduce a more efficient industry wide workflow solution, allowing market participants to fully benefit from the economies of scale. The linear flow of data existing today still necessitates processes such as reconciliation, recreation, and dissemination to be performed between the parties involved. Having a central source where the market players can interact directly with removes the need for duplicated processes across the firms. This is illustrated in HKEX’s Synapse workflow where a central utility facilitates parallel communication between the various market participants, bringing about time and cost savings.

While the benefits of a common utility are enormous, the magnitude of the task needs to be addressed. Such large-scale projects are best undertaken by FMIs to encourage the uptake by industry participants.

### **► Consideration 3: Evolving good market practices to synergise with faster settlement cycles.**

As more markets accelerate their public securities settlement cycle, existing market best practices may need to evolve too. For example, currently, having prefunding requirements are viewed as inefficient as it increases funding costs and reduces liquidity for investors, causing market attractiveness to be diluted.





However, it could be inevitable in the new environment; for example, after the move to a T+1 cycle in USA, asset managers in Asia may need to prefund if the following business day in USA is a public holiday in Asia. Hence, it is possible that prefunding may return as a market practice to meet the new settlement cut offs under certain conditions like holidays, despite inefficiencies that it brings.

As another example, in a shorter settlement cycle, the pressure on system and data recovery process would be significantly higher in the event of system outages, since there is a higher possibility of systemic risks if core system recovery is delayed and transaction settlement snowballs. Consequently, firms will also need to reassess their recovery point objective (RPO) and the recovery time objective (RTO) of all systems involved. For example, having the RTO of X hours for critical systems may be adequate in a T+2 cycle. However, if settlement cycles were to be compressed to a T0 end of day batch run, disruptions to mission critical systems will have faster effects and more material impacts on the industry and the firm's financials and reputation from snowballing transactions. Thus, a faster settlement cycle can require a reduced RPO and RTO to achieve new operational resilience, in turn possibly requiring more investments into technology infrastructure and training of staff to act quicker on possible events. In this case, a false positive is safer than a false negative.

As such, the established "best" practices of today can benefit from reviews to establish an evolved market standard fitting this faster environment.

## ► Conclusion: Going faster needs careful planning

As the settlement cycle compresses further from T+2 to T+1 and even to T0, the operational demands in the settlement space will increase significantly. More pressure will be added to an already operational intensive space, particularly when the market is facing a high trading volume such as during index rebalancing day. As both systems and people are stretched to their limits, it calls for a more sustainable solution to be in place.

Ultimately, a settlement acceleration should drive progress and efficiency. While savings in margin costs is real and visible, the new ways of settlement should not be translated into significantly increased operational costs and risks. To ensure a smooth transition, collaboration amongst market participants, FMIs and regulators is of essence. Early consultations that include cross-border investors and intermediaries will help identify and address potential concerns and hurdles, giving investors more confidence in the market. Furthermore, the establishment of a centralized utility would standardise industry wide processes to achieve economies of scale.

These considerations form the first step towards progress, paving the way towards a more efficient securities market of the future.





# China Central Depository and Clearing Corporation (CCDC)



中央国债登记结算有限责任公司  
CHINA CENTRAL DEPOSITORY & CLEARING CO., LTD.

## ► 1. CCDC Released Chinabond Market Guide of 2023

To better facilitate overseas investors' access to and investment in China's bond market, CCDC has compiled and published this ChinaBond Market Guide. The Guide covers essential information on China's bond market including organizational structure, transaction types and mechanism, and opening-up, as well as investors' common questions and concerns on market access, transaction and settlement, principal redemption and interest payment, remittance and transfer of funds and bonds, foreign exchange and risk hedging, tax, information disclosure, credit rating, etc. The Guide also introduces client services, collateral management, pricing and valuation and green bond business that CCDC provides for international investors. Please refer to the full version below:

[https://www.chinabond.com.cn/chinaBond\\_en/A147290691/A147292663/202307/t20230728\\_853545102.html](https://www.chinabond.com.cn/chinaBond_en/A147290691/A147292663/202307/t20230728_853545102.html)

## ► 2. CCDC Successfully Launched ChinaBond Global Gateway

CCDC has launched ChinaBond Global Gateway, which helps foreign investors keep pace with the opening-up policies and the access process of China's bond market. The website displays information related to the participation of foreign institutional investors in China's bond market in English, which is user-friendly to foreign investors in terms of reading experience and visual display. The website offers an integrated one-stop information service platform to help foreign investors understand China's bond market.

The website refers to: <https://global.chinabond.com.cn/>



### ► 3. Successfully Listed "ChinaBond-ICBC Green Bond Index" on SGX

On August 25th, 2023, the Achieving Prosperity with ICBC Global RMB Network - 2023 RMB Internationalization Forum organized by the Industrial and Commercial Bank of China Limited (ICBC) Singapore Branch was successfully held in Singapore. The listing ceremony of the ChinaBond-ICBC Green Bond Index, compiled by CCDC and ICBC, was held at this forum. The ChinaBond-ICBC Green Bond Index focuses on China's interbank green bond market, with constituents selected based on the latest green bond standards in line with mainstream international standards; the constituents are bonds with stable credit level, high diversification and good liquidity. The listing on SGX is another important practice of CCDC in working with its partners to respond to the national strategic plan of green development, promoting international cooperation in green finance, and facilitating cross-border green investment and financing.

### ► 4. CCDC Won 2023 IFF Global Green Finance Award

On October 29th, 2023, the fourth Global Green Finance Award annual ceremony of International Finance Forum (IFF) was held in Guangzhou. CCDC stood out from a large number of candidates and won the Global Green Finance Award - Innovation Award for its ChinaBond Green Bond Collateral Management Service due to excellent innovation, sustainability and industry contribution.

IFF is an international organization established by financial leaders from G20 members, including China, the United States and the European Union, as well as the United Nations, the World Bank and the International Monetary Fund. The Global Green Finance Award, initiated by the IFF, recognizes and celebrates institutions and innovative solutions that make outstanding achievements in global green finance.



# RECENT EVENTS

## The 25<sup>th</sup> Annual General Meeting

### The 25th Annual General Meeting

The 25th Annual General Meeting of ACG was held by Viet Nam Securities Depository and Clearing Corporation (VSDC) in Da Nang, Vietnam from 17-20 October 2023.



The meeting was well attended by approximately 150 foreign and domestic delegates, including nearly 100 delegates from 26 members of 19 countries and territories in the Asia-Pacific region and guests from industry organizations and custodian banks. VSDC had great honor to welcome leaders from Vietnam Ministry of Finance, the State Securities Commission,

local banks, securities companies, and fund management companies. During the four-day journey, delegates had opportunity to network with one another, shared experiences and initiatives in service provision, discussed global investment trends and mechanisms to promote more effective co-operation among members as well as being updated on current activities of ACG.





On the first meeting day of 18th October, ACG members and guests were warmly greeted by Mr. Nguyen Son - VSDC Chairman and Dr. Wenhua Dai - ACG Chairman. Under the theme “CSDs’ Initiatives In Line With Global Investment Trends”, Mr. Yedil Medeu – WFC Chairman and two other keynote speakers delivered presentations highlighting the current development investment



trends and initiatives in response to these trends. Under the main theme, there were two panel discussions namely “Recognition of global investment trends and CSDs’ expected business transformation” and “CSDs’ initiatives for faster and more secure businesses in the context of high volatility”.



On the second meeting day of 19th October, there were breakout sessions and reporting sessions for 6 task forces to exchange information, discuss and summarize recent activities as well as activity plan for the coming time. The results presented by the task forces brought a lot of useful information for ACG members to learn from each other in terms of new products, operation and technology. At the Senior Management Meeting and Annual general meeting sessions, members discussed, got updated information about activities of ACG and WFC in the past year and voted on common issues. Calastone and HSBC Hong Kong were unanimously approved by ACG members as new associate members. The AGM25 ended with a farewell dinner where all delegates said goodbye to each other after 2 days of intensive discussion, networking and to prepare for reunion at the AGM26 in Almaty, Kazakhstan.

# UPCOMING EVENTS

## ACG 24<sup>th</sup> Cross Training Seminar (CTS24) in Hong Kong



Dear ACG Members,

Greetings from Hong Kong!

It is our great honour to invite you and your delegation to the 24th Asia-Pacific Central Securities Depository Group Cross Training Seminar (ACG CTS), which will be held on 23-26 July 2024 in Hong Kong.

Hosted by Hong Kong Exchanges and Clearing Limited (HKEX), the theme of the 24th ACG CTS is “Advancing Financial Infrastructure Development and Cooperation in the Asia-Pacific Region”. The seminar will gather experts from central securities depositories to share insights, foster collaboration and discuss the latest advancements

in financial products and services, technology, legal frameworks, and risk management.

2024 marks the 10-year anniversary of Stock Connect and as such, the seminar will also look at the achievements of this pioneering mutual market access programme and the insights gained for further innovation, partnership and connectivity in global markets.

Your presence at this event would greatly enrich the seminar experience for all participants. For details, please visit <https://www.acgcts24.com>.

# The 26<sup>th</sup> ACG General Meeting (ACG26) in Almaty, Kazakhstan

Dear ACG Members and Esteemed Guests,

We are pleased to announce that registration for the ACG26 AGM is now open! The event will take place from September 9th to 12th, 2024, at The Ritz-Carlton, Almaty.

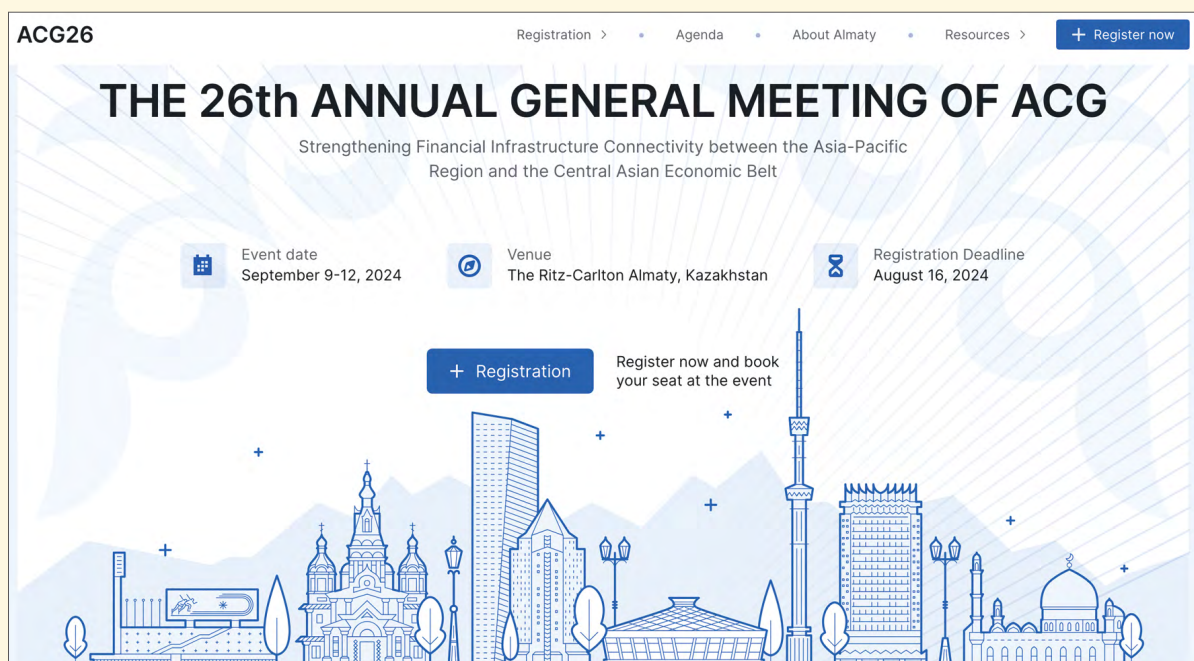
To register and for more information about the conference, please visit our official website: <https://acg26.kacd.kz/>

Kindly note that registration will remain open until August 16th. Should you require assistance with visa arrangements, please indicate this on the registration form.

We look forward to welcoming you to ACG26 in Almaty!

Best regards,

The 26th AGM Organizing Team (KCSD)



# TASK FORCE CONTRIBUTION

## New Business Initiative Task Force – Continuing the Momentum in 2023

### Korean Securities Depository

In the year of 2023, the new business initiative(NBI) Task force remained at the forefront actively engaging in activities to share vital information and insights regarding new businesses and services. Insightful discussions and knowledge exchanges took place during the 23rd Cross Training Seminar and the 25th ACG General Meeting. Moreover, endeavors aiming for a frictionless Asian bond market are still on track through various AFSF activities.

### ► The 23<sup>rd</sup> Cross Training Seminar

The NBI Task force had a significant presence at the Cross Training Seminar set against the backdrop of Bali Island. Under the theme of “New Services and Initiatives of CSDs”, 8 CSDs including CDS, IDCLEAR, JASDEC, KSD, KSEI, NSDL, TDCC and TSD were thrilled to showcase their business initiatives. The session provided a fascinating glimpse into the diverse strategies adopted by CSDs to embrace new opportunities. Noteworthy approaches included integrating AI and visualization into business processes, both aimed at optimizing post-trade systems.





## ► The 25<sup>th</sup> ACG General Meeting

The ACG25 held in Vietnam was another milestone, bringing over 40 participants to the Group Meeting further discussing on enhancement to NBI Task Force. Key institutions such as KSEI, SGX, NSDL, CSDI and VSDC also shared service advancements ranging from Singapore DR cross-border trading to the integration of blockchain technology. As the convener of the NBI Task force, KSD reported 2023 activities and outlined future goals to enrich forthcoming NBI activities.



## ► The 6<sup>th</sup> edition of the AFSF Report

The AFSF report has been published 6 times since its initial release in 2017. The primary focus this year was comprehending global differences striving for a truly frictionless post-trade space. The report analyzed gaps and similarities among Asian Bond Market identifying how close or far we are from a standardized approach. In addition to this analysis, it also included a review of the 5th AFSF workshop and other collaborative efforts of connecting markets.




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Moving forward, NBI Task Force will further continue efforts to emphasize networking during and after activities. We are dedicated to make the Task Force as a catalyst not merely for hosting events, but rather the beginning for meaningful collaborations.

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Investor Services Task Force (ISTF) has been dedicated in promoting the experience and information sharing among its members. As the ISTF convener, TDCC is proud to present the following activities carried out with our members in the second half of the 2023:

### ► **Keynote Speech at AECSD Annual Training Seminar 2023**

As the ISTF convener, TDCC was invited to deliver a keynote speech sharing the investor services among ACG members in the Annual Training Seminar of Association of Eurasian Central Securities Depositories (AECSD) in November 2023. Based on our Investor e-Access Services Survey in 2022, we presented key findings in four categories: Investor Portal, AGM Services, Hub for Stakeholders and Others. With the trust of stakeholders, advancement in technology and investor data, CSDs are now more than just a back office and play a diverse role in its business development.

### ► **Task Force Group Meeting & Activity Reporting at the 25th ACG General Meeting (ACG 25)**

In the beautifully-held ACG general meeting in Da Nang, the ISTF was honored to have delegates from 20 organizations participate in its group meeting session. In this session, 9 organizations, including CDBL, CSDI, CDSL Sri Lanka, KSEI, NSD, NSDL, TDCC, TSD and VSDC, shared their latest investor services developments. After the group meeting session, the ISTF convener TDCC reported the activities it held in 2023, members' significant investor service development and the ISTF future plan in the Task Force Activity Reporting Session. In the following year, the ISTF will continue to facilitate information sharing, explore investor topic of members' Interest and enhancing collaboration and communication among members.

## ► ISTF Online Bulletins

Since 2020, the ISTF has been collecting members' investor services news and articles to circulate quarterly bulletins. In the second half of 2023, we issued two informative ISTF Online Bulletins. The shared contents included Bursa Malaysia's new data connectivity service; CDCPL's Centralized Gateway Portal; CDSL's Financial Information Provider and Video Conferencing (VC)/Other

Audio-Visual Means (OAVM) Service for AGM; CSDI's electronic general meeting platform and e-certificate; KSEI's AKSES and online general meeting service; NSDL's Online Dispute Resolution Portal (ODR Portal); TDCC's ePASSBOOK, eVoting and eMeeting; TSD's e-Transferring Phase II & self-authentication. More details can be found in the Research & Report area on the ACG Website.

Moving forward, the ISTF will continue its endeavors to make it a hub of investor services within the ACG community. In Feb 2024, we will collaborate with KSD and KSEI to hold an AFSF and ISTF Joint Workshop in Bali, Indonesia. The ISTF sessions will focus on the theme "Sustainability - What CSDs Can Do to Facilitate a Better Fund Environment for Investors." We anticipate a highly fruitful workshop where members actively engage in discussions, sharing insights on the latest organizational developments and perspectives in the dynamic 2024 landscape. These exchanges will lay the foundation for future collaboration and success.



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