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# Americas Update

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# Agenda

- Regional Update
- US and Canada T+2
- Canadian CCP Model
- Brasil Update
- ISITC Update

# Americas Regional Update

- Greater coordination among US industry groups discussing standards with other global associations
  - ISITC/USNG; SIFMA; AGC; ISDA, others
  - Monitoring of domestic and global regulatory impacts as well as market infrastructure impacts to investment managers
- Improved organization and coordination within Canada
- Coordination with Brazil NMPG
- Mexico, Central and South American NMPGs and custodian networks

# US and Canadian T+2 Settlement Cycle Changes

- The U.S. T+2 ISC announced a target date of September 5, 2017, for the transition from a T+3 to a T+2 settlement cycle.
  - The CDS also communicated its intent in September 2015 to move to T+2 on the same date as the U.S.
  - In scope instruments include: equities, corporate bonds, municipal bonds, unit investment trusts, and financial instruments comprised of these security types (e.g. ADRs, ETFs)
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- <http://www.ust2.com/pdfs/ssc.pdf>
  - <http://www.ust2.com/pdfs/T2-Playbook-12-21-15.pdf>

# Canada CCP Model Recommendation Update

- Bank of Canada recommendation to move to a CCP model for clearing of fixed income repo and cash trades
- Key aspects of the initiative include:
  - Trade instruction/clearing
  - Trade Novation matching status messaging
  - Settlement Management/Segregation at CDS
  - Trade reporting obligations
- Initiative put on hold at start of 2016 pending Bank of Canada finalization with open legal and margin issues preventing finalization of rules

# Brasil Update

- ANBIMA organized workshop and webpage dedicated to providing continuous updates on market infrastructure developments and the use of international standards for communication
- BM & FBOVESPA initiative -Post-Trade Integration Project (IPN) to combine four existing clearinghouses for equities and corporate bonds, derivatives, foreign exchange and federal government bonds into a single integrated entity.
  - Decision made to adopt the ISO20022 message protocol for the single integrated entity
- The department of Federal Revenue of Brazil took a first step on the adoption of the LEI Code in the Brazilian market by releasing a public hearing that proposes the inclusion of the code among the information that composes the records of all legal entities in Brazil. For now, the information is optional.
- NMPG BR:
  - Composed of 15 custodians and administrators - Citibank, Banco do Brasil, BNP Paribas, Bradesco, BNY Mellon, Caixa Economica Federal, Credit Suisse, Banco Daycoval, Deutsche Bank, HSBC, Itaú-Unibanco, JP Morgan, Santander and Votorantim as well as the major vendors in the market

# ISITC Market Practice Groups



- Settlements
- Corporate Actions
- Reconciliation
- Securities Lending
- Derivatives
- Reference Data and Standards
- Regulatory
- Middle Office
- Custodian, Investment Manager and Vendor Forums

# Settlements/Transaction Management WG

- Business process focused to determine most appropriate messaging standard
- Work closely with SMPG SnR WG to incorporate US market practices into global recommendations
- Sub-groups of subject matter experts formed covering:
- Collateral; Third Party Foreign Exchange and NDFs, Lending; Security Finance/Repo; and Securities Related Payments

# Corporate Actions WG

- Collaboration with SMPG CA WG, Corp. Actions Maintenance WG; SIFMA CA Division and other industry associations and vendor/utility working groups
- Examine Corporate Action business process throughout the lifecycle of an event to define US market practice and strive to harmonize global Corporate Action messaging standards
- Continue work with CA Tax Subgroup
- Examine regulatory changes that impact Corporate Actions
- Continue ISO 20022 CA business process
- Participate in annual change request process to improve the CA messaging standard

# Derivatives WG

- OTC Derivative Identifier Initiative – ISO Study Group; ISDA Symbology Group; SIFMA AMF Unique Identifier WG
- Consolidation of ISITC Listed Derivatives MP with SMPG document
- Expansion of cleared products focus – FX Options, CFDs, Repos, and other current non-mandated OTC products
- OTC product coverage expansion – TRS

# Reference Data and Standards WG

- Standing Settlement Instruction (GC Direct) message modeling
- LEI messaging and operational impacts across trade lifecycle
- Batch Transmission market practice guide updates for ISO20022 messaging

# Regulatory WG

- Focus of group to keep membership updated on various global regulatory initiatives
- LEI on-boarding (GLEIS) updates
- Financial Transaction Tax (FTT) updates
- Foreign Account Tax Compliance Act (FACTA/GATCA) updates
- Basel Cmte on Banking Supervision (BCBS239) impacts

# Middle Office WG

- Focus of group on issues related to post execution/pre-settlement functions
- Impacts of global T+2 settlement cycles on asset managers
- Confirm/affirm process and messaging for local and central matching (ISO, FIX, Omgeo)