



Asia-Pacific CSD Group

E-NEWS LETTER

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MESSAGE from CHAIRMAN



Dear colleagues,

I am pleased to present you with the fifth ACG Newsletter that offers a glimpse into the eventful year we had in 2018.

Looking back, the ACG has gradually, albeit slowly, evolved in various aspects. The case in point is definitely the partial realization of Medium-term Activity Plans: at the 22nd ACG General Meeting in Colombo, Sri Lanka, which was a resounding success, we solidified the organizational structure of the Group by changing the chairmanship title, followed by the related amendments in the charter. Your enduring support played a pivotal role in carrying out the plans.

On top of that, we shared ideas to strengthen Task Force activities and Cross-Training Seminar and invited the members to suggest other novel ideas to add vigor to these crucial ACG activities. Individual members also made great strides last year; their advances can be found in detail in this edition's Market Update section.

We start the year 2019 with welcoming changes to the ACG. Following the resignation of Mr. Aftab Ahmed Diwan of CDC Pakistan, Mr. Hossein Fahimi, the CEO of Central Securities Depository of Iran, has been endorsed by ACG members as the new ACG Vice Chairman. I look forward to working with Mr. Fahimi in our future endeavors in developing ACG as a driving force behind the development of the Asia-Pacific securities market. In addition to this change, MCXCCL is the 36th member to join the ACG community. Seeing the community grow in size and scope gives me great hopes on the ACG's potential. Included in this edition is a special message from the new Vice Chairman and a brief introduction on MCXCCL.

A number of events await us this year; I wish great success in the 21st Cross-Training Seminar in Yogyakarta, Indonesia in March, and the 23rd Annual General Meeting in Kathmandu, Nepal in September. I truly hope these key events of the year will bring members closer together and serve as a venue for sharing insight and knowledge. I take this opportunity to reaffirm my commitment to executing the missions entrusted to me this year, and I wish everyone an amazing New Year brimming with wonderful and exciting events.



Lee Byunghae

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





MESSAGE from NEW VICE-CHAIRMAN



Dear Members and Enthusiasts of ACG,

It is a matter of great pride and privilege for me to assume charge as the Vice Chairman of the Asia-Pacific CSD Group. As a first gesture, I would like to place on record my thanks and gratitude to all member institutions and partners of ACG.

The platform it has provided since its formation in 1997 has been instrumental in sharing knowledge and learning, capacity-building, engaging in research and exchanging expertise among member institutions.

I believe we are at an important point in our development. The knowledge and insights that ACG members and partners have shared over the years have resulted in the development of expertise that will in turn bring about more and better insights and knowledge to make each and every member of this community more effective and efficient.

I believe in the potential of ACG in directing, developing and positively impacting the financial market in the Asia Pacific region. A lot has already been done, but as we all know, there is still great scope for collaboration, synergy and convergence.

As the one at the helm of Central Securities Depository of Iran (CSDI), by virtue of being the institutional backbone of the Iranian capital market since inception and its unique positioning as an enabler, facilitator and catalyst in the spheres of pre- and post-trade activities of the whole market in the country, I assure you, will support all the future ventures and endeavors of ACG.

"Coming together is beginning, keeping together is progress and working together is success".

Let us all commit ourselves to work together in taking ACG to great heights.



Hossein Fahimi

ACG Vice Chairman
CEO & Board Member, Central Securities
Depository of Iran (CSDI)





MARKET UPDATES

(1) China Central Depository and Clearing Corporation Limited



Since 2005 when the first non-resident investor entered China Interbank Bond Market (CIBM), the red carpet has been rolled out for global investors to this market. In 2010, overseas central banks, international financial organizations and sovereign wealth funds were provided access to the market. In 2016, the scope of non-resident investors was expanded and investment quota was removed. Then, the year of 2017 witnessed the launch of Bond Connect between Mainland China and Hong Kong.

As the current foreign bond holdings in CIBM is less than 3% of the market and is much lower than that in developed economies, there is still plenty of room for development in the future. Assuming that the market share for foreign investors increases to 10% in the medium term and that the market as a whole is on a constant rise, foreign holdings will reach RMB 8 trillion (USD 1.2 trillion), and it will be RMB 25-40 trillion (USD 3.7-5.9 trillion) if the market share rises to 20% to 30% in the long term.

That is why the strategy of internationalization is at the core of our development. Centered on client services, our global business is mainly composed of cross-border issuance and settlement, collateral management and information services, as well as cooperation with global counterparties, industry associations and research institutions. The following is a glimpse of what we have achieved in 2018 in these respects.

1. Reach out to global clients

In order to communicate face-to-face with our global clients, we have held several roadshows on CIBM and CCDC services in Beijing, Shanghai and Hangzhou, and many cities abroad like Hong Kong, Singapore, New York, London and Sydney. In addition, local market updates and post-trade processing are now more readily available on our English client terminal and CCDC Watch, a self-produced monthly magazine dedicated to global investors.

2. Deliver better cross-border services

There are two channels to access CIBM: CIBM Direct and Bond Connect. By the end of November, 2018, over 750 non-resident investors entered CIBM via CIBM Direct, with bond holdings of a year-on-year increase of 52% to RMB 1.5 trillion (USD 0.2 trillion), whereas for Bond Connect, it was around 160 investors with RMB 70 billion (USD 10.3 billion), a 150% increase compared with last year. From these figures, it is fair to say that as global investors ramp up their exposures in China, cross-border services are more needed than ever. Our solutions are threefold: cross-border settlement, collateral management, and information services.

(I) Cross-border settlement

We have maintained a close relationship with global counterparties like Clearstream and TMX and conducted a joint client survey to explore possibilities for cross-border CSD linkages and other levels of cooperation.

(II) Cross-border collateral mobilization

To meet market need, we have set up a collateral disposition arrangement in event of default. Solutions have been provided to secure offshore loan with onshore Chinese bonds between Bank of America Hong Kong and Shanghai Pudong Development Bank London and between the central bank of Nigeria and Industrial and Commercial Bank of China. By the end of 2018, additional RMB 6.7 billion (USD 991 million) were added to our cross-border collateral under management, making it to RMB 35.3 billion (USD 5.2 billion). And, we are currently working with Citibank on the eligibility of RMB bonds as collateral in bond lending in the US.

(III) Deliver better information services

ChinaBond Pricing Center Co., Ltd. is one of the most authoritative benchmark pricing platforms in China. With concerted efforts, green bond indices produced by our pricing center are now listed on Luxembourg Stock Exchange. We have also cooperated with IHS Markit to launch the first globally-branded onshore RMB bond indices, the iBoxx ChinaBond indices.

(2) Central Securities Depository of Iran



CSDI Implements Novel KYC Procedures to Streamline Services, Strengthen Compliance, Mitigate Market Risks

The challenges for capital markets players are vast and include pressures from clients, stakeholders and regulators. Although these challenges pose difficulties, we see many opportunities for improvements.

Investors today have high expectations; a streamlined and efficient onboarding experience in particular. Financial institutions that lack a thoughtful and integrated onboarding process miss the opportunity to strengthen relationships with their clients.

To meet that end, at Central Securities Depository of Iran (CSDI), we believe that when we get investor onboarding right, we should focus on four overarching objectives:

1. improve the investor experience
2. protect their capital through thoughtful compliance
3. enhance efficiency and profitability
4. mitigate market risks

As stated by CSDI's Chief Executive Officer, Mr. Hossein Fahimi, financial institution executives should recognize that onboarding technology serves multiple masters:

- The business wants to grow relationships profitably while operating efficiently.
- The customer wants secure and convenient access to his/her asset.
- The regulator wants to confirm compliance with rules and regulations to secure the financial system.

CSDI has developed a process named Comprehensive Information Gathering System (CIGS) that helps it address a number of fundamental components in the country's capital market. The totally indigenous electronic system is an infrastructure which provides a wealth of value-added services to shareholders and – on a broader perspective – to the whole capital market.

Through CIGS, all market players need to register "once and for all" and from then on, they will have access to all

the services and entities in the capital market needless of registering again and again.

Each component the system offers has the potential to make a significant impact alone or as part of a broader plan.

► Increased cost efficiencies

CIGS helps to effectively manage dynamic demand and reduce the cost of compliance. It eliminates paper use and increases the use of workflow software.

► Tangible operational efficiencies

CIGS's streamlined and automated end-to-end process delivers complete KYC records to best-in-class industry standards.

► Accelerated onboarding

CIGS saves time and reduces duplication of effort. It integrates compliance processes with the onboarding process to decrease duplicate information gathering.

► Improved client experience

CIGS minimizes clients' need to provide documentation thanks to the motto of the mega project which is "Register Once and for All" and limits bothersome requests for customer information. The model uses authoritative verified data and facilitates the exchange of due diligence information. It enables self-service capabilities that allow the client to submit and track applications, receive alerts and upload documents.

► Enhanced regulatory compliance

CIGS's high quality KYC record output, dynamic monitoring of client data and changes to regulation ensure the whole capital market hold up to date information on its participants. CIGS implements a risk-rating methodology supported by an advanced data analytics. The system centralizes regulatory oversight processes to check adherence and compliance nationwide.

Although CIGS may appear as an example of conventional KYC program, its unique features that have overcome the deficiencies in its counterparts worldwide make it as outstanding as it is particularly the critical role it plays to reach the anti-money laundering (AML) goals. A surprising number of financial institutions are still heavily reliant on inefficient paper-driven processes that create duplication, breed errors, and introduce privacy concerns. But CIGS has even adopted e-signatures to fully convert this process into digitized one in a bid to leave no stone unturned.

However, this is just the beginning.

Since CIGS is proved to be an agile, portable, user-owned, standard and supported by digital technologies, it will continue to be a fundamental ground for distributing dividends to investors, registering investment funds and a way forward toward electronic general meeting (e-GM) management systems.



(3) Thailand Securities Depository



1. T+2 go-live: To reduce risk and improve post-trade efficiency and be in line with the international standard, The Stock Exchange of Thailand has successfully moved to T+2 settlement cycle on March 2, 2018 after 14 months of preparation with all stakeholders.

2. Digital subscription for Right Offering (RO): In 2018, TSD completed system development and tested it with members. This service aims to improve the subscription process by digitalization, reduce manual intervention and overall cost. The tentative target to go live will be the beginning of 2019.

3. Business Process Streamline (Member Digital Form): In 2018, TSD continued system development to accommodate members to make request digitally instead of submitting hard copy. The objective of the digital form is to reduce members' processing time and manual work, streamline the overall process, and ensure efficient transition to the digitalization era. TSD expects the system to go live in the third quarter of 2019.

4. Enhance and Streamline End-to-end Process for Corporate Action: In 2018, TSD enhanced system and completed revision process related to corporate actions. This streamlined process aims to optimize work process both between internal departments and with external parties.

5. e-Proxy: In 2018, TSD completed the system development, consulted with regulators, and submitted the draft rules to the Ministry of Commerce for consideration. The regulations related to e-Proxy have already been approved by the Cabinet on November 26, 2018 and is currently being proposed for consideration by the National Legislative Assembly.



(4) Indonesia Central Securities Depository



KSEI Milestones

Throughout 2017 and 2018, KSEI has set new milestones that contributed to shaping the Indonesia Capital Market.

First, in March 2017, to improve the efficiency of the Securities registration process KSEI implemented Sistem Pendaftaran Efek Elektronik (SPEK), which is an electronic Securities Registration system. This system enables prospective Issuers to submit the required documents in electronic form. They also can easily monitor Securities registration process through this system. As for KSEI, the registration process can be easily monitored and each related department can accelerate the documents review and validation process. Furthermore, the document storage became more efficient because the documents are stored in an electronic form. In short, the implementation of SPEK has successfully accelerated and simplified the Securities registration process.

Second, the Central Depository and Book Entry Settlement System Next Generation (C-BEST Next-G) went live in July 2018. C-BEST is an integrated electronic platform which had been supporting securities settlement transaction activities through book-entries since 2000, or at the same time when scripless trading was implemented in Indonesia. The development of C-BEST Next-G is in line with the implementation of the IDX JATS Next-G trading system and KPEI E-Clears system that have been implemented in early 2018 to ensure more established and reliable infrastructure for the Indonesia Capital Market. With the increasing number of investors, products, and transactions in the capital market, the C-BEST system has a greater system capacity and can handle approximately 10 million capital market investors. The development of C-BEST Next Generation resulted in a higher performance and improved integration with other supporting application. The number of transactions that can be processed through C-BEST Next-G is six times larger than before, from 3,000 settlements per minute to 20,000 settlements per minute. The system design also supports further development related to the application of international standards such as ISO 20022. On top of that, it is able to

deposit new types of Securities, such as perpetual Debt Securities and Sharia Sub Accounts.

Third, in November 2018, KSEI along with IDX and KPEI successfully implemented T+2 for exchange transaction settlement cycle. Benefits expected from T+2 are settlement process efficiency aligned with leading global settlement practices, enhanced liquidity in the Market, and mitigation of systemic risk. After the successful implementation of T+2 cycle, IDX's trading data made a positive note. During the week, the Jakarta Composite Index (JCI) recorded a speed of 0.83 percent to the level of 6,056.12 from 6,006.20 the previous week. Along with the increase in the JCI, the market capitalization value for the week also increased by 0.91 percent to Rp 6,858.37 trillion from Rp 6,796.32 trillion at the close of the previous week.

Fourth, KSEI launched AKSES Next-G in December 2018. AKSes Next-G is an upgrade version of the previous AKSes facility. AKSes Next-G provides infrastructure for investors to monitor their portfolio such as stocks, bonds, and mutual funds. Equipped with more features, it was developed to stay up-to-date with the latest technology and allow seamless access. AKSes also provides investor accounts statement of their portfolio and funds account in each broker. Investors can easily monitor their portfolio whenever they want and wherever they are.

**Asia-Pacific
CSD Group**

(5) National Securities Depository Limited (NSDL) India



Mandatory Dematerialization Adopted by India

The Indian government has embarked on a drive towards greater financial transparency. The Ministry of Corporate Affairs (MCA) has made it mandatory for unlisted public limited companies to dematerialize its shares, and Securities and Exchange Board of India (SEBI; Regulator of Indian Capital Markets) announced that investors could hold shares in listed companies in physical form until April 1, 2019, but may not be able to transfer them after that deadline unless the same are dematerialized. The demat system will bring more transparency to the ownership of the security. Such measures initiated by the Government will further strengthen the corporate governance norm in the companies in India and plug the gaps, if any, in the taxation norms.

Investors will be equally benefitted by these measures as they will now have a single demat account for securities of both listed and unlisted companies. This will help them track and control their investments more effectively, and do away with the need for safekeeping of physical securities.

Mandatory Dematerialization of Unlisted Public Companies:

In a major initiative to keep track of ownership of securities on real time basis, enhance transparency, protect investors and improve governance in the corporate sector, the MCA issued a notification which specified that Unlisted Public limited Companies to compulsorily issue new securities in the demat form from October 2, 2018 onwards and the transfer of securities by these companies has to be done only in the demat form. The Amendment Rules require dematerialization of "securities", which includes shares, scrips, stocks, bonds, debentures, debentures stocks or other marketable securities. With the introduction of these amendment rules, all public limited companies are required to comply with the change in regulation and join the Depository to dematerialize their shares.

Under the Companies Act of 2013, there are public as well as private limited companies. Currently private limited companies can have maximum 200 members, while there is no such restriction on the numbers of member in case

of public limited companies that have to follow stricter corporate governance norms. There are more than 70,000 public companies as per Ministry of Corporate Affairs data in India who needs to comply with the change in regulation and get their shares in demat form. Dematerialization of shares will lead to elimination of risks associated with physical certificates such as loss, theft, mutilation and fraud. The steps taken by the Government has substantially increased the number of issuers to be handled by the CSDs. CSDs are working towards improving their operational capabilities, implementing automation and easing out the workflow so they can smoothly handle the large inflow of issuer admission.

Mandatory Dematerialization of Listed Securities:

SEBI has issued a notification specifying that a request for transfer of securities shall not be processed unless the securities are held in dematerialized form. The said restriction shall come into effect from April 1, 2019 onwards.

Under the said regulation, the shareholders who continue to hold shares and other types of securities of listed companies in physical form even after this date will not be able to lodge the shares with company or its agent for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only exceptions are transfer of physical securities of a deceased shareholder to his/her nominee or legal heir and for change in order of holding of shareholders of share certificate(s).

This amendment by the regulator will help in detecting fraud and manipulation which was prevalent in physical transfer of securities. Further, shares held in demat form will result in easier, more convenient, and safer transactions for investors.

Demat - a step towards digital future



MEMBER PROFILE

MEMBER PROFILE is dedicated to introducing each member of the association. This edition features CDS and Clearing Limited Nepal, the host of the 23rd ACG Annual General Meeting in September.

CDS and Clearing Limited Nepal



सिडिएस एण्ड क्लियरिङ लिमिटेड
CDS & Clearing Ltd

Overview

CDS and Clearing Ltd (CDSC) was incorporated on 22 December, 2010 with the objective to provide centralized depository and related services for various financial instruments in Nepal. CDSC started its full-fledged operation in January 2016. Soon the risk of loss, damage, and fraud associated with physical securities was largely minimized and after three years of operation, completely eliminated. CDSC developed a revolutionary system "C-ASBA" that enables the users to apply, allocate, and allot securities automatically and seamlessly.

Soon after full-fledged dematerialized transaction in the Nepal Stock Exchange, its index "NEPSE" witnessed a huge surge in the volume and the NEPSE index recorded an all-time high of 1881.45. Many credited this with the trust of investors in the CDSC system and its efficient operation. CDSC soon achieved another milestone. With the introduction of "C-ASBA" that enables users and investors to allocate, allot and apply for IPO, FPO and Rights through a centralized platform, the allotment of IPO was done in 37 hours after the issue was closed.

CDSC has established itself as a key capital market infrastructure and is the only central depository and National Numbering Agency (NNA) in Nepal.

Services offered by CDSC

Depository Services

CDSC offers dematerialization of various financial instruments in Nepal, including equity, debentures, preference shares, bonds, mutual funds. It facilitates holding of securities in electronic book entry system for faster and easier processing of transactions, and facilitates the transfer of ownership without any physical movement or endorsement of certificates.

Record Keeping and Asset Services

CDSC provides central safekeeping and asset services that includes administration of corporate actions by

various companies and plays an important role in helping to ensure the integrity of securities issues.

Clearing and Settlement Services

CDSC also provides clearing and settlement services for the securities traded in the Nepal Stock Exchange with T+3 cycle.

Centralized KYC

The centralized KYC system provides a platform that enables investors to complete their KYC only once before interacting with financial services sector. The system also enables depository participants, brokers, and financial institutions to complete and verify the KYC of their clients.

Centralized Platform for Issuer and RTA

CDSC has developed an application for the Issuers and RTA to verify credit of Demat accounts at the time of IPO/Rights/Bonus. Any issuer in charge of issue management can verify the BOID by simply feeding the application number, BOID, and the applied quantity of security in the application. With these details the application provides the required report, which is later used by Issuer to allot the quantity of security in the Demat account. With this platform, Issuers/RTA can:

- Verify the BOID written in the form with the system
- Generate required report to allot the quantity in the Demat account
- Directly upload the generated report in Central Depository application for allotment

Investor Focus Services (Mero Share)

CDSC has developed an online application for the investors to view their balances in their Demat account. With Mero Share application, investors can: View their balances in the Demat account online; View their transaction ISIN-wise during a certain period of time; and track every debit and credit. DP can: Create Investors' online account and securely provide password for the investors.



NEW MEMBER INTRODUCTION

Multi Commodity Exchange Clearing Corporation Limited



About Us

MCXCCL is a wholly owned subsidiary of Multi Commodity Exchange of India Ltd (MCX). It is the first clearing corporation in the commodity derivatives market in India. It provides secure counterparty risk management and post-trade services to the market participants that help in mitigating risks and step up operational standards for clearing and settlement functions in the industry. MCXCCL facilitates deliveries in various commodities across multiple locations in India. Market share of MCXCCL in terms of value of trades cleared during Sep-Nov 2018 was above 90%.

MCXCCL provides Electronic Commodity Accounting and Receipts Tracking System through web-based portal Commodity Receipts Information Systems (COMRIS). MCXCCL has also entered into an agreement with CDSL Commodity Repository Limited (CCRL), a registered Repository with Warehousing Development and Regulatory Authority (WDRA) for offering settlement services to its members and clients.

In terms of novation, it guarantees funds pay-out to its clearing members till marking of delivery and financial compensation (to make good losses of non-defaulting party) in case of default (in goods or funds pay-in) after marking of delivery.

Vision

To promote sound and efficient clearing and settlement through effective and efficient fund settlement, delivery, margining and robust risk management systems; to enhance the quality of risk management systems and clearing processes to be in the highest standards.

Key Milestones

2018 : MCXCCL becomes India's first Clearing Corporation in the Commodity Derivatives Market

2017 : MCXCCL received in-principle approval from SEBI for recognition of Clearing Corporation

Ownership and Governance

The Company's governance philosophy is based on the fair and transparent disclosure of issues related with the Company's business, financial performance, and other matters of stakeholders' interest. MCXCCL's board comprises of 4 Public Interest Directors, 2 Shareholder Directors, and MD & CEO.

Products cleared by MCXCCL

MCXCCL carries out clearing and settlement in one asset class i.e. commodity derivative contracts across varied products including bullion, base metals, energy and agricultural commodities.

Functions Performed by MCXCCL

1. Risk Management

MCXCCL follows a comprehensive and stringent margining system for all commodity derivatives contracts traded on MCX. Actual margining is done online. For computing and levying the margins, MCXCCL uses SPAN® (Standard Portfolio Analysis of Risk, used under licensing agreement from CME) system which follows a risk-based and portfolio-based approach. As a risk containment measure, the following types of margins are levied by MCXCCL: Initial Margin, Extreme Loss Margin, Special Margin, Additional Margin, Tender Period Margin, Delivery Period Margin, Premium, Short Option Minimum Charge, Net Option Value, Calendar Spread Charge, Concentration Margin, and Devolvement Margin.

2. Clearing & Settlement

MCXCCL performs and monitors all activities relating to delivery and fund settlement through a well-defined settlement cycle. MCXCCL guarantees funds pay-out till marking of delivery and financial compensation (to make good losses of non-defaulting party) in case of default (in goods or funds pay-in) after marking of delivery. MCXCCL provides Electronic Commodity Accounting and Receipts Tracking System through web-based portal COMRIS.

3. Warehousing Operations

MCXCCL empanels Warehouse Service Providers and accredits warehouses for safe storage and preservation of goods deposited by various business participants for delivery on MCXCCL Platform.

MCXCCL operates a well-defined settlement cycle and ensures no deviations or deferments from this cycle. MCXCCL collects margin from the members, effects pay-in and pay-out, and oversees delivery and settlement process. MCXCCL facilitates deliveries in various commodities across multiple locations in India.



RECENT EVENTS

RECENT EVENTS section highlights some of the key events that have taken place in the region in the second half of the year.

The 22nd ACG Annual General Meeting (ACG22)

The 22nd ACG General Meeting took place at Kingsbury Hotel in Colombo, Sri Lanka during November 26-28, 2018. Hosted by Central Depository System (CDS) Sri Lanka with support from Colombo Stock Exchange, the three-day conference offered insight and knowledge from key presentations and panel discussions, and most importantly, a chance for interaction amongst ACG members to facilitate further regional collaboration.

A total of 78 participants from 24 members attended the Annual General Meeting on the second day, thereby constituting the quorum for the meeting. The ACG Secretariat briefed the audience on key activities of the ACG members this year and important agenda items to be put to the vote. Participants voted in favor of the 2019 budget and investment plan, the appointment of the new Executive Committee Vice Chairman, change in the structure of the Chairmanship, new task force establishment, and new member admission. It was the first General Meeting in which the newly appointed ACG Auditor, Vietnam Securities Depository (VSD), reported the auditor's opinion that the financial statements fairly represent ACG's fund administrations.

Furthermore, Mr. Hossein Fahimi, CEO of Central Securities Depository of Iran, was endorsed as the new ACG Executive Committee Vice Chairman following the resignation of Mr. Aftab Ahmed Diwan of CDC Pakistan from his position as CEO.

The members present also voted in favor of critical medium-term activity plans developed to strengthen the structure of the organization. The majority of the members were in favor of the amendment in the charter required to change the title of ACG Executive Committee Chairman to ACG Chairman, which reflects the roles and responsibilities of the position more effectively.

In addition, TDCC proposed establishing a new "Investor Services Task Force," which was approved by more than two-thirds of the members present. During the meeting, ACG also welcomed a 36th member to the Group: MCXCCL, an Indian clearing corporation for commodity derivatives.

The 23rd ACG General Meeting is scheduled to take place during September 9-12, 2019 in Kathmandu, Nepal.



The 3rd Asia Fund Standardization Forum (AFSF2018)

According to the 2015 collective decision of AFSF to form a regional platform for the exchange of practical knowledge, a "Knowledge Sharing Workshop" has taken place since the 2016 inaugural workshop in Seoul, the Republic of Korea.

Following the second workshop (AFSF 2017 Knowledge Sharing Workshop) hosted by CDSL in Mumbai, India in September 2017, KSEI volunteered to host the third event in Bali, Indonesia, amid a consensus that this enchanting island would be a befitting venue for the workshop.

After months of preparations coordinated by KSD and co-facilitators (CDSL, TDCC, and TSD), AFSF 2018 Knowledge Sharing Workshop was successfully held in Bali during September 12-14, 2018. For three days, the workshop bustled with seasoned experts from ten regular members, thought leaders from five advisory members, and key influencers from the local fund industry as well as observers from ACG members such as HKEX.

The workshop program featured four distinct sessions: "AFSF Session" where KSD shared Asian fund market updates and 2018 AFSF survey results, "CSD Session" where regular members introduced their core & value-added services, "Advisory Session" where advisory members offered their expert advice and insights on market integration and harmonization, and "Local Market Session" where major players of the Indonesian fund industry helped the audience gain a better understanding of the local fund landscape.





UPCOMING GLOBAL EVENTS

21st ACG Cross-Training Seminar(CTS21)



The 21st ACG Cross Training Seminar will be hosted jointly by KSEI (Indonesia Central Securities Depository) and KPEI (Indonesia Clearing and Guarantee Corporation) in Yogyakarta, Indonesia during March 4-7, 2019.

Cross-Training Seminar is held once a year as one of the two major events in the ACG, with the aim of promoting the exchange of business-related information and networking with ACG members. For more information, please visit www.acg-cts21.com.

WFC 2019



The upcoming WFC will be held in Marrakech during April 8-12, 2019. The WFC 2019 is hosted by Maroclear, the Central Securities Depository of Morocco.

The details of the program and registration information can be found at the WFC 2019 website: <http://www.wfc2019.net>



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 hosted a session about "Fee Structure" at the 20th ACG Cross-Training Seminar 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 business. The session ended successfully, giving ideas and hints to other CSDs when introducing new services or reconsidering their current income structure.



Eol conducted a survey of ACG members' statistical information and market overview in 2017 and the summary of result was shared at the ACG General Meeting held in Hong Kong. Several members showed positive interest for investigating fee structure based on the result of the survey and Eol TF believes that the research, which focuses on fee structure, could contribute to deepening understanding among the members.



New Business Initiative Task Force

The New Business Initiative (NBI) Task Force reported its activities in 2018 and presented future plans in ACG22. Korea Securities Depository (KSD), the TF convener, hosted a breakout session with participants to discuss what the TF and each participant did in 2018, and to share opinions about future plans in 2019.

In particular, three participants from HKEX, CDCPL, and CSDI made presentations about their current status of new services. Based on this discussion, the convener, KSD, made a report on activities in 2018 and future plans, as well as the activities of the Asia Fund Standardization Forum (AFSF) during the general meeting.

Regarding future plans, it announced three plans to enrich CTS & GM: Focusing on 'New Business' and related agenda, locating who has what by active pre-communication, survey, and presentation, and using workshops on the sidelines of ACG meetings. It also envisioned a plan to foster cross-continent exchange with a motto: "Opening our eyes to what's happening in other areas" by encouraging ACG members to participate in AECSD seminar and general meeting in 2019.



Technical Task Force

To all colleagues and partners, we at NSDL welcome the exciting and amazing opportunity to provide updates on recent innovations and future plans of technical task force. NSDL, the convener of Technical Task Force, plans to conduct several studies on technology and help members learn from best practices followed across global depositories.

The below is the Technical Task Force's annual plan with tentative dates:

- **IT Test Management and Automation – January to February**

The objective of IT Test management and automation survey is to understand the best practices and tools used across all members.

- **IT Change and System Management – February to March**

The objective of IT Change and System Management at CSDs is to identify the best practices followed by CSDs. The survey involves two broad areas: Application Development and End-User Response.

- **Technology Platform Trends and Consolidation – March to April**

The objective is to study on technology platform trends and consolidation.

- **Webinar on "Use cases of Block-chain and relevance of DLT for CSDs" – January 31, 2019**

CISO Forum, launched on December 2016, intends to discuss implementation of best practices in Cyber Security by CSDs and CCPs.

The below are the initiatives planned under the CISO Forum this year:

- Trends in strengthening Cyber Security and BCP-DR
- Webinar on "Cyber Risk Management"
- "Cyber Security" Newsletter – continuing the series
- Survey on "Cyber Security Operations Centre (CSOC)"



Legal Task Force

In the year of 2018, ACG Legal Task Force actively carried out activities and implemented the work arrangement of ACG Secretariat under the organization of its convener, China Securities Depository and Clearing Corporation Limited (CSDC). The theme of Legal Task Force's work in 2018 is Cross-border CSD Linkage and Cooperation, which was discussed in depth during the 20th Cross Training Seminar and the 22nd ACG General Meeting.

The 20th Cross Training Seminar

CSDC presided over the Legal Task Force Session in Cross Training Seminar, with five speakers from KSD, NSDL, TDCC, CSDC and CCDC sharing their valuable views and experiences based on their respective practices in legal issues related to cross-border CSD interconnectivity and collaboration.

The 22nd General Meeting

The delegate of CSDC reported the general information of attending WFC 2017 and the 20th ACG cross training seminar, and made a summary of recent activities and future plans on behalf of Legal Task Force.

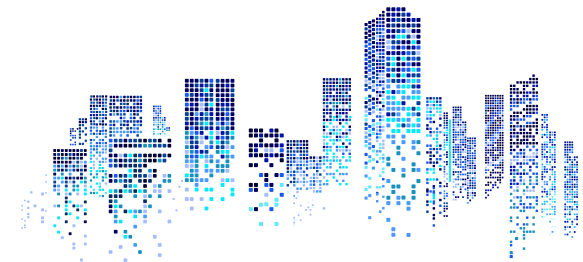
There were several attendees who participated in the group meeting session, including NSDL, ICCL, CCDC, VSD, and SHCH. The delegate of CSDC gave a speech on the principal legal issues in cross-border CSD linkage, including: (a) securities holding models and intermediated securities; (b) security account and CSDC's unified account platform; (c) jurisdiction and law application; (d) cross-border regulatory cooperation and judicial assistance; and (e) a brief introduction of China's legal framework of securities market and China's latest institutional development in terms of cross-border collaboration. All the participants contributed and shared their views and experiences on the issues concerned.



Risk & Recovery Management Task Force

During the 22nd ACG General Meeting & Conference in Colombo, Sri Lanka the Risk & Recovery Management and Technical Task Force collaborated for a study on Financial Market Infrastructure Risk. This activity aided to gauge readiness of FMIs for risk management & mitigation along with the development priorities to better manage operational risks going forward. Task force conveners discussed the key findings of survey about the current risk management practices in the areas of operational, technological, market and other risks followed by Asia Pacific CSDs. The participating members from various ACG institutions deliberated on the outcomes and recommendations.

It was also apprised that RRM plans to obtain advisory services from an international rating agency who is specialist in global securities services industry to ensure that CSDs in the Asia Pacific region have implemented the best practices.



Investor Services Task Force

Work Plan for 2019

TDCC would like to express our appreciation to all the members for supporting our initiatives. For 2019, TDCC has scheduled the following work plan for Investor Services TF:

1. Cross Training Seminar (March)

At CTS, TDCC will present the overview of this task force, and the delegation of TDCC will address two topics that correlate with investor services: e-voting and e-passbook (mobile application). In addition, TDCC will also present the structure of the survey that will be distributed to members in April.

2. Collect feedback from members about the design of the survey (March)

Since this TF is an integrated platform, this survey will help us better understand each member's services, and further create synergy. Opinions from members to improve the design of the survey would be highly valued.

3. Distribute survey (April)

4. Collect survey (Mid-May)

5. Summarize the response and analyze survey results (June)

6. General Meeting (September)

TDCC will take this opportunity to invite members to discuss their future plans for investor services, and give a presentation of the report.

7. Hold workshop (TBD)

TDCC will present the survey result, and invite members to share their experience in investor services business.



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For further information, please visit www.acgcsd.org