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# TRIBUTE TO

## Late Muhammad Hanif Jakhura

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The members of the ACG Secretariat – the Central Depository Company of Pakistan Limited (CDCPL) acknowledge and highly appreciate the meritorious and invaluable contributions made by Mr. Muhammad Hanif (late) as Chairman of the ACG Executive Committee for the term 2014-2016. His leadership role was acknowledged by all the member countries, resulting in his re-election as the Chairman Executive Committee in the 20th Annual General Meeting held in Tehran, Iran in December 2016. Unfortunately, for the first time Mr. Hanif left a job unfinished, only because of his sudden demise a month later.

His stature was a matter of great pride for ACG. Mr. Muhammad Hanif was a true visionary who transformed ACG into a vibrant body, making it a true voice of Asian Depositories on the global front. His contribution towards development of capital markets of the region and investor protection are most laudable. He was a man of character, honesty, integrity and high moral values.

Members of the ACG Secretariat strongly believe that with the solid foundation laid down by Mr. Muhammad Hanif, ACG will continue to progress and prosper as a world class association.

In the spirit that has guided us until now, the ACG Secretariat bring to you the third edition of the ACG newsletter. The purpose behind this newsletter is to present ACG and its various domains to the rest of the world and we sincerely hope that this newsletter can serve as a glimpse of the tremendous efforts being undertaken by the association as well as its members.

Sincerely,  
ACG Secretariat

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# MEMBER

## UPDATES

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### **SHENZHEN – HONG KONG CONNECT**

#### **A New Venture for Securities Firms & Custodian Banks**

Hong Kong Exchanges and Clearing Limited (HKEX) hosted a ceremony during the month of December, 2016 to mark successful launch of Shenzhen-Hong Kong Stock Connect (Shenzhen Connect).



The new Stock Connect is similar to the existing Shanghai-Hong Kong Stock Connect, and it builds on the solid foundation of the Shanghai-Hong Kong Stock Connect programme launched in 2014. The expanded list of eligible stocks offers international and Hong Kong investors direct access to most companies traded in Mainland China for the first time. There are also more choices for Mainland investors, with 100 small cap stocks listed in Hong Kong now available through Shenzhen Connect. The aggregate quota for Stock Connect was abolished in August, allowing institutional investors to execute their investment strategies more flexibly. The daily quota, though it remains in place due to risk management considerations, has effectively doubled.

"Shenzhen Connect is taking our mutual market access to a new horizon by opening up another Mainland market for international and Hong Kong investors. Under 'One Country, Two Systems', Hong Kong is in a unique position to build connectivity with the Mainland markets and to facilitate the gradual and orderly opening of the Mainland's capital account," said HKEX Chairman C K Chow.

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# MEMBER

## PROFILE

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### **AN OVERVIEW OF THE CCDC**



As approved by the State Council of China, China Central Depository & Clearing Company Limited (CCDC) was founded as a state-owned Central Securities Depository (CSD) with a registered capital of 5 Billion Yuan (USD 725 million). It serves as a core financial market infrastructure (FMI) in China, bearing national wills and representing market demands.

Over the past two decades under the auspices of authorities, CCDC has grown from a central depository for government bonds into a CSD for various types of bonds and other financial assets. As a Systemically Important Financial Institution, CCDC has invested unremitting, precise and coordinated efforts to establish seven core service platforms.



### **Strategies**

On the basis of services as a FMI, CCDC has been steadily promoting its three strategies:

#### **Diversification**

While prioritizing registration, depository and settlement as its core business, CCDC also makes full use of its expertise and experience to coordinate the needs of both the market and the regulation. By doing this, it proactively advances the Two Transformations, namely, from a depository only for bonds to a CSD for various types of financial assets, and from accessing only the inter-bank market to the multi-layered financial market.



## Conglomeration

CCDC has made capital contribution to Shanghai Clearing House (SHCH), incorporated China Credit Assets Registration & Exchange Company, Limited. (CCRE) and China Trust Registration Company, Limited. (CTRC) as the controlling shareholder, set up China Banking Wealth Management Registration & Depository Center and CCDC Goldstone Asset Management Company by sole proprietorship. It has also established its Shanghai Branch, Shenzhen Customer Service Center, and business divisions including ChinaBond Pricing Center, CCDC Enterprise Bond Assessment Center, CCDC Collateral Management Service Center, Development and Testing Center and Operation and Maintenance Center. A conglomeration featuring “one partial ownership, four controlled subsidiaries and three business locations” is in place.

## BUSINESS UPDATES

CCDC takes a holistic consideration of the onshore and offshore RMB markets in its efforts to buttress China's financial opening-up. Focusing on cross-border issuance, settlement, collateral management and information cooperation, CCDC has been enhancing capacity building to expand its international services in a well-paced manner. By doing so, it aims to become a core FMI with cross-border linkage, global reach and growing international competitiveness and profile, which is in consistence with the international status of RMB.

## Issuance

CCDC supports issuance of multiple types of bonds including China government bond, central bank bill, local government bond, Panda bond by international financial organizations, policy bank bond, government-backed agency bond, commercial bank bond, enterprise bond, ABS, etc. Bond issuance can be made via tendering or book-building to meet the unique needs of each issuer. In 2015, issuance at CCDC broke the 10 trillion Yuan (USD 1.45 trillion) mark for the first time, up by 70% yoy; as of end November 2016, CCDC supported issuance of nearly 13.5 trillion Yuan (USD 1.96 trillion), surpassing the total in 2015.

## Internationalization

CCDC has developed a whole set of information products, including yield curves, valuation, VaR and indices, capturing the price and risk in the RMB bond market. In light of their quality and transparency, such products have been widely accepted and adopted by market participants and regulators, serving as reference for the implementation of fiscal and monetary policies and benchmark for pricing in China's financial market. Particularly, the ChinaBond government bond yield curves are publicized through the websites of PBC and the Ministry of Finance (MOF) on a daily basis.

## Depository

As a CSD in the inter-bank market, CCDC has under its depository all China's sovereign and quasi-sovereign bonds, including government bond, local government bond, policy bank bond, etc. As of end November 2016, CCDC has over 14,000 bond accounts, up by 47% from end 2015, and has nearly 90 Trillion Yuan (USD 13 trillion) of financial assets, of which over 40 trillion Yuan (USD 5.8 trillion) are bonds, representing 80% of China inter-bank bond market (CIBM).

## Settlement

To ensure efficiency and security in bond settlement, CCDC, with guidance from the People's Bank of China (PBC, China's central bank), has been a dedicated supporter and practitioner of DVP settlement. In 2015, DVP settlement totalled 861 Trillion Yuan (USD 125 trillion), up by 93% yoy; as of end November 2016, DVP settlement had exceeded 990 trillion Yuan (USD 144 trillion). So far, DVP settlement has been adopted by all domestic and foreign investors in CIBM.

## Collateral management

To ensure the security of government funds and central bank cash, and help manage the balance sheets and liquidity of financial institutions, CCDC offers collateral management services for the implementation of monetary, fiscal and forex policies. It is now serving over 3800 financial institutions with over 11.5 Trillion Yuan (USD 1.67 trillion) worth of collateral under its management.

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# UPCOMING

## GLOBAL EVENTS

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### WFC 2017

The upcoming WFC will be continuing on its successful international path by providing an unprecedented information and networking platform in the dynamic city of Hong Kong during **14-17 November 2017**.

The details of the program can be found at:  
<http://www.wfc2017.net/en/>

The WFC 2017 hosts - CDCPAK, CSDC China, HKEX Hong Kong and NSDL India look forward to welcoming you all in Hong Kong.



### ACG 19TH CROSS-TRAINING SEMINAR

The 19th ACG Cross Training Seminar will be hosted by NSDL, India at the historic city of Jaipur, India from **10-13 April 2017**.



### SIBOS 2017

Sibos (Swift International Banking Operations Seminar) for the year 2017 will be held in Toronto, Canada from **16-9 October 2017**.

The details of the program can be found at:  
<https://www.sibos.com/>



### 21st ACG ANNUAL GENERAL MEETING

The 21st Annual General Meeting – Asia Pacific CSD Group will be held in Hong Kong on **14 November 2017**.

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# RECENT

## EVENT

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### THE 20TH ACG ANNUAL GENERAL MEETING

Annual General Meeting is held once a year as one of the two major events of the ACG, with the aim of promoting the exchange of business-related information and human interaction. It is jointly operated by the host organization and the ACG Secretariat.

The 20th ACG Annual General Meeting, hosted by the Central Securities Depository of Iran (CSDI), was held in Tehran from December 05-09, 2016. CSDI hosted the ACG General Meeting for the very first time and it was a matter of immense pride and excitement in this regard. The event was attended by approximately 100 participants including government officials such as Iran's Minister of Economic Affairs and several representatives from non-member institutions such as SWIFT, ATHEX, ATOS and UNINOVA. ACG members accounted for 21 of the attending organizations fulfilling the quorum for the general meeting.



The conference included enlightening presentations on topics such as 'How to meet rising Structural & Technological Challenges through better Collaboration and Integrated efforts' where participants were briefed about how CSDs are dealing with technological and structural challenges and how to address them more efficiently in a collective manner.

### *An overview of Sessions at the 20th ACG Conference and General Meeting*

#### THE HOST SESSION

Mr. Mohammad Reza Mohseni, Chief Executive Officer, Central Securities Depository of Iran, welcomed the representatives of member CSDs. In his address, he praised ACG for giving CSDI a chance to host the 20th Annual General Meeting and improve its trans-national collaborations. Furthermore, he emphasized on enhancing the already booming ties among member countries by seeking new areas of cooperation amid constantly evolving technology. A presentation on Iran's Economic Outlook & Future Roadmap was given by Dr. Ali Tayyebnia, Iran's Minister of Economic Affairs and Finance. Mr. Tayyebnia highlighted the encouraging policies such as legal, taxing and regional incentives that the Islamic Republic of Iran has considered for foreign investors. He further added that all of the Iran's economic organizations and entities are ready for cooperation with foreign economic entities.







## ACG 20TH ANNIVERSARY

This year ACG celebrated 20 years of its existence. Having started in 1997 as an informal association with 13 members, today ACG boasts of membership from 34 institutions representing 23 countries and regions. Working to enhance mutual understanding and cooperation between the depositories and clearing companies of the Asia-Pacific region, the activities of the association have been rewarding in increasing customer satisfaction and making the services more efficient in the region's financial markets, offering a promising future ahead.



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# TASK FORCE

## CONTRIBUTIONS

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In this edition, we will highlight the sessions conducted by five task forces during the general meeting in Tehran, Iran.

### Exchange of Information Task Force session

Exchange of Information Task Force Group meeting was led by JASDEC (Japan Securities Depository Center, Inc.). The main objective of this session was to share views on the recent business developments and challenges among the members.

Members positively and enthusiastically discussed a number of important topics, namely, functional BCP planning, CCP function for derivative products, repo transaction structure and various other issues.

Members also exchanged their views on the Cross Training Seminar. The purpose of this discussion was to crystallize ideas about how to revitalize the Seminar and bring it to new level so that it will become more productive.



### New Business Initiative Task Force session

In the task force group meeting, the New Business Initiative Task Force (NBI TF) outlined its activities for the past three years and discussed future plans. Also presented were the activities of the Asia Fund Standardization Forum (AFSF), a working group established under the NBI TF with the aim to advance fund back-office processing by standardizing operations for cross-border fund transactions. Since its launch in November 2015, it performed a survey on Asia's fund markets, held a knowledge sharing workshop, prepared an Asia fund market report, and networked with regional initiatives. It will also conduct studies according to a 3-year roadmap. The next knowledge sharing workshop is scheduled in Mumbai hosted by CDSL, India.





### Legal Task Force session

CSDC, the convener of Legal Task Force, reviewed the work and accomplishments in recent years, and made future plans for the initiatives to enhance participation. They further briefed the participants on the research program “Draft Report of Comparative Research on the Application and Observance of PFMI Principle 1 (Legal Basis) in Respective Jurisdictions”, which was deemed high valued and practical by all participating members.

All the representatives of each participating member had a thorough discussion on the legal systems and legislative procedures in respective jurisdiction, and the issues concerned with the relationship between judicial review and stability of laws. Meanwhile, members exchanged their experience on the encountered challenges in the process of self-assessments.



### Risk & Recovery Management Task Force session

The research topic for Risk and Recovery Management Task Force this year was “CSD’s Litigation Risk”. During the session, CDC Pakistan, convener of RRM TF shared summary of the survey results about the best practices adopted regarding litigation risks for CSDs.

The participating members from CSD Iran, NSDL India along with CDC Pakistan shared their local practices on the various litigation matters from a variety of perspectives.

Furthermore, it was also apprised that RRM will be obtaining advisory services from an International rating who is specialist in global securities services industry to ensure that CSDs in the Asia Pacific region have implemented the best practices.



### Technical Task Force session

NSDL, the convener of Technical Task Force, conducted a survey on “Implementation of Critical Security Controls for Cyber Security” among ACG members and the key findings of this survey were shared during ACG 20. Technical TF also apprised the participants about their future plans to conduct research / study on the technical trends in various business proposals of CSDs and CCPs such as Cyber Security, Blockchain Technology, Big data, Digital and Disaster Recovery /Business Continuity Planning, etc.



## CISO Signing Ceremony

During the 20th ACG Conference and General Meeting in Tehran, the Chief Information Securities Officers 'CISO' Forum was launched by the Technical Task Force which is being led by NSDL, India. This forum is being established to allow for genuine deliberation with regards to cyber-attacks which are becoming more sophisticated, leaving CSDs more exposed to being exploited by the savvy perpetrators.

This initiative will allow all ACG members to come together to gather unique insights concerning the Information Security Management System and Cyber-crime threat relevant to the Central Securities Depositories.

Currently, CISO forum has 14 members, 8 of which were present during the launch and signing of Statement of Participation at the ACG 20.



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# ABOUT

## THE ACG

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The Asia-Pacific Central Securities Depository Group (ACG) was formed in November 1997 as an informal international organization with the objective to facilitate the exchange of information and to promote mutual assistance among member securities depositories and clearing organizations in the Asia Pacific region.

The ACG has an executive committee which is composed of 8 members, namely the Task force conveners of all the five task forces with Central Depository Services (India) Limited, Central Securities Depository of Iran and Taiwan Depository & Clearing Corporation as the elected members.

For further information, visit [www.acgcsd.org](http://www.acgcsd.org).

### ACG TIMELINE

- Nov 1997**
  - ACG was formed and the 1st General Meeting was held in Hong Kong, attended by 14 CSDs and clearing organizations in Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand. (Since then, the General Meeting has been held once a year.)
  - Four Task Forces were established. (Best Practices, Settlement Risk Management, Exchange of Information and Cross-Border Linkage)
- Nov 1998**
  - Central Depository Company of Pakistan Limited joined.
  - Central Depository Systems (Pvt.) Ltd., Sri Lanka, joined.
- May 1999**
  - Technical Task Force was established.
  - The 1st Cross-Training Seminar was held in Taipei, Taiwan. (Since then, the Cross-Training Seminar has been held once a year.)
- Feb 2000**
  - Central Depository Bangladesh Limited joined.
  - Central Depository Services (India) Limited, India, joined.
  - National Securities Clearing Corporation, India, joined.
- Mar 2001**
  - Hong Kong Monetary Authority joined.
- Mar 2005**
  - ACG Website went online.
- Nov 2006**
  - China Government Securities Depository Trust & Clearing Co., Ltd. joined.
  - Maldives Securities Depository (Pvt.) Limited joined.
  - National Clearing Company of Pakistan Limited joined.
- Dec 2006**
  - ACG Website was upgraded.
- Sep 2007**
  - Vietnam Securities Depository joined.
- Oct 2008**
  - Legal Task Force was established.
- Dec 2010**
  - ACG New structure became effective and the Executive Committee was established.
  - Mr. Yoshinobu Takeuchi of JASDEC was elected as the ACG Executive Committee Chairman.
- Apr 2011**
  - ACG joined World Forum of CSDs (WFC).
- Aug 2012**
  - ACG Website was upgraded for the second time and the member matching service was launched.
- Sep 2012**
  - Central Securities Depository of Iran (CSDI) joined.
  - CDS and Clearing Limited (CDSC), Nepal, joined.
- Oct 2013**
  - Existing 4 Task Forces were dissolved and re-established for the next three years.
  - Risk and Recovery Management Task Force was established.
  - New Executive Committee members were elected for the next three years.
  - Mr. Muhammad Hanif Jakhura of CDC Pakistan was elected as the ACG Executive Committee Chairman.
  - Mr. Yoshinobu Takeuchi was appointed as the Honorary Chairman of ACG Executive Committee.
- Jun 2014**
  - The "Research & Report" and "Meeting Materials & Minutes" sections of ACG website were updated and the "Member Profile" was launched.
- Oct 2014**
  - Indian Clearing Corporation Limited. (ICCL) joined.
- Apr 2015**
  - Shanghai Clearing House (SHCH) joined.
- Apr 2016**
  - Royal Securities Exchange of Bhutan Limited joined.



- Jun. 2016** - Mr. Yoshinobu Takeuchi of JASDEC retired as the Honorary Chairman of ACG Executive Committee.
- Dec. 2016** - Existing 5 Task Forces were dissolved and re-established for the next three years.
- New Executive Committee members were elected for the next three years.
- Mr. Muhammad Hanif of CDC Pakistan was re-elected as the ACG Executive Committee Chairman.

## ACG MEMBERS

<a href="http://www.asx.com.au">www.asx.com.au</a>	Australian Securities Exchange
<a href="http://www.cdbl.com.bd">www.cdbl.com.bd</a>	Central Depository Bangladesh Limited
<a href="http://www.chinabond.com.cn">www.chinabond.com.cn</a>	China Central Depository & Clearing Co., Ltd.
<a href="http://www.chinaclear.cn">www.chinaclear.cn</a>	China Securities Depository and Clearing Corporation Limited
<a href="http://www.shclearing.com">www.shclearing.com</a>	Shanghai Clearing House
<a href="http://www.hkma.gov.hk">www.hkma.gov.hk</a>	Hong Kong Monetary Authority
<a href="http://www.hkex.com.hk">www.hkex.com.hk</a>	Hong Kong Securities Clearing Co., Ltd
<a href="http://www.cdslindia.com">www.cdslindia.com</a>	Central Depository Services (India) Limited
<a href="http://www.icclindia.com">www.icclindia.com</a>	Indian Clearing Corporation Ltd.
<a href="http://www.nseindia.com">www.nseindia.com</a>	National Securities Clearing Corporation Ltd.
<a href="http://www.nsdl.co.in">www.nsdl.co.in</a>	National Securities Depository Limited
<a href="http://www.kpei.co.id">www.kpei.co.id</a>	Indonesia Clearing and Guarantee Corporation
<a href="http://www.ksei.co.id">www.ksei.co.id</a>	PT. Kustodian Sentral Efek Indonesia
<a href="http://www.en.csdiran.com">www.en.csdiran.com</a>	Central Securities Depository of Iran
<a href="http://www.jssc.co.jp">www.jssc.co.jp</a>	Japan Securities Clearing Corporation
<a href="http://www.jasdec.com">www.jasdec.com</a>	Japan Securities Depository Center, Inc.
<a href="http://www.csd.kz">www.csd.kz</a>	JSC "The Central Securities Depository"
<a href="http://www.ksd.or.kr">www.ksd.or.kr</a>	Korea Securities Depository
<a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>	Bursa Malaysia Depository Sdn Bhd
<a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>	Bursa Malaysia Securities Clearing Sdn Bhd
<a href="http://www.msd.com.mv">www.msd.com.mv</a>	Maldives Securities Depository
<a href="http://www.schcd.mn">www.schcd.mn</a>	Mongolian Securities Clearing House and Central Depository
<a href="http://www.cdscnp.com">www.cdscnp.com</a>	CDS and Clearing Limited
<a href="http://www.rbnz.govt.nz">www.rbnz.govt.nz</a>	New Zealand Central Securities Depository
<a href="http://www.cdcpakistan.com">www.cdcpakistan.com</a>	Central Depository Company of Pakistan Limited
<a href="http://www.nccpl.com.pk">www.nccpl.com.pk</a>	National Clearing Company of Pakistan Limited
<a href="http://www.pdex.com.ph">www.pdex.com.ph</a>	Philippine Depository & Trust Corp.
<a href="http://www.sgx.com">www.sgx.com</a>	Singapore Exchange
<a href="http://www.cds.lk">www.cds.lk</a>	Central Depository Systems (Pvt.) Limited
<a href="http://www.tdcc.com">www.tdcc.com</a>	Taiwan Depository & Clearing Corporation
<a href="http://www.set.or.th">www.set.or.th</a>	Thailand Securities Depository Co., Ltd.
<a href="http://www.deponet.uz">www.deponet.uz</a>	Uzbekistan State Central Securities Depository
<a href="http://www.vsd.vn">www.vsd.vn</a>	Vietnam Securities Depository
<a href="http://www.rsebl.org">www.rsebl.org</a>	Royal Securities Exchange of Bhutan

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- Technical Task Force: [samarb@nsdl.co.in](mailto:samarb@nsdl.co.in)
- Legal Task Force: [wjniu@chinaclear.com.cn](mailto:wjniu@chinaclear.com.cn)
- Risk and Recovery Management Force: [rrmtaskforce@cdcpak.com](mailto:rrmtaskforce@cdcpak.com)