Unlocking Future Value for CSDs

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Panel

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| Мария Краснова - Заместитель Председателя Правления, Национальный Расчетный Депозитарий, Россия |
| Ozgur Uysal, MKK – начальник департамента репозитария и отчетности, МКК центральный депозитарий Турции |

| Moderator: John Falk - Partner, Bourse Consult LLP |
| Jason Chen - Director of Settlement Management Department, CSDC |
| Hossein Fahimi - CEO, Central Securities Depository of Iran |
| Maria Krasnova - Deputy Chairman of the Board, National Settlement Depository, Russia |
| Ozgur Uysal, MKK - Trade Repository & Reporting Department Manager |
Innovation - Buzzwords and Hype...
Decisions to be made

Do I need a Blockchain?

Source: David Birch

No
These 11 questions will help you make a quick initial assessment of whether blockchain is the right solution for the problem you're facing.

**Blockchain Beyond the Hype**

*See full report at [http://wef.ch/blockchainhype](http://wef.ch/blockchainhype) for more information about public and permissioned ledgers. In this graphic, blockchain is used to refer to all forms of distributed ledger technology (DLT). DLT is a digital system in which transactions and their details are recorded in multiple places at the same time, without a central database or administrator. This graphic is based on work developed by Dr. Catherine Mulligan under EPSRC grant CREDIT: Cryptocurrency Effects in Digital Transformations (EP/N015523/1) and is available under the terms of Creative Commons Attribution-NonCommercial-NoDerivs 4.0 Unported License. An earlier version was published in 2017, Journal of Strategic Change (Wiley Strategic Change, 2017;26(6):481–489).*
Blockchain - Big Players Involved

Source: CBINSIGHTS
Innovation is happening around CSDs

Exchange groups diversifying beyond traditional business....

Custodians entering settlement space by setting up CSD....
Revenue Growth & FinTech Investment

Global exchange groups revenues\(^4\)

\(\) billion\(^3\)

Trading and listing\(^1\)

- 2010: 59%
- 2015: 47%

Post-trade\(^2\)

- 2010: 21%
- 2015: 24%

Information, technology and others

- 2010: 20%
- 2015: 29%

\(^1\) Excludes transaction-based expenses.
\(^2\) Includes clearing and settlement of securities.
\(^3\) Exchange rate reference year: 2015.
\(^4\) Distribution of revenue is identified according to the sample size including: ASX, BME, BM&FBOVESPA, Deutsche Börse, Euronext, HKEX, JSX, LSE, MOEX, NASDAQ.

Investment themes

- Access to capital
- Trade execution
- Data & analytics
- Regtech
- Post-trade

Business model

- Private placement, securitization and smart contracts
- Third-party e-platforms, e.g., for illiquid assets, FX, Bitcoin
- Data aggregators
- Fraud detection
- Post-trade (back-office) processing, e.g., cloud-based confirmation

Three fintech models are emerging:

- Fundamental business model disruptors (e.g., peer-to-peer lending, application of blockchain)
- Intermediaries that own the end-customer relationship (e.g., FX, payments processing)
- Enablers of greater efficiency and effectiveness (e.g., workflow management, big data, analytics)
Maybe . . .

CSDs become a data aggregator?

- Data Duplication
  - Perform similar operations
  - Multiple reconciliations

API’s allow:
- Real Time Access
- Customer reporting
- Flexible data access
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1. Registry Systems
2. Clearing and Settlement Systems
3. Value Added systems

- **T+2**
- **Credit Limit**
- **Customized DvP**

NetClear

Comprehensive Information Gathering System => (CIGS)
The Most Recent Developments of CSDI

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<tr>
<th>2017</th>
<th>2018</th>
<th>Future</th>
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<tr>
<td>✓ Credit Limit</td>
<td>✓ CIGS</td>
<td>✓ New Version Of NetClear</td>
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<td>✓ T+3 -&gt; T+2</td>
<td>✓ DDS (phase 1)</td>
<td>✓ Customized DvP</td>
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<td>✓ e-GM</td>
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Big Data – A final story
Thank you

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