Americas Update

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Americas Regional Update

- Greater coordination among US industry groups discussing standards with other global associations
  - ISITC/USNG; SIFMA; AGC; ISDA, FIX Trading Community and others
  - Monitoring of domestic and global regulatory impacts as well as market infrastructure impacts to investment managers
- Coordination with Canada NMPG
- 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)

US initiative website: http://www.ust2.com/

Canadian initiative website: http://ccma-acmc.ca/en/

Canada CCP Model Recommendation Update

- Bank of Canada recommendation to move to a CCP model for clearing of fixed income repo and cash trades as a response to 2009, G20 commitments.
- Dealers and interdealers are currently participating (as of February 2012); the next phase is to roll out this offering to Buy-Side client participants.
- Key aspects of the initiative include:
  - Trade instruction/clearing
  - Trade Novation matching status messaging
  - Settlement Management/Segregation at CDS
  - Trade reporting obligations

Brazil Update

- Brazilian Payment System
  - WG with representatives from all Brazilian market's FMIs, financial institutions associations and the National Treasury to study the current ISO 20022 payment business models and message catalogues vs. needs within the Brazilian market.

- B3 Central Bank (BM&F Bovespa and Cetip) ISO20022 adoption initiatives:
  - ISO20022 Reference Data Messages BJ submitted for securities reference data report and response within the pre-investment and pre-trade business areas. Reviewing recent ECB T2S submitted messages within Securities SEG to determine usability with BR market.

- ANBIMA Exchange of Information between Investment Funds
  - Brazilian Regulatory Agency for Pension Funds decision to adopt the ISO20022 Securities Balance Accounting Report in November, 2016 helping to expand the implementation beyond previous custodian adoption initiated in 2015.

ISITC Market Practice Groups

- New website launch March, 2017 restructuring groups into Working Groups, Forums and Committees.
- Working Groups include:
  - Corporate Actions
  - Derivatives
  - Margin & Collateral – New for 2017
  - Reconciliation & Reporting
  - Reference Data & Standards
  - Securities Lending
  - Settlements
- Forums include:
  - Broker Dealer; Custodian; Investment Manager; Middle Office; Regulatory; and Vendor/Utility
- Committees include:
  - Industry Engagements; and Marketing

Corporate Actions WG

- Collaboration with SMPG CA WG; Corp. Actions Maintenance WG; SIFMA CA Division and other industry associations and vendor/utility working groups
- Continue work with CA Tax Subgroup
- Examine regulatory changes that impact Corporate Actions
- Continue ISO 20022 DTCC transformation project
- Participate in annual change request process to improve the CA MT and MX 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
- Implications of global regulatory and tax changes

Margin & Collateral WG

- Previous sub-group of Settlements WG split out to allow more in depth discussion on various regulatory jurisdiction margin rules impacts and readiness
  - Initial Margin and Variation margin instruction/segregation, confirmation, status and reporting
  - Updates on vendor/utilities pilot and production progress

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:
  - Third Party Foreign Exchange and NDFs; Security Finance/Repo; Securities Related Payments; Time Deposits; and Bank Loans