

Asia-Pacific CSD Group E-NEWSLETTER

CONTENTS

02	Message from ACG Chairman
04	Member Profile
10	Market Updates
16	Recent Events
19	Task Force Contributions
25	Guest Column
28	ACG Secretariat Yearly Overview
31	Contact Details

MESSAGE FROM ACG CHAIRMAN



Dr. Wenhua DAI

ACG Chairman
China Securities Depository and Clearing Corporation

Dear ACG family,

It's my pleasure to present the 10th Edition of ACG Newsletter at the beginning of 2022! I here extend my warmest greetings to ACG members and your families, with the hope that we will triumph the pandemic in the near future.

Looking back at 2021, it's encouraging to see different countries and regions have been fighting against the pandemic in their own ways. Moreover, I saw enthusiasm, vitalities and resistance pervading ACG members. However, according to the latest WHO press release, COVID pandemic is "nowhere near over", cautioning against a narrative that the fast-spreading Omicron variant is risk-free. Therefore, how to restart ACG physical activities in a safer approach and keeping online meeting a new normal should be parallel.

2021 is a fruitful year. On September 23rd to September 29th, Taiwan Depository and Clearing Corporation (TDCC) hosted ACG Cross Training Networking week. Attracting over 300 participants, the five-day event was a warm-up for the CTS in 2022, with 6 Task Forces sharing their updates under different themes. On November 24th, Korean Securities Depository (KSD) and ACG Secretariat hosted the 2nd ACG Webinar on the topic of "How will Fintech reshape securities post-trade industry?". Presented by 5 speakers from KSD, NSDL, Deutsche Bank, HKEX and TDCC and moderated by ACG Chairman, this event gave participants an opportunity to learn about Fintech applications of ACG members, including Artificial Intelligence, Big Data, DLT, Blockchain, etc. Notably, participation of AGC, AECSD, WFC, and HSBC also diversified this event, making the ACG Webinar more attractive among institutions outside the Asia-Pacific region.

The pandemic drags on toward a third year. Therefore, ACG events in 2022, AGM 24 hosted by KSD and CTS 22 by TDCC, are expected to be held both physically and virtually. Meanwhile, it is worth mentioning that the election of new ACG Chairmanship will take place on AGM 26, based on the ACG Charter and the voting result by ACG members via email in last December. My team and I will continue to be active and determined in our future work. Also, I'd like to thank Mr. Sherman Lin, ACG Vice-chairman, TDCC, and the whole ACG community for their great support since September 2019.

The 10th edition of ACG Newsletter once again brings your focus on Recent events, Market Updated, Task Force Contributions. SIX SIS Singapore, our ACG Associate Membership applicant, has contributed to the Guest Column this time. We're pleased to introduce this institution to you, and we truly wish that SIX SIS Singapore will officially join ACG community after AGM 24.

New year starts with new hopes which require our joint efforts to make come true. Collaboration and innovation will be the theme of ACG's 2022, and I encourage all of you to have a stronger faith in ACG and recovery of the world. Once again, I wish everyone a prosperous, healthy and fulfilling 2022.



MEMBER PROFILE

National Securities Depository Limited (NSDL)



I. About NSDL

National Securities Depository Limited (NSDL) is one of the largest depositories in the World. Established in August 1996, it proudly celebrates 25 glorious years of service to the Indian securities markets. NSDL has put in place a state-of-the-art infrastructure that handles most of the securities held and settled in dematerialised form in the Indian capital market. The Company plays a major role in dematerialisation of securities and electronic settlement of trades in the Indian Stock Market. The Company was able to capitalise on the market conditions through its operational excellence, higher efficiency and well executed

strategies. The value of assets held under custody stood at USD 3921 billion as on November 30, 2021. The market share of NSDL stood at 89.13 % in total custody value as on November 30, 2021. During FY 2021-22 (till November 2021), 3.08 million new accounts were opened at NSDL taking total number of active demat accounts as on November 30, 2021 to 24.6 million.

In October 2021, NSDL crossed a historic milestone of US \$ 4 Trillion (₹300 lakh crore) in the value of assets held in demat accounts. NSDL is the Executive Member of ACG, and the convener of Technology Task Force.

II. Value Added-Services

01

SPEED-e – SPEED-e is a common internet infrastructure that enables the Depository Participants to provide depository services to their clients. The SPEED-e facility is used extensively by our Depository Participants (DPs) to offer an electronic instruction submission facility to their clients. This brings convenience to investors which reduces the risk for DPs as well as to investors. It also provides customer delight thus enhancing the overall customer experience.

Over the years, various features viz., Statement of Holding (SoH), Account freezing, ISIN/ Quantity level freezing, multiple authorizations by certain users, instructions upload facility, Mutual Fund Redemption, SPICE and SPEED-e / SPICE Direct, Pledge and margin pledge Instruction Submission, Confirmation and Unilateral closure by counter party were added to SPEED-e service.

02

IDeAS – Internet-based Demat Account Statement (IDeAS) is a secure internet service set up by NSDL to empower its demat account holders to view online their latest balances along with the values and transactions in their demat account.

This facility is available to all the clients including Clearing Members who have opened a demat

account with any of the Participants of NSDL. IDeAS clients can also download month-wise transaction statements for the previous 12 months from the date of activation of IDeAS facility. Over the period, NSDL has enhanced its IDeAS service and enabled various facilities viz., Single Sign-on facility to clients for accessing e-Voting system of NSDL to cast their votes electronically in respect of resolutions of companies to be passed by Postal Ballot or a General Meeting and Interface with Income Tax Department Website to View/Download Tax Credit Statements (Form 26AS) and to provide Electronic Verification Code (EVC) during e-filing of Income Tax Return, facility to opt of eCAS, view eCAS, download, eCAS of last 12 months and update of email ID in demat account to receive eCAS.

03

STeADY- Securities Trading-information Easy Access and Delivery (STeADY) is a facility that enables Straight through Processing (STP) of trade information. It is an Internet based facility that helps to transmit digitally signed trade information with encryption to the market participants. The electronic contract notes are made available to institutional investors and their custodians for matching and to complete the settlement.

04

E-Voting – NSDL e-Voting solution has facilitated many companies to offer e-Voting services to their shareholders. This has enabled even small investors to take active part in the company's decision-making process by voting on the important resolutions. Apart from facilitating the voting process, NSDL also help companies live-streaming of meeting proceedings and instantaneous results. In addition to this, it also offers tab-based e-Voting services at the AGM venue itself and e-notices service to the companies availing e-Voting platform.

05

CAS – CAS has been a very popular initiative of NSDL. NSDL CAS is a single statement of all investments in the securities market and includes investments in equity shares, preference shares, mutual funds, bonds, debentures, securitized instruments, money market instruments and government securities held in demat mode. All investments held in single or joint names are mentioned in NSDL CAS. NSDL CAS offers unparalleled convenience to investors in keeping track of their investment portfolio. CAS enables investors to monitor their portfolio effectively and also helps them to develop strategies and accordingly take informed decisions. CAS is sent to investors electronically using email primarily (e-CAS). Investors also have an online option to opt for e-CAS and update email ID for receiving e-CAS.

NSDL continues to enhance investor experience, by introducing new features in CAS. NSDL has incorporated facility for viewing details of insurance policies held in investors' e-Insurance Account (eIA) with National Insurance Repository (NIR) of NDML. Additionally, a feature of "Annualized Return" has been incorporated to provide information on return on investors' investments in mutual funds schemes.

06

SPICE (Submission of Power of attorney-based Instructions for Clients Electronically)

– Submission of Power of attorney-based Instructions for Clients Electronically (SPICE) facility is in respect of demat accounts operated on the basis of Power of Attorney (POA). Many investors execute POA in favour of their stock brokers. Based on the POA, Clearing Members (CMs) submit instructions to the Participants (where clients maintain demat accounts) to debit the demat accounts of the Clients. SPICE enables such CMs to submit digitally signed instructions to Participant through the SPEED-e facility thereby eliminating the need to give paper-based delivery instructions to Participants. SPICE enables Clearing Members to debit Client account and credit CM Pool account. Further, SPICE facility is enhanced to debit the Client account and credit the Margin/BO account of

the CM. SPICE also includes the feature of SPICE Direct wherein auto pay-in instructions (submitted by CMs using the feature of SPICE) can be directly transmitted to NSDL.

07

SIMPLE (Submission of Instruction through Mobile Phone Login Easily) - SIMPLE is a facility that enables the password-based users of SPEED-e facility to submit Client to Clearing Member Pool Account transfer instructions on SPEED-e platform as mentioned above through their mobile phones (enabled with GPRS).

08

Mobile App - Mobile Application is a technology initiative of NSDL for investors to enable them to access to their demat account online, from the comfort of their home or office, on anytime, anywhere basis. NSDL Mobile App empowers demat account holder with an ability to monitor their holdings along with the price and values of the securities. NSDL Mobile App is a secured way of tracking the portfolio. Additional feature viz., client can exercise voting rights electronically, e-DIS launched wherein demat accountholder can accept or reject electronic Delivery Instructions Slips (e-DIS) submitted by Clearing Members. Also, clients can submit and view Delivery Instructions.

III. New Digital Initiatives

01

Demat Account Services

NSDL has developed different APIs to facilitate demat account opening, account validation and account maintenance.



Insta Demat Account
from Net Banking



DAN



eMail ID Update
Campaign



NSDL Insta DEMAT facility allows a Net Banking client to Open Demat Account in the Depository System. If the Account Holder opts for this facility, the client's demographic details are seamlessly transferred from Net Banking to the NSDL Insta DEMAT application and subsequently to the Depository System for creation of DEMAT account. The Depository System assigns a Demat Account Number (i.e. Client ID) to the Net Banking client.



NSDL has developed an API based service to verify the demat account present in the Depository system. This API can be used to verify unique Permanent Account Number and demat account status of investors.



NSDL has developed a facility to enable demat account holders to update email ID in their respective demat accounts. Under this campaign, a link to update email ID is sent to the demat account holders whose email ID is not registered on their registered mobile numbers. Account holders are able to update their email id through this link after verifying their PAN and authentication through OTP.



Private Cloud

02

NSDL has set up a private cloud which can host the local databases on the Depository Participants. This will help the Depository Participants to reduce the initial setup cost and cost of operations.

Electronic Book Provider (EBP) Platform

03

NSDL is authorized by SEBI to act as an Electronic Book Provider. NSDL will be providing its EBP services through its Issuer portal, which will facilitate Issuer to privately place Debt securities including Non-convertible Redeemable Preference Shares, Commercial Paper and Certificate of Deposits through NSDL EBP platform. The EBP service enables coupon/price discovery in transparent manner and facilitates process of issuance of securities in seamless and efficient manner.

Commercial Paper System

04

Commercial Paper Platform is an online service available on NSDL's Issuer portal facilitating Issuer, Investors, Issuing and Paying Agents (IPAs) and Registrar and Transfer Agents (RTAs) to undertake the Commercial Paper (CP) issuance process in a secure, efficient and seamless manner.

Issuers can make online application to NSDL for getting CP ISIN through this issuer portal and subsequently initiate the Commercial Paper Issuance process. Issuers, Investors, IPAs and RTAs can carry out all the activities involved in CP issuance online through this platform.

The CP platform provides secured access to users, eliminates the need for manual activities like movement of physical documents between entities, reduces the Commercial Paper issuance process time from 1 day to a few hours and provides real time updates and notifications to the users on the status of the Issuance.

Issuer Portal

05

NSDL Issuer Portal is a platform provided to the Issuers with an objective to provide one-stop solution for all Issuer-related Services. NSDL Issuer Services portal provides various functions to Issuers for the depository-eligible securities and facilitates issuers to comply with regulatory reporting requirements and digitalization of many manual processes.

Online AGMs

06

NSDL has been providing webcasting services to companies wherein, the shareholders of companies subscribing to this facility are provided online access to the Annual General Meetings (AGMs) using their login credentials of NSDL's e-Voting website.

Due to the advent of COVID-19 pandemic, MCA has permitted companies to conduct Virtual AGMs/EGMs through Audio Visual means wherein the shareholders should also be provided a facility to participate in the meeting through video conferencing. In light of the same, NSDL has started to offer integrated platform for e-voting & video conferencing services along with webcasting services to enable companies to comply with MCA guidelines while carrying out virtual AGMs/EGMs.

Un-Listed Issuer Portal

07 NSDL has launched an online platform for Un-listed Issuers to complete the registration and on-boarding process related to joining the Depository. The platform also facilitates registration of entities like Registrar and Transfer Agents (RTAs), Professional Firms (like CA and CS Firms) for completing on-boarding process related to joining the Depository on behalf of their clients i.e. Issuers.

The registered users can submit digitally signed documents, create pre-filled Application form and generate Tri-partite agreement and franking document using the Un-Listed Issuer portal. The Portal facilitates users in validating the input data for the application form, and provides notifications and real-time tracking feature on the workflow status for the users. On completion of registration and on-boarding process, issuers can obtain Issuer code and ISIN of the security from the Depository.

NSDL Demat Gateway e-DIS (Electronic Delivery Instruction Slip)

08 e-Delivery Instruction Slip facility is an integration between the brokers and NSDL Demat Gateway which facilitates Clients to provide mandate/consent to debit and transfer securities from their demat accounts towards the obligation at exchange(s) arising out of trades. Using this facility, demat account holders can fulfill their pay-in obligations without having the need to submit Power of Attorney to their stock broker.

Under this facility, based on the mandate submitted by the Client, Clearing Members submits the instruction to the Depository Participant of the Client to debit the securities from the demat account of the Clients to the extent of obligation at exchange(s) arising out of trades. NSDL validates the details of debit instruction with obligation details uploaded by CCs. Upon debit of securities from the Client account, as a risk mitigation mechanism, NSDL sends SMS to concerned clients at the mobile number registered in their demat account.

IV. Corporate Head

Ms. Padmaja Chunduru is MD & CEO of NSDL since Sept. 2021, after a 37 year stint in banking industry, in SBI and Indian Bank.



At Indian Bank, Ms. Padmaja has successfully steered the merger of Allahabad Bank into Indian Bank amid the Covid challenges. The Bank completed the merger seamlessly with least disruption to customers, in a record time of 10 months. Significant improvement in all key metrics and the empathetic handling of the cultural integration of two diverse banks was the subject of a case study **"Merger of Equals" by Harvard Business School Publishing.**

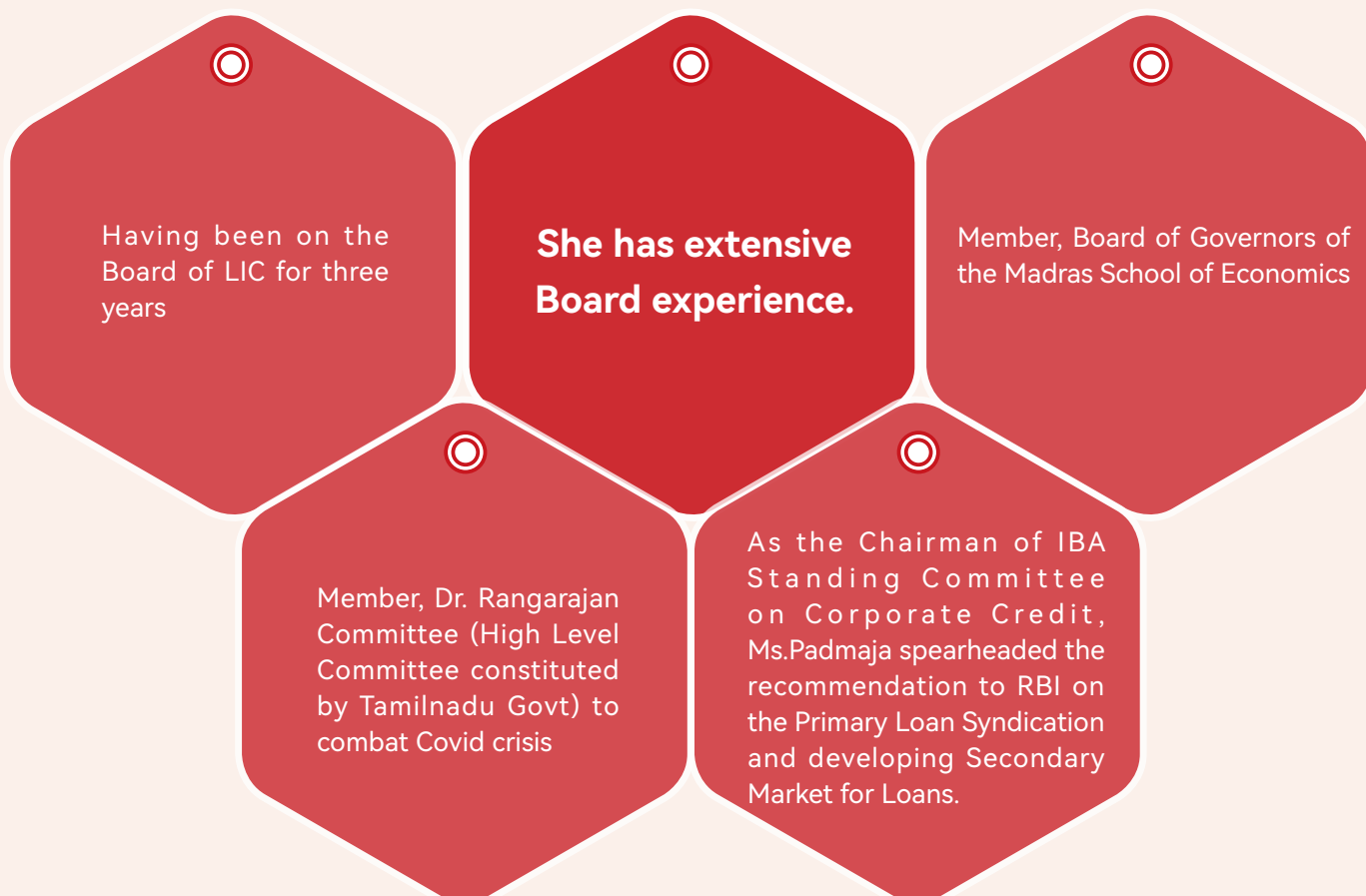
In the recent Forbes Global ranking of 'Best Employers 2021', Indian Bank has ranked 314th globally. In India, the Bank is among the Top 10 – Best Employers.

Ms. Padmaja was adjudged **"Banker of the Year" by FE for 2019-20** and **Top 100 Women in Finance -2020 by AIWMI** (Assn of Intl. Wealth Management of India)

Prior to joining Indian Bank, Ms. Padmaja was DMD (Digital Banking) with SBI.

From 2014 to 2017, she was Country Head, SBI US Operations at New York, overseeing strategic planning, business growth, risk management and compliance. She was involved in critical discussions with US Regulators on the Bank's operations in the US and was successful in placing the US Operations on a steady growth path.

A Post Graduate in Commerce from Andhra University, Ms. Padmaja joined SBI in 1984 as a Probationary Officer. In a career spanning more than 3 decades, with postings in India and USA, she gained rich experience in Corporate Lending and Credit Management, Retail Operations and Digital Banking, Treasury & International Operations.



MARKET UPDATES

China Central Depository & Clearing Co., LTD. (CCDC)



中央国债登记结算有限责任公司

CHINA CENTRAL DEPOSITORY & CLEARING CO., LTD.

◀ CCDC and BIS Co-hosted 2021 Global Central Banks Webinar on the RMB Bond Market

On September 28th 2021, CCDC and the Bank for International Settlements (BIS) successfully held 2021 CCDC-BIS Global Central Banks Webinar on the RMB Bond Market. Leaders and experts from the People's Bank of China, the Hong Kong Monetary Authority, the Bank of Thailand, the Reserve Bank of South Africa shared their insights on the internationalization of the RMB and the opportunities of China's opening up bond market, with more than 150 representatives from 41 foreign central banks and super-sovereign institutions attended.

◀ CCDC Supported Guangdong Local Government Bonds Issuance In Macao

On October 12th 2021 CCDC, as the issuance consultant, successfully supported the Guangdong Provincial Government in issuing RMB 2.2bn local government bonds in the Macao Special Administrative Region. It is the first local bond issuance in Macao since the central government bond issuance in 2019.

◀ ChinabBond ICBC Green Bond Index Released Abroad

The "ChinabBond ICBC Green Bond Index" prepared by the CCDC in cooperation with ICBC, following its release in Beijing in September 2021, has been

released and listed on the Chongwa (Macao) Financial Assets Exchange Co., Ltd. (MOX) and the Luxembourg Stock Exchange in November 2021. This is another important step for CCDC and ICBC to respond to the green finance development strategy and actively promote the opening-up of China's bond market.

◀ CCDC Successfully Held International Collateral Management Forum 2021

On October 22th 2021, CCDC successfully held the International Collateral Management Forum 2021 themed "Decade Exploration, Future Inspiration". Leaders and experts from regulatory authorities, associations, financial infrastructures, banks, asset managers, securities companies, futures companies, and funds shared their insights on financial reform, financial market connectivity and opening up, RMB internationalization, and financial judicial service, with more than 250 representatives from nearly 150 institutions attended.

◀ CCDC Upgraded Direct Connect Interface Service

To further enhance the bond market efficiency and better support the full process management of bond services, CCDC launched the next generation direct connect interface which is designed to be more efficient, using new messages compliant with ISO20022 specifications, and adding new interface content for corporate action and agency fund business.

Korean Securities Depository (KSD)



CSD Update

◀ Bringing Innovation to Venture Capital Market with Platform Service

On October 18th, KSD launched “VentureNet” with an aim to advance the Korean venture capital (VC) industry. VentureNet will serve as a central platform that connects market players and achieves the real-time processing of management instructions, balance matching, account management, reconciliation and many other post-trade operations in an STP setting.

From an industry perspective, expectations are very high for VentureNet since VC fund managers, trustees, and other stakeholders are less likely to suffer from the painstakingly slow process of emails, faxes, and calls for each other. The loss,

forgery, or theft of sensitive documents are soon to be concerns of the past because the relevant post-trade processing mostly goes paperless with VentureNet.

Also, venture capitalists will greatly welcome this new change as they will be able to clearly monitor online how their money is actually invested through VC funds.

Based on the lessons learned from FundNet for the past years, KSD will continue to stabilize and upgrade VentureNet for the growth of the Korean VC industry and post-trade standardization.

CSD Update

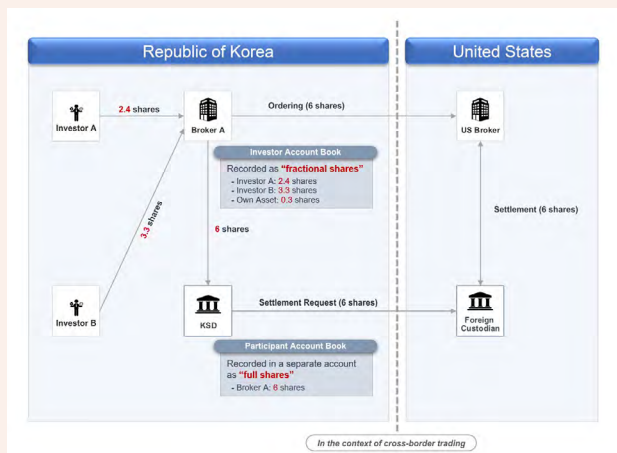
◀ Laying a Stepping Stone Path for More Foreign Stock Aficionados

On November 12th, KSD bolstered its support for the fractional trading of overseas stocks by having 20 securities firms onboard for the new service. Once operationally ready, the participant brokers are expected to open the door for their customers to trade fractional shares of foreign equities before the end of 2021 or in the first half of 2022.

Fractionalization literally means to allow investors to buy a portion of a stock and will help investors better approach large-cap stocks just with small

capital. Without risking bets on full shares, those with limited resources will be able to play it safe by diversifying a smaller but manageable portfolio. Operation-wise, brokers will record fractional shares in their investor account book and turn them into full shares by leveraging their own assets. KSD will record the full shares in a separate account dedicated to fractional trading and deliver settlement instructions to global custodians accordingly.

KSD will continue to grow with the market by constantly innovating to enrich investor experience with trust and convenience.



CSD Update

Transition from LIBOR to KOFR

On November 26th 2021, KSD announced the first publication of the Korea Overnight Financing Repo Rate (KOFR) in a grand launching ceremony. The event was attended by the key figures from the Financial Services Commission (FSC), the Financial Supervisory Service (FSS), the Bank of Korea, and other financial institutions.

The transition to risk-free rate (RFR) is part of global efforts to reform benchmark standards for interest rates in the wake of the notorious LIBOR rigging scandal.

Against such a backdrop, on September 29th, FSC defined KOFR as the OTC overnight repo rate of sovereign bonds and monetary stabilization bonds. On November 24th, KSD was officially designated



as the administrator for KOFR calculation and publication.

As a trusted triparty repo agent, KSD will ensure error-free calculation and timely publication of KOFR which is strictly based on actual prices, not the estimates of some esoteric bankers.

CSD Update

Pushing the Limits of Offshore Equities

The year 2021 will be remembered as another milestone in the history of KSD. On November 4th, the holdings of foreign securities kept by KSD exceeded USD 100 billion. The holdings have grown exponentially since 1994 when KSD began offering its custody service for offshore investing. Jumping over the USD 100 bn threshold is considered as a remarkable feat given that the KSD holdings of foreign securities were ten times smaller a decade ago and merely stood at its half level (USD 50 bn) early last year.

The sudden spike in volume has been largely driven by the recent bullish bets in global securities markets and the behavioral changes of domestic investors.

For the past 27 years, KSD has long been a central gateway safekeeping and settling foreign securities in connection with global custodians and ICSDs.

KSD will continue to serve as a trusted keeper for domestic clients investing in foreign-listed firms.



New Business Initiative Update

Publication of 2020/21 AFSF Report

On December 8th 2021, KSD published 2020/21 AFSF Report (Link) on the official website of Asia-Pacific CSD Group (ACG). The 31-page long report is comprised of survey findings and CSD milestone updates. The essential part of the report is the results of 2021 survey conducted under the theme, “Cross-border Trading Barriers: From Silos to Symphonies”.

The fundamental goal of the survey is to identify challenges and solutions to the post-trade harmonization of investments funds which are likely to go more borderless in Asia with the advent of fund passporting schemes and mutual recognition of funds.

For this, KSD compared and contrasted each respondent CSD’s operations to pinpoint major interoperability gaps in account structure, order processing, messaging, cut-offs, and more, especially in the context of inter-CSD linkage.

The implications from the survey will serve as a solid basis for further research and expedite the regional efforts for achieving the ultimate goal of AFSF—establishing an optimal model for inter-CSD post-trade harmonization.

The Asia Fund Standardization Forum (AFSF) set sail in 2015 under the New Business Initiative Task Force (NBI TF) of ACG. As the convener of NBI TF, KSD has led AFSF to explore the scalability of CSD services in the field of collective investment schemes by proposing a research theme, conducting a survey, holding a knowledge sharing workshop, and producing a comprehensive report on a yearly-basis.



National Securities Depository Limited (NSDL)

Operations in GIFT City (IFSC)

An International Financial Services Centre (IFSC) has been set up at GIFT City, with International Financial Services Centres Authority (IFSCA) as a unified regulator. After obtaining approvals of SEBI and IFSCA, NSDL has become part of a consortium of MIs which is in the process of setting up an International Bullion Exchange, Clearing Corporation and Depository in GIFT City to facilitate trading in precious metals. MIs consortium promoted depository intends to offer a range of services as part of its GIFT City operations, starting with allowing Indian investors to hold and trade unsponsored depository receipts with global stocks as underlying securities.

Inter-operable Platform for enhancing investors' experience in Mutual Fund transactions / service request

In order to make it more convenient to the existing and future mutual fund investors to transact and avail services, the financial market regulator Securities and Exchange Board of India (SEBI) has directed that Depository shall develop a platform that will deliver an integrated, harmonized, elevated experience to the investors across the industry. This platform shall enable a user-friendly interface for investors for viewing the report of investment in various financial products as and when required.

Block Mechanism in demat account of clients undertaking sell transactions

A new mechanism whereby a client intending to undertake a sell transaction, can block shares in favour of the Clearing Corporation. If sell transaction is not executed (or obligation details are not received from clearing corporation), shares shall be unblocked on T day. Thus, this mechanism will do away with the movement of shares from client's demat account for early pay-in and back to client's demat account if trade is not executed.

When any client intends to avail Block with Early Pay-in facility, Participants are required to obtain such instruction in the prescribed format. This is an optional facility for clients.

Introduction of T+1 rolling settlement cycle on an optional basis

Securities and Exchange Board of India (SEBI) permitted stock exchanges to introduce T+1 settlement cycle on any of the securities available in the equity segment.

Market Infrastructure Institutions 'MIs' (Stock Exchanges, Clearing Corporations and Depositories) have finalized the roadmap for the implementation of T+1 settlement cycle.

Stock Exchange has decided to offer T+1 settlement cycle in staggered manner, after giving an advance notice, regarding change in the settlement cycle, to all stakeholders, including the public at large, and also disseminating the same on its website.

④ Systemic check using distinctive numbers database in corporate actions executed between depositories

NSDL has introduced systemic check using database of distinctive numbers while executing corporate action between depositories i.e. for any corporate actions where credits are to be effected in one depository after debits are successfully executed in the other depository.

Accordingly, Issuers/R&T Agents are advised as follows:



Issuer/R&T Agents shall ensure to use the details - CA Type Code, Allotment Description Code and Flag for status of DN Range for specified corporate action transaction.



While executing debit corporate action in respect of accounts in NSDL, Issuer/R&T Agents shall provide details in prescribed format for specified debit corporate action transaction. Upon effecting of debits in respect of accounts in NSDL, the said information will be provided to CDSL through the DN database.



While executing credit corporate action in respect of accounts in NSDL consequent to debits effected in CDSL, the Issuer/R&T Agents shall provide the details in prescribed format for the credit corporate action after verifying that the debits are effected in accounts in CDSL. In case such details do not match, such credit corporate action shall be rejected and the reasons will be notified

RECENT EVENTS

The 2nd ACG Webinar

“How will Fintech reshape the securities post-trade industry?”

With metaverse being a hot topic during 2021, we once again draw our attention back to Fintech and see how it has influenced our industry. Supported by the ACG Secretariat, Korean Securities Depository (KSD) took the momentum of this trend and initiated the 2nd ACG Webinar on the theme of “How will Fintech reshape securities post-trade industry?”

The event took place on Nov. 24th, 2021 with more than 80 people registered via ACG website. We were glad to see colleagues from ECSDA, AECSA, AGC and HSBC have also participated in the Webinar.

We invited 5 brilliant experts from KSD, Deutsche Bank, NSDL, HKEX and TDCC to share their insights and latest application of Fintech from their institutions, such as Artificial Intelligence, bigdata, block chain, and DLT. Ms. Helen Chae from KSD gave the opening remark, and Dr. Wenhua Dai, ACG Chairman, moderated the presentation and Q&A session.

First, Mr. Ki-Kwan (Tony) Park from KSD gave the presentation on the topic of “Securities Token Offering (STO) and The Future of CSD Business”. Currently, guided by the regulation of FSC in Korea, KSD has completed proof of concept for STO platform. KSD provides a settlement finality and manages a distributed ledger.

Mr. Manoj Sarangi from NSDL introduced “AI in Securities Services Industry”. Starting from the overview of AI technology with a few examples of application, such as pattern detection, foresight, customization, decision making, interaction. From customer experience, operation areas and compliance & risk management perspectives, Mr. Sarangi illustrated the AI applications in securities industry. Moreover, he also listed some challenges faced by regulators, including data protection, cost of implementation and prevention of bias on AI decision-making.

Mr. Boon-Hiong Chan from Deutsche bank gave us a presentation on DB’s latest Fintech applications including AI /machine learning, tokenisation of financial services and Central Bank Digital Currency (CBDC). He also presented us some with some models to better illustrate how these applications work in different scenarios.

Mr. Edwin Lee introduced the latest Fintech application in HKEX. The first is HKEX CAMS (Corporate Action Message Standardisation). By standardising the format of major HK market corporate events using the agreed market practice framework, major HK market corporate events will be distributed through SWIFT infrastructure to minimise the operation risk. The pilot service has been launched in

Sept. 2021 and HKEX is on-boarding new pilot clients at the moment. HKEX can share the experience on leveraging SWIFT for standardisation and distribution of events. The second is HKEX Synapse. This is a new platform to accelerate Stock Connect Settlement operations for Asset Managers/ Custodians/brokers. Synapse partner with DTCC/Digital Asset/SWIFT to offer an integrated solution to facilitate the T0 market settlement operations. The platform is targeted to launch 2022.

Mr. Howard Wang from TDCC introduced their Fintech development. The first is TDCC's ePassbook which is a replacement of its paper passbook to online app. The app integrated securities information & corporation action information (external

data), mutual funds data and bank deposit data. Second, e-shareholder services which will reduce cost of issuers companies, providing one-stop services including e-Voting, e-Meeting, e-Notice and e-Gift on a unified mobile app. Third, Big Data applications in TDCC. Starting from 2018, TDCC now has been on its expansion stage to strengthen data management and cultivate data culture.

The materials of this webinar can be downloaded via ACG official website. The 2nd Webinar marks the ending of major ACG events in 2021. The Secretariat together with ACG members will work jointly to present you with more chances of communication either online or offline in the near future.

The 2nd ACG Webinar: How will Fintech reshape the securities post-trade industry?



Fintech and CSD Industry, featuring STO
Mr. Ki-Kwan(Tony) Park, KSD



AI in Securities Services Industry
Mr. Manoj Sarangi, NSDL



**The Changes in Securities Post-trade That DLT & AI Can Drive.
Are We Prepared for These Changes?**
Mr. Boon-Hiong Chan, Deutsche Bank



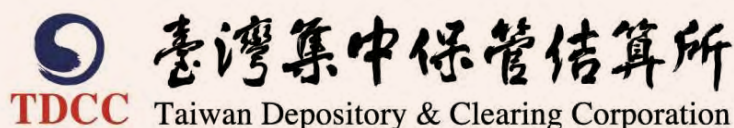
HKEX CAMS and Synapse
Mr. Edwin Lee, HKEX



Fintech Development at TDCC
Mr. Howard Wang, TDCC



2021 ACG Networking Week Attended by Over 300 Participants



TDCC hosted the ACG Networking Week, which is a warm-up activity for the 22nd Cross Training Seminar (CTS 22) in 2022. This event provided a platform for ACG members to interact with each other before the official CTS 22 during this uniquely difficult period.

The 2021 ACG Networking Week was an amazing five-day event running from September 23rd to September 29th, involving six Task Forces. The sessions were convened by the Risk & Recovery Management Task Force hosted by Central Depository Company of Pakistan Limited; the Technical Task Force hosted by India National Securities Depository Limited; the Investor Services Task Force hosted by Taiwan Depository and Clearing Corporation; the Legal Task Force hosted by China Securities Depository and Clearing Corporation; the Exchange of Information Task Force hosted by Japan Securities Depository Center, Inc., and the New Business Initiative Task Force hosted by Korea Securities Depository.

Even though this was a new initiative for ACG to hold an online networking event, it was a huge

success attracting more than 300 participants from 29 organizations, including CSDs, custodian banks, and information service providers. This showed how supportive ACG members and participants were. Everyone involved gained extremely useful information from the sessions. It was a great pleasure for TDCC to be the host and learn alongside the entire ACG community.

The six sessions' themes focused on "New Risks Arising from Pandemic Situation in the CSDs Industry", "E-voting and Electronic Shareholder Meeting Mechanisms", "Investor E-access Services", "Securities Nominal Holding", "Recent Market Updates" and "Filling the Gap." There were several CSDs that joined the sessions as speakers. We would like to thank all of the members for their feedback during the event.

It is essential for CSDs to exchange information and cultivate a robust CSD ecosystem. We believe through interactions and events such as our successful 2021 ACG Networking Week, the Asia-Pacific CSD industry will enjoy a bright future together.



TASK FORCE CONTRIBUTIONS

Investor Services Task Force



The ACG Networking Week took place from the 23rd to the 29th in September 2021. Serving as the Investor Services Task Force (ISTF) convener, TDCC was honored to host the ISTF session with the theme of Investor e-Access Services. Nine of our ISTF members presented their latest developments regarding investor services, including Bursa Malaysia, CDS Sri Lanka, CSDI, KSD, NSDL, SGX, TDCC, TSD and VSD. We have summarized three interesting takeaways from their presentations for you:

◀ **Mobile service for retail investors**

Since mobile phones have become the most frequently used electronic device for individuals, many CSDs have launched mobile apps to better facilitate their services, such as Bursa Malaysia's Bursa Anywhere, CDS Sri Lanka's e-Connect, CSDI's DDN, NSDL's NSDL and VSD's brand-new E-passbook. In addition to holding and market information, there were some other notable special features, including Bursa Malaysia's connecting to Central Banks's gateway which allows transaction payments, and CDS Sri Lanka's collaborating with the government to conduct e-KYC for online depository account opening.

Ms. Tay Yu Hui, Director of Market Operations at Bursa Malaysia, shared three key points about their experience in mobile app service: (1) taking a more agile strategy with app development, (2) incorporating human touchpoints (e.g. customer

service) to back up the app solution, and (3) applying user experience (UX) and user interface (UI) design into the app.

Different from mobile apps, SGX and TSD focused on web-based investor portals, which also support mobile devices. Mr. Francis Loh, Head Investor Services of SGX, also shared three strategies in developing investor service, which were a clear roadmap, partnership & ecosystem, and adoption.

◀ **Annual General Meeting (AGM) related e-Services**

AGMs were significantly impacted during the pandemic. To avoid crowd gathering and physical contact, AGM-related e-Services provided the perfect solution for this situation. Some CSDs upgraded their AGM services, such as KSD's K-VOTE, while others introduced new services, such as CSDI's Integrated Portal of Electronic

General Meetings (DIMA), TDCC's AGM Supporting Video Conference Platform, NSDL's e-Notice, and TSD's e-Proxy Voting.

Facing stiff competition from other local e-Voting service providers, but still with a 110.3% growth in the number of users, Ms. Helen Chae, Head of Global Cooperation Team at KSD, illustrated the differentiation strategy they took: (1) 24/7/365 Access, (2) automated linkage to other systems/platforms, (3) heightened support for institutional investors, and (4) stats analysis report. She also encouraged everyone to continue differentiating services so as to become the admiration of competitors.

◀ Other Investor Services

Instead of using other entities' e-KYC services, CSDI serves as the e-KYC service provider in its market. In the ISTF session, CSDI updated the latest developments of its e-KYC platform named Comprehensive Information Gathering System (CIGS), which now fully adopt electronic identity authentication processes and enable customers to have their identities verified online.

Serving as an authorized foreign portfolio investors (FPI) registration numbering agency, NSDL also provides service with regards to monitoring the FPI's investment limits for certain securities segments. Additionally, NSDL's electronic contact notes transmission service, Securities Trading information easy Access and DeliverY (STeADY), were extensively used by FPI trades.

The ISTF session during the ACG Networking Week brought fruitful results for the communication and experience exchange among its members. For more information about the nine amazing presentations, please visit the ACG website (www.acgcsd.org/acg_04_s2.aspx?id=61). Also, in order to leverage the new developments of investor services, we have been issuing quarterly ISTF online bulletins for members and also planning on updates of the Investor e-Access Services Survey starting in 2020. Moving forward, TDCC will continue to endeavor to make the ISTF a hub of investor services in the ACG community.



Legal Task Force

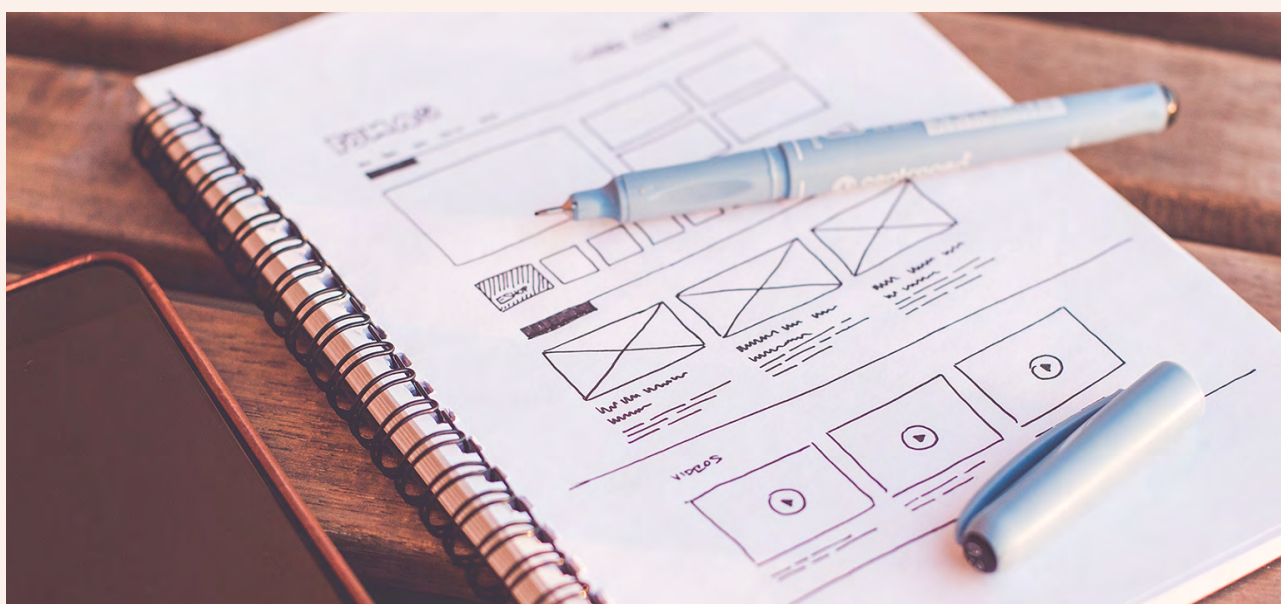
In 2021, the Legal Task Force convener China Securities Depository and Clearing Corporation Limited (CSDC), where the ACG Secretariat also operates, has been actively engaged in ACG events and discussions.

◀ Questionnaire in May

During the 22nd Cross Training Seminar, the Legal Task Force focused on securities nominal holding and the data transmission in cross-border connection and cooperation as our annual theme. In order to make sure that the discussion is fruitful and efficient, CSDC developed a questionnaire on the the two issues and invited all members to fill it in.

◀ The CTS Networking Week in September

Due to the impact of the COVID-19, the 22nd ACG Cross Training Seminar had to be postponed. But thankfully the host TDCC organized a CTS Networking Week for ACG as a warm-up activity. During the Networking Week in September, CSDC presided over the Legal Task Force Session and invited our colleague to join in the discussion. VSD, NSDL and CSDC also shared their respective experiences and exchanged their views on nominal holding system. VSD shared their securities holding model and nominal holding practices. CSDC introduced the H-share full circulation programme, while NSDL gave a presentation on regulatory change management in India.



Technical Task Force

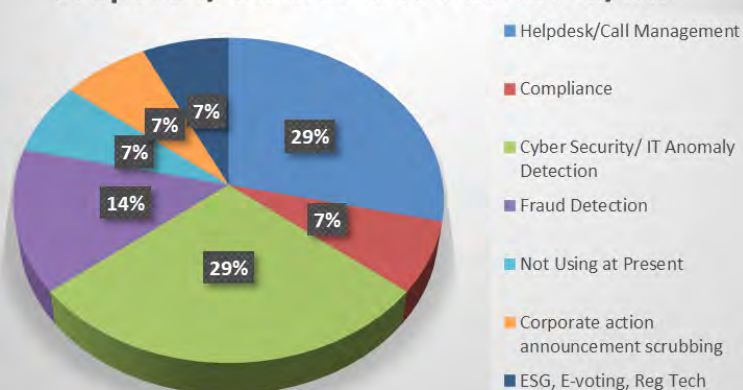
- Artificial intelligence (AI) and machine learning (ML) are at different stages of maturity in the finance industry, but there is widespread agreement that the adoptions are trending upward.

NSDL on behalf of Technical Task Force (TTF) conducted a survey during the second quarter of 2021 to understand the adoption of AI/ML by CSDs, the apprehensions in adopting such technologies and the practical challenges.

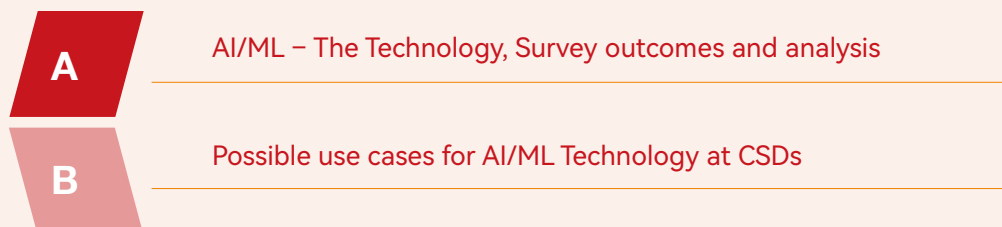
Based on the responses received from total 8 CSDs across Asia, following are key take-a-ways of the survey –

- “Cyber Security / IT Anomaly Detection”, “Helpdesk / Call Management” and “Fraud Detection” emerged as Top areas where AI/ML technologies are either being or considered to be used.
- Majority of CSDs indicated that “Improving Efficiency” as the biggest reason for adoption of AI/ML.
- 62% of respondents believe that Big Data plays crucial role in enabling AI/ML technology
- Understanding AI/ML technology and its use case is the area wherein respondents have indicated the need for help from external consultant / party.
- “Flawed decision taken by AI/ML system” is the top-most probable risk every CSD reported
- All respondents unanimously expressed interest in workshop to be conducted by ACG TTF.

Proposed/Considered Areas for AI/ML



NSDL, as Convener of TTF, thus plans to conduct webinar for members on the following areas during the first half of 2022:



Distributed Ledger Technology (DLT) provides numerous avenues for CSDs including strengthened identity measures, improvements in information preservation and data integrity, processing efficiencies, increased operational capacity and compliance effectiveness. However, there are certain standards that are still evolving. NSDL will conduct a webinar for the Technical Task force members to help them understand.



- ◀ Disaster Recovery Site Shifting – NSDL recently relocated its Disaster Recovery Site (DRS). There were partners engaged which included logistics, OEM, and consultants for the relocation for DRS. NSDL did the program management and orchestrated the elaborate and complex exercise for successful DRS relocation. Key learnings of the project are:

Planning is the most important and complex part of the exercise. It should include

- 🕒 Documentation of the stakeholders and their roles and responsibilities. Plan for each stakeholder with detailed breakup
- 🕒 Current floor and rack layout and target floor and rack layout
- 🕒 Detailed integrated plan with milestone



Proper co-ordination and team work among the teams involved

- ▶ Inventory documentation and validation is of paramount importance. This should be verified and validated several times to weed out any possible errors or discrepancy.
- ▶ Cabling is one of the most complex and important task. Cabling must be done well in advance with proper cabling and testing.
- ▶ Complete power cycle of all equipment is necessary and need to be done at least two weeks prior to shifting.
- ▶ A change freeze must be done and no change in application, equipment, and cabling to be done at least one week prior and preferably two weeks.
- ▶ A complete walk through of the whole shifting process needs to be done several times to discover any blind spots.
- ▶ People planning is also important. Each individual part of this shifting should have his/her roles and responsibility defined, and a backup identified, trained, and made part of the exercise.
- ▶ OEMs need to be kept on standby to cater to any unforeseen events to provide support at short notice.
- ▶ The Program manager should track all activity for timely completion. Any deviation needs to be quickly escalated and addressed.

CISO Forum

The month of October is celebrated as Cyber Security Awareness month worldwide wherein organisations conduct awareness campaigns to raise the importance of Cyber Security. With remote working becoming the new normal due to pandemic, users are relying on their home network and sometimes using personal devices to connect to organisation infrastructure. Considering the security risks of remote working, cyber security awareness for the users becomes utmost importance to keep the organisation ecosystem secure. NSDL as part of Cyber Security Awareness month, conducted multiple webinar sessions for employees covering various topics on cyber security. Cyber Security awareness mailers were also sent to stakeholders and investors.

NSDL also conducted webinar on theme on "Cyber Security Framework and Implementation". The session covered the various cyber threat vectors and best practices to be followed to mitigate the threats. Session also covered in detailed presentation on the NIST cyber security framework.

GUEST COLUMN

The Future of Finance Is Now



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And, when it comes to capital liquidity, we give you access to the Swiss Repo market through our offering of securities finance services. SIX in partnership with the Swiss National Bank, runs the multicurrency repo trading platform for over 160 participants.

◀ SIX has a diversified business model covering four main businesses:

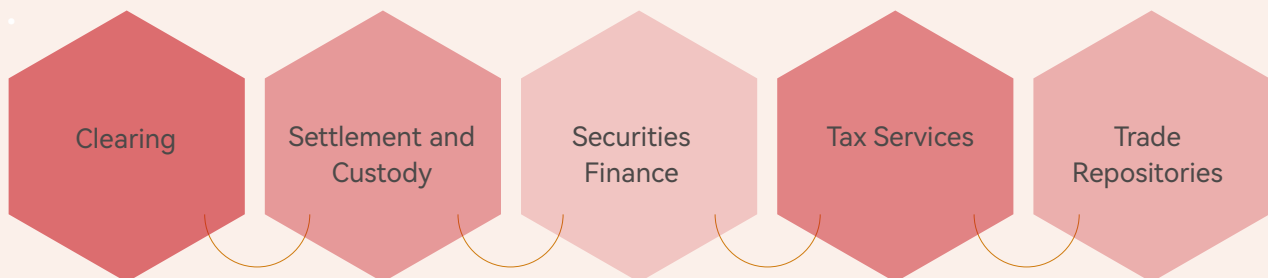
▶ **Exchanges** – Third-largest stock exchange group in Europe

As operator of the Swiss stock exchange, and the Spanish stock exchange, we provide assistance with listing (of equities, fixed-income securities, ETFs/ETPs, and structured products) and trading (with all instruments). And with SIX Digital Exchange (SDX), we are defining the securities value chain of the future.



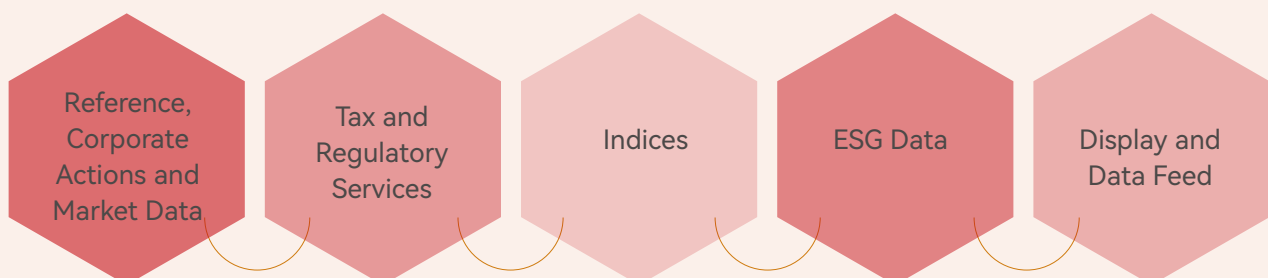
◀ **Securities Services - Unbeatable post-trade services from A to Z and more.**

Thanks to our pan-European reach, SIX is ideally positioned to optimize your post-trading processes and to minimize counterparty risk. Industry experts value our infrastructure, our legal structure, as well as our product portfolio, and count it among the best.



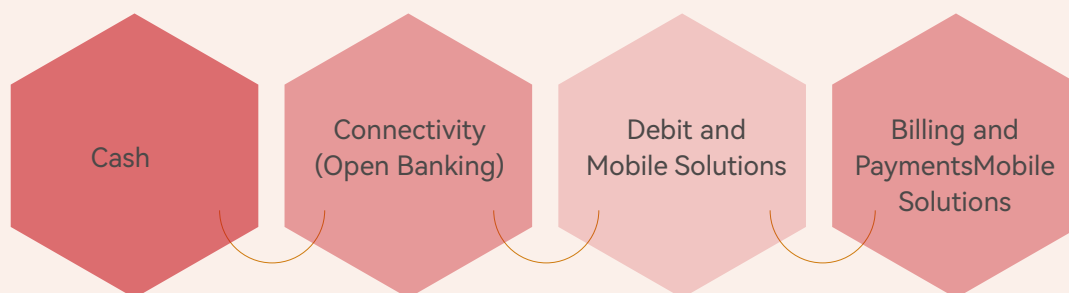
◀ **Financial Information - Data You Trust.**

As a global provider of financial information, SIX delivers high-quality reference, rate, and corporate actions data, and provides regulatory services and indices.



🔗 Banking Services - Smooth payment transactions.

As the competence center for Swiss payment transactions, SIX supports banks with innovative services in an increasingly digitalized world.



ACG SECRETARIAT YEARLY OVERVIEW

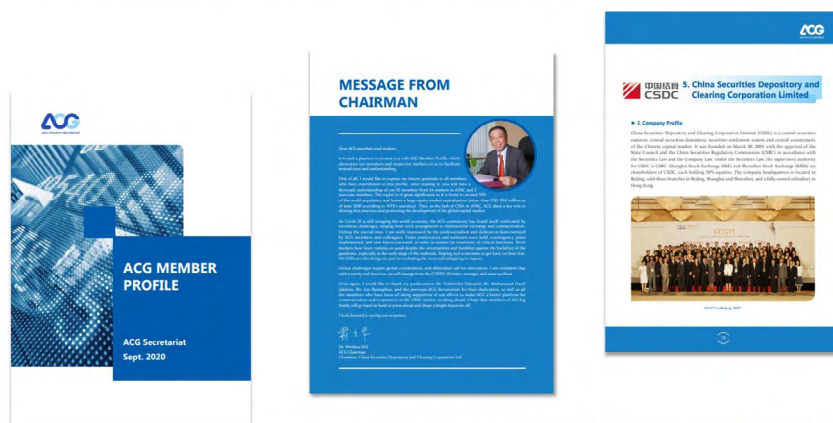
How time flies! It has been 2 years since China Securities Depository and Clearing Corporation Limited (CSDC) took over the role of the ACG Secretariat. At the end of 2021, we believe it's meaningful to look back on what we have achieved in the past two years before we take new strides.

In his inauguration speech as the ACG Chairman at the 23rd ACG General Meeting, Dr. Dai Wenhua promised to fulfill two missions for the ACG community. First, triggering vigor and vitality. Second, enhancing cohesion and cooperation. To this end, the Secretariat, under the leadership of Dr. Dai, has carried out a series of innovative initiatives.

First, the ACG webinar. The Secretariat successfully held two webinars and invited seasoned experts from Deutsch Bank, KSD, TDCC, NSDL to discuss the challenges and opportunities amid COVID-19 and their practice and insights on the utilization of Fintech.

Second, the ACG Member Profile. In order to strengthen the bond and improve mutual understanding among ACG members, the Secretariat compiled the ACG Member Profile to showcase the ACG members as a whole. To date, this effort has been applauded by many of our colleagues and friends within the ACG community.

Developed and released ACG Member Profile



Introduction to the 35 member organizations and 2 associate members of ACG as well as the markets where they operate.

Third, the ACG Research Bulletin. Every day, the finance industry is going through tremendous changes. New words and phrases like central bank digital currency, cyber security, and process automation, are calling for attention. The Secretariat felt obliged to make all these topics relevant in our organization and started to develop the ACG Research Bulletin. Up until today, 3 issues of the Bulletin have been released, covering a diversified range of topics from IBOR, capital market digitalization to COVID response.

Fourth, the ACG Newsletter. In addition to existing columns like Market Updates and Task Force Contribution, in the latest 2 newsletters, we have innovatively set up the Guest Column where experts from Euroclear and SWIFT are invited to share their industry insights.



ACG Newsletter 8th Edition



ACG Newsletter 9th Edition

Fifth, the CTS Networking week held by TDCC. TDCC, together the six Task Force Conveners, provided us with an excellent opportunity to exchange information and cultivate a robust CSD ecosystem in a special time like this.

With regard to the second mission of enhancing cohesion and cooperation, the Secretariat has also made efforts both in and outside the ACG community.

For example, Dr. DAI made congratulatory remarks for KSD's launching ceremony of RFR service and delivered a speech at the AECSD 2021 annual conference.

Besides, as the board member of WFC (World Forum of CSDs), the Secretariat was actively engaged in WFC reform and the preparation of its 2022 annual conference. Meanwhile, we have also maintained communication on a regular basis with other four regional CSD associations, including ECSDA, ACSDA, AMEDA and AECSD, so as to deliver more benefits for our member CSDs in the Asia-Pacific region. The footprints of the Secretariat and all ACG members are also seen in the three flagship WFC projects, i.e. the WFC Single Disclosure, E-learning Platform and World CSD Fact Book.



Dr. Dai Wenhua delivering video remarks for KSD's RFR launching ceremony

Building on what we have achieved is always the best way to elevate and excel. In the coming year, all of us will be welcoming some exciting gatherings in our community, the 24th ACG General Meeting to be held by KSD, the 23rd Cross Training Seminar by TDCC, as well as the 2022 WFC Annual Conference. The Secretariat will provide as much support as we can and make them complete success.

May the year of 2022 full of happiness and prosperity!

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