

Asia-Pacific CSD Group

E-NEWS LETTER

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MESSAGE from EXECUTIVE COMMITTEE CHAIRMAN



Dear ACG members and readers,

It gives me great pleasure to present the fourth edition of the newsletter of the Asia-Pacific Central Securities Depository Group (ACG). The key objective of the ACG newsletter is to present ACG and its various domains to the rest of the world as well as ACG members.

In this era of change and uncertainty, I believe the very survival and prosperity of an industry depends on striking a delicate balance between stability and innovation. As a group, we need communication and cooperation to achieve harmony between the two seemingly contrasting attributes. The ACG was formed in 1997 to pursue this goal through facilitating exchange of information and promoting mutual assistance among regional members; 35 depositories and clearing organizations from 24 countries have eagerly joined to undertake this initiative.

Upon taking office as the Executive Committee Chairman, I expressed my dedication to exploring a broader business horizon, expanding networks and activities, and raising ACG's profile in the international arena. Now, one year after the election, I am pleased to bring to you the fourth edition of our newsletter that details our activities thus far. I sincerely hope that this newsletter can act as a point of contact for members to enhance their capabilities through knowledge sharing, voice their interests in global initiatives, and promote financial market development.

Once again, I would like to express my sincere gratitude to ACG members and the Secretariat for their hard work in publishing this edition of the newsletter.



Lee Byunghae

WFC Chairman / ACG Executive Committee Chairman
Chairman & CEO, Korea Securities Depository (KSD)





MARKET UPDATE

(1) Facilitating Overseas Investment in China Interbank Bond Market



After two decades of development, China interbank bond market (CIBM) has grown exponentially. The framework and system have continued to mature, the size of the market has been expanding, and market internationalization improving. In a nutshell, the market has boomed. With more than 15,000 market participants in the interbank market, the total value of bonds outstanding in CIBM have exceeded RMB 51 trillion by the end of 2016, accounting for more than 90% of China's bond market. In 2016, nearly RMB 20 trillion bonds were issued in the market, and settlement amount surpassed RMB 1,000 trillion. Dominated by CIBM, China's bond market has become the third largest bond market in the world. In addition, given that the yield of China government bonds (CGBs) is always higher than that of the US, EU, Japan and other major countries and regions, it has become an important way for global investors to gain income.

The year 2016 witnessed the successive introduction of business rules by competent authorities and related supporting measures by market infrastructures. In doing so, policy constraints imposed on overseas institutions' participation in the market were removed, free transfer of funds was achieved, the first Mulan Bond was issued at the opportune moment, and the Panda Bond was reactivated. Meanwhile, the inclusion of RMB to the SDR basket and the continuous improvement of its international status have piqued the interest of large global investors about entering the market. By the end of June 2017, 508 overseas institutional investors have opened accounts in the market, of which more than 50 were sovereign and super-sovereign investors. The World Bank, Asian Development Bank and Bridgewater Associates, LP have all entered the market.

CCDC, as a core financial market infrastructure in China, has been committed to facilitating overseas investors in their investment in CIBM. For the first half of 2017, we have made efforts in the following two aspects:

1. Extension of Settlement Cycle

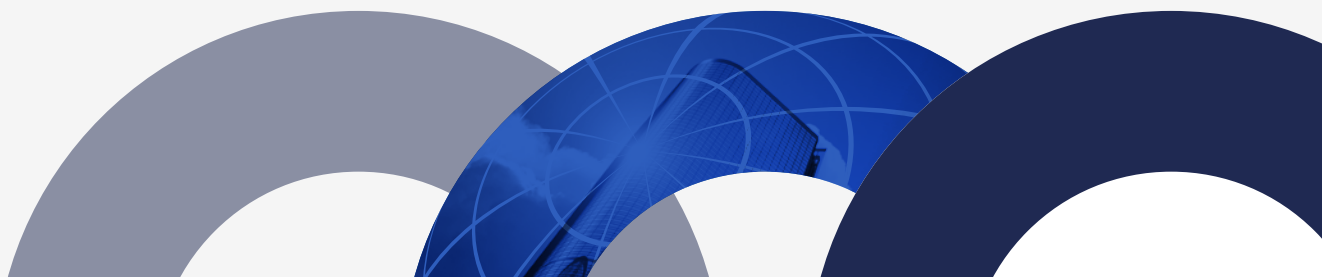
On 29 June, the settlement cycle of bond transactions for overseas investors in CIBM was extended to T+2. The new settlement cycle is applicable to cash, bond, pledged/outright repo and bond lending transactions where at least one party is an overseas institutional investor. After the migration, overseas investors can choose to settle on a T+0, T+1 or T+2 basis.

This is a step further towards China's efforts to open up its bond market as it adapts itself to a recent global wave of T+2 migrations. In this project, CCDC actively discussed with regulators on how to implement the project and managed to ensure its smooth operation through system optimization and business tests.

2. Promotion of CIBM

So far this year, two promotional conferences have been held in Hong Kong and Singapore, with topics on how to access CIBM and the scope of services CCDC provides, which includes both traditional services like bond registration and custody and innovative ones such as pricing products and collateral management.

What's more, CCDC has released tailor-made guidelines for overseas investors, *the Guidelines for Overseas Institutional Investors to Access China Interbank Bond Market*, featuring a detailed introduction of each process in CIBM investment and services CCDC provides.



(2) CDSL IPO Saga



The IPO (OFS) issue of CDSL received an overwhelming and unprecedented response from all class of investors. The message that came across was that the markets have appreciated all our efforts in building the institution "CDSL".

The placement of such trust puts onus on us to perform better year after year to meet the expectations of all stakeholders, which we shall continue to do so.

Brief

- The issue of INR 5,240 mn. was highly oversubscribed, i.e. 170 times the issue size.
- The stock was offered at a price of INR 149/- and it was listed at a premium of 75% to the offer price.
- CDSL is the only listed depository in Asia and one of the second in the world.

Tidbits on the Making of the CDSL

Central Depository Services (India) Limited (CDSL) was incorporated in Mumbai on 12 December, 1997. CDSL commenced their depository business in 1999 with the objective of providing Convenient, Dependable and Secure Depository Services at affordable cost to all market participants.

Initially promoted by the BSE, which subsequently divested a part of its stake to leading Indian banks, CDSL has connectivity with Clearing Corporations of all the leading Indian Stock Exchanges including the BSE, National Stock Exchange (NSE) and Metropolitan Stock Exchange of India.



Picture: Listing of CDSL IPO-Ringing of bell by Mr. T. S. Krishna Murthy-Chairman, CDSL and Mr. P. S. Reddy-Managing Director & CEO, CDSL at NSE

Globally, CDSL has signed MoUs with Depository Trust & Clearing Corporation, USA; The Korea Securities Depository; Euroclear SA/NV; Taiwan Depository & Clearing Corporation; The National Depository Center, Russia; Japan Securities Depository Center Inc.; Bursa Malaysia Depository Sdn. Bhd.; The Nepal Stock Exchange Limited and Central Depository Systems (Pvt.) Limited, Sri Lanka.

Services Offered by CDSL

Clientele	Services offered
Depository Participants and other Capital Market Intermediaries:	CDSL offers dematerialization for a wide range of securities including equity shares, preference shares, mutual fund units, debt instruments, and government securities. As a securities depository, CDSL facilitates holding of securities in electronic form at beneficial owner level and enables securities transactions (including off-market transfer and pledge) to be processed by book entry.
Corporates:	CDSL facilitates issuers to credit securities to a shareholder's/applicant's demat accounts to give effect to a range of non-cash corporate actions such as bonus issuance, subdivision of holdings and conversion of securities in a merger, amalgamation or in an initial public offering. CDSL also offers other online services such as e-voting - which facilitates security holders to cast their vote on company resolutions through the internet, thereby ensuring greater participation of shareholders in decision-making process. CDSL was a pioneer in introducing e-Voting in India as an initiative to ensure good corporate governance and investor empowerment in 2009.

	e-Voting was made mandatory by SEBI for top 500 listed companies in 2012 and now for all listed companies. CDSL was the third Institution in Asia-Pacific region to launch such an initiative. Today CDSL's e-Voting platform is used by more than 4,470 Companies year after year with 16,942 instances. CDSL also offers Registrar & Transfer Agent service (RTA).
Capital Market Intermediaries:	CVL offers KYC services in respect of investors in Indian capital markets to capital market intermediaries including Mutual Funds.
Insurance Companies:	CDSL facilitates holding of insurance policies in electronic form to the holders of these insurance policies of several insurance companies. We are the largest Insurance Repository in terms of Insurance Accounts.
Others :	<p>e-Locker is a facility to upload and store personal information and important documents which are non-financial as well as financial in nature. Users can view, access, and share the documents to any email ID at any time and from anywhere. The system sends alerts to the users based on the documents/security type uploaded/updated at a predefined frequency, e.g. 6 months before the expiry of passport, or 1 month before maturity of fixed deposits. CDSL was the third Institution in the Asia-Pacific region to launch e-Locker.</p> <p>CDSL also offers other online services such as easi (Electronic Access to Security Information), easiest (Electronic Access to Security Information and Execution of Secured Transaction), mobile application (myeasi, m-voting), Transactions using Secured Texting (TRUST). CDSL also provides Consolidated Account Statement (CAS), which is a summary of the investments made by an investor in the Securities and Mutual Fund units held in physical and demat form. CAS is generated on a monthly basis for an investor having transactions and can be downloaded through CDSL website by validating the demat account number and Permanent Account Number (PAN) credentials of the investor having CDSL demat account.</p> <p>CVL has launched National Academic Depository (NAD) for holding Academic Awards in digitized form for 1000+ academic institutions like universities and school boards across India. NAD is a 24x7 web-based solution with accessibility from anywhere by academic institutions, students & verifiers. CVL's NAD is an online database of academic awards issued by Academic Institutions (AIs) that can be accessed by various agencies (Academic Institutions granting admission for higher education, prospective employers, and background checkers) who intend to verify through a single online window whether such an academic award has been issued by the institution. Visit us at: www.cvl.nad.co.in</p>

Subsidiaries and Their Clients

Name of the entity	Clients
Central Depository Services (India) Ltd. ("CDSL")	DPs, Corporates & Others
CDSL Ventures Ltd. ("CDSL Ventures")	Financial & Education Sector
CDSL Insurance Repository Ltd. ("CDSL Insurance")	Insurance Sector
CDSL Commodity Repository Ltd. ("CDSL Commodity")	Agri/Non-Agri Commodity Markets

CDSL will continue to diversify their product and service offerings depending on investors' needs.

As of 30 June, 2018, CDSL has:

- Over 15.35 mn. investor accounts; In Fiscal 2018, CDSL held a 71% market share of incremental BO accounts with a net growth in BO accounts of 74.22% from Fiscal 2017 to 2018.
- Over 305 bn. securities of 10,992 Issuers under their custody representing a total value of Rs. 19.95 tn.
- 597 registered DPs who had over 19,176 service centers across India.
- Over 17.4 mn. KYC records with a market share of approximately 60%.



MEMBER PROFILE

MEMBER PROFILE is dedicated to introducing each member of the association. This edition features Central Depository Company of Pakistan Limited.

Central Depository Company of Pakistan Limited

Overview



The Central Depository Company of Pakistan Limited (CDC) was incorporated to operate a depository system and eliminate the tedious and time-consuming process of physical shares handling and transfer following the exponential growth in the Pakistani capital market in the 1990s.

CDC is recognized as the infrastructure backbone of the Pakistan capital market and the sole securities depository in the country. In the past two decades, CDC has also evolved as one of the leading and most prestigious entity handling the electronic (paperless) settlement of transactions carried out at the stock exchange of the country through its Central Depository System (CDS).

Central Depository System (CDS)

The main function of CDC is to operate and maintain CDS, an electronic book-entry system used to record and maintain securities and to register the transfer of securities. The system changes the ownership of securities without any physical movement or endorsement of certificates and execution of transfer instruments. CDS facilitates equity, debt and other financial instruments in the capital market including Ordinary & Preference Shares, Sukuk and Open-End & Closed-End Funds. The physical securities are converted into electronic book entry securities only after proper verification and approval by these Issuers in CDS, which prevents any problem of fake certificates.

The impact of CDS on Pakistan's stock market cannot be understated. The elimination of the manual processing exponentially increased the trading volumes of the market in matter of years. Moreover, the market capitalization that exists today in Pakistan can also be attributed to the efficiency brought by CDS and its electronic processing, which is also a contributing force in the country's overall capital market development and progression.



Diversification of Services

With its vision of becoming the ultimate custodian, CDC continues to offer and diversify services and solutions in a bid to make the institution a more sustainable entity serving Pakistan capital market.

Investor Account Services

In 1999, CDC started offering Investor Account Services (IAS), which allows retail investors to directly open and maintain accounts within CDS for secure and safe custody of securities. Investors have direct access to their securities through Investor Account, which are managed directly by CDC and operated only upon written instructions of investors. Investors have direct and complete control over their book-entry securities. Multiple Value Added Services are available round the clock for viewing Account & Cash Balance, Account & Cash Activities through dedicated web portal, Interactive Voice Response (IVR), SMS, eStatement & eAlerts.

Trustee and Custodial Services

With the rapid expansion of the mutual funds industry in the early 2000s, CDC introduced Trustee and Custodial services in 2002 to cater to the growth of the industry. CDC takes into its custody all assets of the Collective Investment Scheme/Pension Funds, holds them in trust on behalf of the unit/certificate holders, and carries out instructions of Asset Management Companies (AMCs)/Pension Fund Managers (PFMs) in respect of the investment portfolio while ensuring Regulatory Compliances, protecting Unit Holder interests and maintaining confidentiality and resiliency in all manners. CDC has also developed its custody operations for employees benefit funds, high net worth individuals and Separately Managed Corporate Portfolios. Currently, we are acting as a Custodian for discretionary portfolios of various investment advisors/investment agencies in Pakistan.

Share Registrar Services

Given the sheer volume of the information pertaining to the records of physical shares, its maintenance and record-keeping can be a daunting task for the issuing company. This monumental responsibility is undertaken by the Share Registrar, an entity solely responsible for maintaining all information related to the shares and the shareholders.

With its infrastructure and technological framework to streamline the mechanics of the registrar, CDC introduced Share Registrar Services in 2008. CDC is currently the third largest registrar in the country with clients across diverse sectors including steel, textile, and banking, just to name a few.

Inspiring Innovation

Recently, CDC launched a Centralized e-IPO System (CES) to facilitate investors of Pakistan capital market and make investing process less cumbersome. Through CES, applications for subscription of securities offered to general public can be made electronically and payments can be made via Internet/Mobile banking and ATMs. Through CES, CDC aims to help increase the outreach of IPOs, promote the culture of keeping securities in book-entry form and make the IPO process more user-friendly and efficient.

Similarly in March 2017, CDC launched MAccess, the mobile application for its CDC Access web portal, to offer greater investor protection and convenience to capital market investors. CDC account holders can now easily manage their CDC accounts via mobile phones with better features.

CDC also introduced the Centralized Information Sharing Solution for Insurance Industry (CISSII) to make vital insurance industry data available on real time basis to all stakeholders including the Regulator. CISSII provides a centralized database hosted by CDC, a neutral and independent institution with a track record of managing secured and huge databases with the state of the art infrastructure with built-in information security features.

As part of its unwavering commitment towards introducing technological reforms and digitizing capital market processes, CDC recently launched eDividend service, a Centralized Cash Dividend Register (CCDR) on its eServices web portal. The CCDR maintains details pertaining to cash dividends-paid, unpaid or withheld by listed companies. Through CCDR, a shareholder having multiple CDS Sub-Accounts and securities in physical form has the benefit of obtaining all cash dividend details from a single source. Moreover, the shareholders can access eServices portal anytime, anywhere throughout the day.



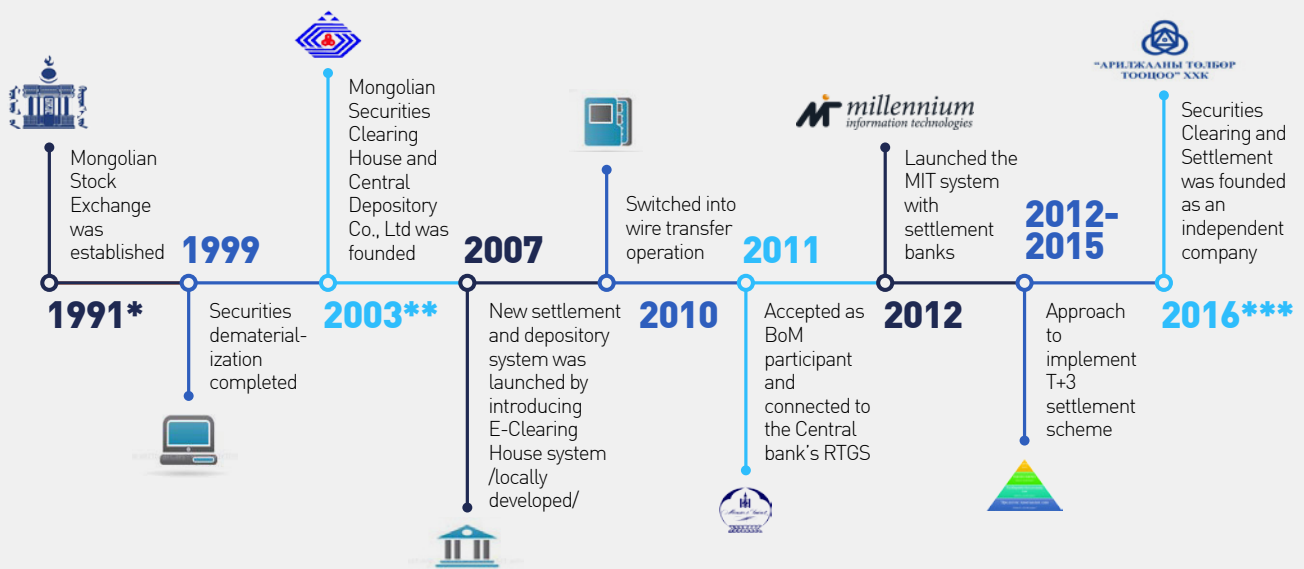
NEW MEMBER INTRODUCTION

Mongolian Securities Clearing & Settlement Co., Ltd

Brief Introduction

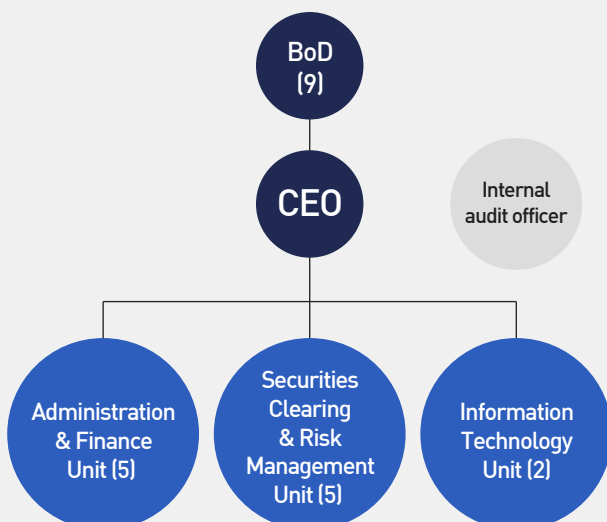


The clearing operation in Mongolian securities market began with the formation of the market itself in 1991. Over the years, the market has evolved and necessity of core infrastructure has risen irrevocably. In 2016, MSCS was established as an independent clearing and settlement institution by the resolution of the Mongolian Government. The former Mongolian Securities Clearing House and Central Depository Ltd (MSCH&CD) has undergone a structural change, which has resulted in separating the clearing and settlement from the depository.



Ownership and Governance

MSCS is a state owned company with 9 board members appointed by the Ministry of Finance.



License

According to the Law on Securities Market, clearing and settlement operations are subject to special permission; MSCS has obtained the both licenses from the Financial Regulatory Commission.

- Clearing operation
- Settlement operation

To conduct securities payment, MSCS has become Mongol Bank's participant so that we transfer cash leg of the settlement through RTGS (Real Time Gross Settlement).

- RTGS participant

Securities transfer instructions are sent to Mongolian Central Securities Depository via Millennium IT CSD system, which the Mongolian Stock Exchange (MSE) has launched in 2013 in contract with the London Stock Exchange.

- MIT CSD system user

Clearing Service

Currently, MSCS clears and settles corporate shares and bonds traded at the MSE. The below is cleared value of MSE traded shares by MSCS in 2017.

(in million MNT as of 31 December, 2017)

Securities type	Domestic individual investors	Domestic entities	Foreign individual investors	Foreign entities	TOTAL
Gov. bond	137,503.3	605,205.2	22,073.2	8,708.5	773,490.2
Corp. bond	5,115.3	4,880.3	299.9	-	10,295.5
Corp. shares	25,088.7	47,527.8	1,945.5	1,887.1	76,449.1
SUM	167,707.3	657,613.3	24,318.6	10,595.6	860,234.8

Further Goals

The year 2017 was a fruitful year for the Mongolian stock market. Securities Exchange¹, the first-ever privately owned stock exchange, traded its first corporate shares in 2017. Also, the state-owned Commodity Exchange² that started its operation in 2013 traded the very first forward contract in 2017.

MSCS envisions becoming the Central Counterparty for these exchanges.

¹ www.msx.mn ² www.mce.mn

UPCOMING GLOBAL EVENTS



AFSF 2018 Workshop

Indonesia Central Securities Depository (KSEI) is pleased and honored to host the 3rd AFSF 2018 Knowledge Sharing Workshop in Bali, Indonesia on **12-14 September, 2018**.

The online registration is open at the AFSF 2018 website (www.afsf2018-ksei.co.id), where more information regarding the event and general information about Bali can be found.



22nd ACG ANNUAL GENERAL MEETING

The 22nd Annual General Meeting of Asia-Pacific CSD Group will be held in Colombo, Sri Lanka on **26-28 November, 2018**.



SIBOS 2018

Sibos (Swift International Banking Operations Seminar) for the year 2018 will be held in Sydney, Australia on **22-25 October, 2018**.

The details of the program can be found at: www.sibos.com



The Network Forum Asia Meeting

The Network Forum Asia Meeting in 2018 will be held in Singapore on **12-13 November, 2018**.

Registration for The Network Forum Asia Meeting is open via its official website:

www.thenetworkforum.net/asia2018/145852



RECENT EVENTS

RECENT EVENTS section highlights some of the key events that have taken place in the region since the previous publication of the newsletter in early 2017.

The 21st ACG Annual General Meeting (ACG21)

The 21st ACG Annual General Meeting was held in Hong Kong on 14 November, 2017 in connection with the WFC2017 hosted by CDCPL, CSDC, HKEX, and NSDL. The event was attended by approximately 100 participants from 24 member institutions, thereby fulfilling the quorum for the general meeting. The program for the Meeting included Task Force Breakout Sessions, Senior Management Meeting, Task Force Reporting Session, and ACG General Meeting.

Three separate Breakout Sessions for the New Business Initiative (NBI) Task Force, Technical Task Force, and Risk & Recovery Management (RRM) Task Force invited their members to exchange their views and opinions about the development of each Task Force. The conveners of the five Task Forces presented their activities in 2017 and future plans during the Task Force Reporting Session.

Mr. Daniel Poon, Head of Cash & Derivatives Clearing of Hong Kong Exchanges and Clearing Ltd. delivered welcoming remarks before the General Meeting. The General Meeting Session was presided over by Mr. Byung-ghae Lee, Chairman & CEO of KSD, as the ACG Executive Committee (EC) Chairman. The ACG Secretariat gave an overview on the members of the ACG EC and the meetings of the Committee in 2017, and presented a summary of recent activities of the ACG EC. The motions that were submitted and passed during the general meeting include: The appointment of Mr. Aftab Ahmed Diwan of CDCPL as EC Vice Chairman; the approval of the Charter amendment to implement the framework for fund administration; the approval of the Medium Term Activity Plan (2017-19), which included strengthening the functions of the Task Forces and the Cross Training Seminar and formalizing the ACG as an Registered Entity.



The 20th ACG Cross-Training Seminar (CTS20)

CSDC, one of the founding members of ACG, successfully hosted the 20th ACG Cross-Training Seminar (CTS) in Shanghai, China on 10-11 May. More than 120 representatives from 21 ACG member CSDs and several non-ACG organizations such as AECSD, SWIFT and financial services institutions in China attended the Seminar.

The Seminar began with welcoming remarks from Ms. Liu Yang, Deputy Director General of the Department of International Affairs of China Securities Regulatory Commission (CSRC). Keynote speakers included Professor Shusong Ba, Chief China Economist of Hong Kong Exchange Group, who shared his observations on new trends in the Chinese economy and the Chinese financial market, and Dr. Wenhua Dai, General Manager of CSDC, who gave an update on CSDC's business development and application of new technologies. Moderated by CSDC Deputy General Manager Mr. Qingwen Kong, the senior

management of various Chinese financial institutions joined a panel discussion on the globalization of the Chinese capital market, which enabled an in-depth understanding of the Chinese market.





Representatives from each CSD participated in five Task Force sessions to share their latest business development, understanding on the industrial outlook in financial services sector, and insights on key topics such as cross-border cooperation and risk prevention, cyber security, service fee structure, new business, and Fintech. The Seminar also featured a Special Session on "Application of New Technology in Capital market", convened and moderated by CSDC, where guest speakers from CSDC, NSDL, Shanghai Stock Exchange (SSE), SWIFT and Ant Financial shared their perspectives on the development of cutting-edge technologies, such as DLT, Big Data, and Artificial Intelligence (AI).





CONTRIBUTION to the WFC Knowledge Center

Two of the ACG members have shared their valuable knowledge to the WFC E-learning Center. NSDL participated in the WFC E-learning Center last year and TDCC recently contributed its report as part of knowledge sharing efforts. (wfc-knowledgecentre.com/e-learning/)

• NSDL : E-Voting System of NSDL

National Securities Depository Limited 	E-Voting System of NSDL (Video)	India	09. 11. 2017	
National Securities Depository Limited 	E-Voting System of NSDL (Presentation)	India	09. 11. 2017	

• TDCC : Better Corporate Governance With E-voting Gradually Gets Adopted in Taiwan - a Big Data Analysis of Taiwan's E-voting in AGMs

TDCC Taiwan Depository & Clearing Corporation  臺灣集中保管結算所 Taiwan Depository & Clearing Corporation	Better Corporate Governance With E-voting Gradually Gets Adopted in Taiwan. - a Big Data Analysis of Taiwan's E-voting in AGMs	Taiwan	02. 04. 2018	
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TASK FORCE CONTRIBUTIONS

Exchange of Information Task Force

As a Task Force to promote and support information sharing and understanding of ACG members' business, Exchange of Information (Eol) TF led by JASDEC conducted a survey on ACG members' statistical information and market overview. The summary of the result was shared at the ACG21 held in Hong Kong in November 2017. Several members showed positive feedbacks on the survey and Eol TF believes that the survey contributed to deepening the understanding of each ACG member's basic information. The result of the survey is also uploaded on the ACG website for ACG members' reference.

Eol TF also hosted a session on "Fee Structure" at the CTS20 held in Shanghai in May 2018. During the session, KSD, CDCPL, TSD, NSDL, KSEI, and JASDEC delivered presentations about their fee policy for both core and non-core businesses. The session has ended successfully, giving ideas and hints to other CSDs when introducing new services or reconsidering their current income structure. Eol TF plans to conduct a survey focusing on fee structure to further enhance exchange of information among ACG members.



Picture 1 TF Reporting Session at the ACG21 General Meeting

Picture 2 Exchange of Information TF Session at the CTS20

New Business Initiative Task Force

The New Business Initiative (NBI) Task Force reported its activities in 2017 and presented future plans at ACG21. KSD, the NBI TF convener, hosted a session to present the latest developments in each CSD at the CTS19, as well as the activities of the Asia Fund Standardization Forum (AFSF). It announced the 3-step co-advancement project: locating who has what, matching supply and demand, and conducting training programs, seminars, and other types of gatherings. It also envisioned a plan to foster cross-regional engagement by inviting members of other regional groups to the CTS to share their experience, and to promote and expand the reach of the AFSF.

At the CTS20, the NBI TF led a session on "Introduction of New Services by CSDs" to discuss the increasing trend of CSDs adding new services to their portfolio while continuing to improve existing offerings. During the session, six speakers from HKEX, CDSL, CDCPL, KSD, CDS Sri Lanka, and TDCC introduced their new services and related background, motivators, mode of implementation, challenges and effects. The session also featured a special speaker from AECSD, who introduced new developments of AECSD members and their business relationships with Asian CSDs.



Picture 1 TF Breakout Session at the ACG21 General Meeting

Picture 2 New Business Initiatives TF Session at the CTS20

Technical Task Force

NSDL, the convener of Technical Task Force, conducted a survey on “IT Infrastructure Deployed by CSDs” among ACG members in October 2017. The survey was launched to identify the trends in the IT investment of the depositories. It examined three critical areas of IT in the depository: Infrastructure, System Software, and Storage. The key findings were shared with all ACG members during the ACG21. The survey brings about three key findings: 1) Linux remains as the platform of choice and more growth is likely in commodity systems serving critical applications; 2) Enterprise Storage is here to stay, and continued dependence on it is expected for quite some time; 3) Oracle database remains as the favorite for enterprise applications, and open source databases have yet to find their place in the ecosystem. According to recent surveys and market evidence, the global financial services industry is placing great emphasis on big data analytics. In May 2018, TTF presented “Big Data Technology for CSDs” and highlighted the cases and applications of Big Data Technology. NSDL has embarked on a journey to adopt big data technology and to gain performance improvements for complex business process.

CISO Forum

The Chief Information Securities Officers (CISO) Forum conducted its first webinar in October 2017 to strengthen collaboration in the area of Cyber Security. Topics discussed in the webinar were recent trends, approaches to managing threat, advanced threats and approaches, measuring readiness and key learnings. Webinars will be conducted regularly to discuss various issues and areas of interest in cyber security for the ACG members.

In May 2018, CISO Forum conducted a survey on cyber resilience. During CTS20, the following key findings of the survey were presented to all ACG members: 1) Security is being discussed and decisions are being taken at the highest level, directly at the Board; 2) ISO27001 has become the de-facto standard for security; adoption of any other standard is yet to pick up; 3) Adoption of advanced security technologies is slowly gathering momentum; 4) We still are equally dependent on Excel sheets and custom workflows for managing incident lifecycle.



Picture 1 TF Breakout Session at the ACG21 General Meeting

Picture 2 Technical TF Session at the CTS20



Legal Task Force

In 2017 and the first half of 2018, as the convener of ACG Legal Task Force, CSDC continued to implement the mission of ACG. In the ACG21, CSDC presented the Legal Task Force Activity Report of 2017, reviewing the work and accomplishments in the last year on behalf of the Legal Task Force.

During CTS20, CSDC presided over the Legal Task Force Session under the theme of “Cross-border CSD Linkage and Cooperation”. CSDC shared the practices of cross-border linkage and relevant legal issues in such projects. Four honored speakers from KSD, NSDL, TDCC and CCDC shared their valuable views and experiences based on their respective practices in the legal issues in cross-border CSD interconnectivity and collaboration.

In addition to the participation in ACG21 and CTS20, the Legal Task Force also continued to actively cooperate with the research program and other activities organized by the Secretariat and other Task Forces.



Picture 1 TF Reporting Session at the ACG21 General Meeting

Picture 2 Legal TF Session at the CTS20

Risk & Recovery Management Task Force

During the ACG21 in Hong Kong, RRM Task Force presented the result of the survey conducted on the “Custody Model & Associated Risk”. The survey aimed to analyze the adopted international practices of custody, how clients are being maintained in different models of Account Structure, and how custody of assets are being kept in each CSD. The Task Force aimed to examine associated risks and the tools applied to mitigate the risk as part of the Client Protection Measures implemented by CSDs to provide maximum protection to clients.

RRM TF hosted a session during CTS20 on “Risk Arising for CSDs Facilitating Foreign Investors and Their Mitigating Factors.” Presenters from several CSDs including NSDL, CDSL, CDS, CSDI and CDCPL emphasized that the benefits of investing globally are widely accepted to increase business diversification, increase return on portfolio, and to reduce the overall risk. However, investors need to recognize the risks that may be lurking in their custody relationships, and foreign investors should weigh in managing their banking and, in particular, their custody relationships. The following key risks factors were discussed:

- Counterparty risk, particularly sub-custodian exposure
- Transparency and control risks with focus on asset segregation
- Regulatory risk including depository risk

It was unanimously accorded that it is essential for CSDs to adopt appropriate and distinct risk management framework and measures for foreign clients to mitigate the impact of risk and to provide utmost protection.



Picture 1 TF Breakout Session at the ACG21

Picture 2 Risk & Recovery Management TF Session at the CTS20

CONTACT DETAILS

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- **Technical Task Force:** samarb@nsdl.co.in
- **Legal Task Force:** sunhongbing@chinaclear.com.cn
- **Risk and Recovery Management Force:** rrmtaskforce@cdcpak.com

For further information, visit www.acgcsd.org