

# **Risk & Recovery Management Task Force**

**Taskforce Reporting Session ACG25**

# RRM ACTIVITIES

ACG Cross Training Seminar

- i. Surveys
- ii. Questionnaire

RRM Taskforce Group Breakout Session

# RRM Taskforce Activities

## 23rd ACG Cross-Training Seminar (CTS) Bali, Indonesia

### Risk Impact of defaulting / collapsing economies on CSDs and their mitigating measures

#### Participants

- NSDL (India)
- KSEI (Indonesia)
- CDS (Sri Lanka)
- CDSC (Nepal)
- CDCPL (Pakistan)

Countries can experience financial losses, market turmoil, and sharp slowdowns in trade and economic growth. Even in a small country, a debt crisis can have devastating effects elsewhere if that country is enmeshed in the global financial system and economy

# RRM Taskforce Activities

## 23rd ACG Cross-Training Seminar (CTS) Bali, Indonesia

### Internal Risks

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Liquidity Risk

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Fraud and misconduct

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Default Risk

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Legal and Regulatory Risk

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Operational Risk

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Cybersecurity threats

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Counterparty Risk

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Reputational Risk

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# RRM Taskforce Activities

## 23rd ACG Cross-Training Seminar (CTS) Bali, Indonesia

### Macro Economic Risk

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Fiscal Imbalance

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Forex Reserves

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Inflation

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Government Borrowing

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Political Instability

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External Vulnerabilities

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Restraint Foreign Investment

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Investor Confidence & Sentiment

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Volatile Stock Market

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Capital Outflows

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Power crisis

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Procurement issues

# RRM Taskforce Activities

## 23rd ACG Cross-Training Seminar (CTS) Bali, Indonesia

### Repercussions of Economic Downturn

#### Higher Default Risk

- Weak ability to borrow funds from international market
- Lenders reluctant as fear of default

#### Trade Restrictions

- Undermine investor confidence and disrupt the flow of capital
- Difficult to import even essential goods

#### From Higher To Hyper Inflation Economy

- Devaluation of the currency and hyperinflation
- Government printing money to finance its spending and pay off its debt obligations

#### Contraction in GDP

- Production of fewer goods and decrease in consumer spending
- Job losses and lower business profit

#### Social Unrest

- Power blackouts, shortages of fuel, leading to the declaration of a state of emergency and the implementation of curfews

# RRM Taskforce Activities

## 23rd ACG Cross-Training Seminar (CTS) Bali, Indonesia

### Impact of declining Economy on CSDs

**Reduced Stock Market Turnover**

**Fuel Shortages**

**Inability to Maintain Foreign Subscriptions**

**Inability to Buy Critical Equipment**

**Employees Migration or Layoffs**

# RRM Taskforce Activities

## 23rd ACG Cross-Training Seminar (CTS) Bali, Indonesia

### Mitigation of Economic Risks

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Diversification of Business Avenues

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Maintenance of Foreign Currency Reserves

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Agreements in Local Currency against IT Subscriptions

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Conversion to Renewable Energy for Electricity

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Succession Planning and Resource Hunting

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Creation of ACG Fund



# RRM Taskforce Activities

## Activities in 2023

### Surveys - Corporate Governance Framework (CGF)

Survey from the Regional CSDs was circulated to identify the Best Practices adopted by these organization to ensure transparency, accountability and effective decision making under the regulatory framework and requirements in accordance with strategic direction. Key aspects of the survey of CGF are:

- Independent Board of Directors & Chief Executive Officer:
  - Criteria for an Independent Board of Directors & CEO
  - Terms & Tenure for continuing to serve Board of that organization
  - Appointment & Re-appointment
- Independence and Conflict of Interest
- Transparency & Disclosure

# RRM Taskforce Activities

## Activities in 2023

### Questionnaire - Depository Functions & Services

Data has collected from regional CSDs regarding the core depository function being performed by entity itself and list the function / services that are outsourced

- Safekeeping of Assets
- Transaction Settlement
- Corporate Action Processing
- Account Maintenance
- Asset Servicing
- Non depository functions
- IT Services i.e Software Development, Infrastructure Management, Cyber Security and Technology Partner
- Non-core operational and house keeping functions

# ACG25 AGM – Da Nang, Vietnam

## Risk & Recovery Management Taskforce Group Breakout Session

### Cyber Resiliency – Challenges & Responses to Cyber Threat

Cyber resiliency refers to an organization's ability to withstand, adapt, and recover from cyber threats and attacks. It involves a combination of technical, procedural, and organizational measures to protect critical assets and systems.

Today, we had an interactive session of RRM TF Group Session and our guest speaker Mr. Jim Micklethwaite moderated the session and provided the global aspect of knowledge sharing and experience about key challenges and potential responses to enhance cyber resiliency:

1. Evolving and Sophisticated Threat Landscape
2. Insider Threats
3. Limited Skilled Resources
4. Incident detection & timely response management
5. Lack of Security Awareness
6. Regulatory Compliance

**Thank You**

# How to Contact

## RISK & RECOVERY MANAGEMENT TASKFORCE

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