

ACG19th General Meeting Successfully Held in Taipei, Taiwan



November 4, 2015 marked the commencement of ACG 19th at Grand Hyatt in Taipei. Senior management and representatives from Asian CSDs and clearing corporations gathered together to exchange business development experiences and shared thoughts on operation and future prospects of the industry.

This annual conference started as Mr. Ding Kung-Wha, Chairman of Taiwan Depository & Clearing Corporation, delivered the welcome speech. Mr. Muhammad Hanif, the Executive Committee Chairman of Asia-Pacific CSD Group, gave the opening speech afterwards. The congratulatory speech was delivered by Mr. Tseng Ming-Chung, Chairman of Financial Supervisory Commission of Taiwan; in addition, Mr. Tseng also commented on the recent development of our local capital market and future major policies. The other three honored guests, Mr. Wu Tang-Chieh, Political Deputy Minister, Ministry of Finance and Chairman, Land Bank of Taiwan, Mr. Jeffrey Tessler, Member of

the Executive Board of Deutsche Börse, Chairman of the Board of Directors of Clearstream, and Mr. Christophe Uzureau, Research Vice President of Gartner Inc. also made keynote speeches for the conference respectively.

The main theme of ACG 19th was “High Growth Potential in Asia: Opportunities and Challenges for Asia-Pacific CSDs.” The conference consisted of one presentation session, two panels, with issues covering cross-border panels services, FinTech, big data, PFMI and other latest issues on market trends. There were fifteen speakers in total giving insightful speeches, and the contents of discussion were not only comprehensive but also engaging. During the two-day conference, there were additional five task force meetings, senior management meetings and exclusive general meetings for members. AFSF, initiated by KSD, was also officially founded at the conference. All in all, this conference was extremely fruitful.

Local and international participants of the conference all agree that Asian market

has strong economic growth and infinite development possibility. Economic achievement in Asia not only attracts an enormous amount of foreign capital but also increases domestic investors’ needs in investing in global market. The prosperity of cross-border transaction, together with a great leap forward in information technology, brings significant challenges and exciting opportunities. Asian CSDs, whose role is the infrastructure of the market, can never stand aloof from the trend. In addition, strengthening risk management, fulfilling participants’ needs, improving service quality for investors, and developing diversified business are the new challenges and opportunities that Asian CSD industry will face. Through the understanding among the members, the main purpose of ACG is to accelerate the growth of cross-border market and effectively improve the service procedure, so that we can provide investors with faster and more convenient cross-border services and increase market scale. Lastly, it’s our honor to share the following summaries of each wonder speech and presentation with you.





Mr. Ding Kung-Wha,
Chairman of
Taiwan Depository
& Clearing Corpo-
ration, on his

welcome speech addressed “Asia is becoming the engine of world economic growth. Given the dynamic global economy, we would concentrate on how CSDs can prepare for the challenges and how we could leverage our strength to help industries thrive in new markets.” To spur cross-border financial markets and cultivate financial professionals, Mr. Ding said “He hopes to enhance mutual understanding between ACG members and speed up the development of a cross-border market by streamlining service procedures and providing investors with more convenient cross-border services.” Innovation drives social and economic growth, and maintains economic stability as well as speeds up the market development. For that reason, we also extend our discussion topics to the application of big data and mobile devices in CSD services.” He also said “We need to leverage financial technology, such as big data and cloud computing, to sharpen our competitiveness. Financial technology has already become a new shaping force of the global financial industry. As post-trade service providers in the capital market, we should seize the opportunities and be aggressive in our innovative efforts. I hope every one of you is willing to share your ideas during the discussions, and contributes to a bright outlook of the CSD industry.”



Mr. Muhammad Hanif,
Executive Commit-
tee Chairman of
Asia-Pacific CSD
Group, expressed

appreciation the efforts exhibited by TDCC in hosting this event. Given opening remark by Mr. Hanif, he elaborated “The inception of ACG took place in Nov. 1997. We started as a member body consisting of only 13 members. Today, ACG has membership of 33 institutions representing 23 countries and regions. I am confident that ACG will bring the depth and diversity in the years to come. ACG also holds the privilege of presenting Asia on a number of global forums including WFC, which is a global association of CSDs comprising of all the five regional associations and its members.” About ACG19 main themes, he said “as opportunity and challenges grow in the forthcoming time period, the CSDs will play a much bigger role and more pivotal as markets orient themselves towards streamlined operations and infrastructure.” He also announced that in 2017, ACG will host the global CSD conference. WFC 2017 will be held in HonKong in the month of November 2017.



**Mr. Tseng Ming-
Chung,**
Chairman of
Financial Super-
visory Commis-
sion of Taiwan,

making his congratulatory speech addressed “The ACG annual meeting creates an open cooperation platform for all Asian Pacific countries.” Mr. Tseng said “FSC has activated many projects to assist our financial institutions in expanding their market arrangements in all Asian countries. FSC fully supports our market participants to strengthen the ability of financial product innovations and encourage financial institutions to acquire core competencies through mergers and acquisitions.” He also mentioned “Financial Supervisory Commission also acknowledges the phenomenon of cross border co-operations, information analysis and FinTech application. We can only excel from the ever so competitive surroundings when we grasp the cross-border trend, advance our technologies, utilize the big data, promote digitization and mobilizations, as well as recognizing great importance of our innovations and talent cultivations.” Mr. Tseng hopes all ACG members can well manage these opportunities to witness the transformation of Asian capital market.



Keynote Speech I Global Economic Trends and Outlook: Challenges and Policy Developments



Mr. Wu Tang-Chieh,
Political Deputy Minister Ministry of Finance, on his Keynote Speech,

Mr. Wu said “to respond the weakness of economic growth, Taiwan has industrial upgrading, export expansion and investment promotion. The government has promoted the sound finance program since 2014, aiming at controlling public debt, restructuring expenditures, cultivating financial resources, and adjusting tax system. Thanks to the policy, the projection of deficit-to-GDP, debt-to-GDP both decrease in 2016. And the projection of tax revenue increases 9.1% in 2016. And the outlook on Taiwan’s long-term Foreign-Currency IDRs upgrades from stable to positive and the Fitch ratings is A+ in Oct. 2015. Therefore, Taiwan’s economy has improved greatly.” In conclusion, Mr. Wu pointed out “the growth is proceeding but at a generally moderate pace. The global economic and market developments impacted growth. And the short and long term global trends make the challenge more difficult. So the structural reforms and accommodative policies remain key factors of growth.”

Keynote Speech II The Potential and Opportunity for the Development of Capital Markets in Asia



Mr. Jeffrey Tessler,
Member of the Executive Board of Deutsche Börse, Chairman of the

Board of Directors of Clearstream, making his keynote speech. He focused on three topics : (1)Capital Markets Union: Policymakers have recognized that it is necessary to further integrate European financial markets to diversify the sources of funding and to stimulate economic growth and employment. (2)TARGET2-Securities: The pan-European settlement system will enable harmonized settlement in euro central bank money on a real-time gross basis. (3)Central bank policies: European Central Bank policy to stimulate economic growth, most notably negative interest rates and quantitative easing. He said “ CSDs are well positioned to support these developments by contributing to the safety and stability of markets. Asian CSDs can also actively contribute to the development of their local financial market in an efficient manner.” Mr. Tessler encouraged all of ACG members to observe the development in Europe and learn some experiences, and we may find some cooperation opportunities in the future.

Keynote Speech III Ready for the Digital Re-mastering of Your Industry



Mr. Christophe Uzureau,
Research Vice President of Gartner Inc., said “The growing usage of mobile

device changes the way people lived and the application of big data creates new business models. So the financial institutions need to be more innovative in order to take advantage of digitalization.”

Mr. Uzureau mentioned “the innovation reflects in different fragments, including new business models, new algorithms, and cooperation between finance institutions and technology companies.”

He recommended financial institutions to initiate and grasp business opportunities created by digitalization.

He believed new business model, new algorithms, investing and partnering will help financial institutions to provide services satisfying customer s’ needs and wants, and innovate company culture.



AFSF Inauguration Ceremony, ACG19, Taipei 4th November 2015



Presentations Developing Trends in and Responses to Cross-Border Transactions in Asian Market

Mr. Michael Lin, President of Taiwan Stock Exchange, said “the TWSE will maintain globalization for bringing new business models, new products and new investors to financial markets. Globalization means exchanges may have more influence on each other than before. It creates new opportunities for exchanges and CSDs.” To maintain its competitiveness in product development, market quality, market infrastructure, and market connectivity, TWSE took measures including: launched ETF composed by China/Hong Kong/Japan securities and ETF based on global indices, improved corporate governance in Taiwan security market, set up new data center and new trading system, and extended TWSE connection with global market by hosting cross marketing events.”

Dr. DAI Wenhua, General Manager of China Securities Depository and Clearing Co., said “after the launch of SH-HK stock connect on Nov. 17, 2014, infrastructures have cooperated in three aspects: the regulatory cooperation between CSRC and SFC, trading links between SSE and

SEHK, and clearing links between CSDC and HKSCC. The link is contributed cross-border netting settlement to achieve the minimum cross-border capital flow. The link also promotes the shared development and prosperity of two capital markets.” Dr. DAI further explained “this link promotes RMB internationalization. Moreover, it’s beneficial to promote A share to be included in MSCI Index, which acts as a signal of deepening the openness of mainland capital market.”

Mr. Chu King Chi, Senior Vice President of Hong Kong Exchanges and Clearing Limited, said “the key Features of Shanghai-Hong Kong Stock Connect and to achieve maximum market efficiency with minimum systemic risks. HKSCC not only implemented the “Special Segregated Account Model” (SPSA) on 20 Apr. 2015 to allow pre-trade checks to directly go into accounts of custodians, but also to amended HKSCC Rules effected on 30 Mar. 2015 to provide a better outline of ownership holding structure.” “HKEx will continue discussion with SSE, together with the possibility of extending current scope of non-trade transfers to include trade rectifications.” Mr. Chu said.

Mr. Lum Yong Teng, Senior Vice President of Singapore Exchange, said “with regard to the ASEAN Vision, it included 10 different countries and built a regionally integrated market. There are three advantages of a regionally integrated market: first, capital can move freely. In addition, issuers are free to raise capital anywhere. Meanwhile, investors can invest anywhere. Benefits of an integrated ASEAN capital market are a larger pool of liquidity, cost reduction, risk reduction and increased efficiency in capital allocation.”

Mr. Sherman H.M. Lin, President of Taiwan Depository & Clearing Corporation, mentioned “over the past five years, TDCC has developed three major cross-border services: mutual fund information and payment service, STP e-voting for foreign institutional investors and the global custody service. In the near future, TDCC has 2 other important goals to achieve. The first one is to bridge local and global market, making it more efficient for both in-bound and out-bound market. The second goal is to enhance connectivity with global markets, gradually enlarging the range of our cross-border service.” “With all these efforts, TDCC is ready to contribute to securities industry and Global capital market.” Mr. Lin said.





Panel Discussion I The Application of Big Data and Mobile Devices on CSD Services

Mr. Chua Kong Khai, Chief Market Operations Officer of Bursa Malaysia, said “the Big Data solution of Bursa Malaysia can be categorized as Visualization and Report, Business Analytics and Application, Data Persistency, and Data Transformation and Integration in order to achieve a real-time response and to help our investors to make decisions in the market.” He also pointed out “3 phases for big data in a business perspective: Descriptive Analysis, Predictive Analysis, and Prescriptive Analysis.”

Mr. Syed Asif Shah, Chief Information Officer of Central Depository Company of Pakistan Limited, said “In accordance with our supervisor’s regulations, CDCPL must provide Short Messaging Service (SMS) or eAlert services in the events of transactions, corporate actions & change in information. And they must be available to all our investors at free of charge. The next steps of our Mobile techniques mainly focusing on four product categories: Two way SMS service, Android & IOS Apps, Responsive Internet Portals, and Mobile payments. He also said “CDCPL has the great potential to develop a Big Data solution.”

Mr. Joydeep Dutta, Group Chief Technology Officer of Central Depository Services (India) Limited, said “the adoption of mobile technology in CSDs is considered low; due to most depositories are having nominee-level accounting, CDSL has recently introduced a mobile application for both the beneficiary level accounting and to boost the penetration of mobile adoption in India. Since most depository participants (banks / brokers) also have their own mobile application for customers, the use of the CSD mobile application would be mostly for investors in the smaller DP’s sector.”

Dr. Hossein Mohammadi, CEO Senior Consultant of Central Securities Depository of Iran, said “Big Data, the collection of data, cannot be analyzed by the conventional tools due to its large in scales. Four major features are often associated with big data; they are Volume, Velocity, Variety, and Value.” He also said “Respectively, they are all met with

four challenges: the amount of data, the variation of data, the rate of incoming data & analysis, and the extracts the most important information from the mass of irrelevant information Big Data.”

Mr. Rajesh Rasik Doshi, Senior Executive Director of National Securities Depository Limited, said “with a 360 degree view of investor data across all participants, NSDL has been continuously offering useful information to various organizations. For example; regulators, investigation agencies, tax authorities, policy makers, and academic research offices since 1996. And the use of Mobile phones is on the rise in India. The overall Tele-Density in India is coming to a glorious 77%. NSDL is well positioned to offer direct services to all account holders, the popularity of the Short Messaging Service (SMS) alert is highly growing for the investors, and Mobile phone login submission instructions are made easy for broad acceptance.”





Panel Discussion II Assessment and Implementation of CPMI-IOSCO PFMI

Mr. Jun Sugie, Senior Executive Officer of Chief International Officer of Japan Securities Depository Center, said “JASDEC revised its Basic Policy on Risk Management, whose purpose is to outline the categories, definitions, departments in charge and functional framework of risk management pertaining to risks within the JASDEC Group. Also JASDEC established the position of Chief Risk Officer (CRO), the Risk Management Department, etc. to mitigate the governance and management risk. Furthermore, JASDEC established the internal rules to manage risks within the JASDEC Group.”

Ms. Catharine Wong, Senior Vice President of Hong Kong Exchanges and Clearing Limited, said “During 2012-2013, we conducted self-assessment based on the Assessment Methodology and reviewed the result with the SFC, just partly observed and no observed at all, and it’s quick and successful for HKEx to conduct self-assessment in 2012. Now in 2015, HKEx will publish the updated HKSCC PFMI disclosure document to reflect changes due to Stock Connect and latest enhancements.

And agree the self-assessments reports with the SFC.” Ms. Wong also said “From 2015 to 2018, HKEx will continually conduct CPMI-IOSCO Level 2 Assessment, FSB Country Peer Review, and IMF-World Bank FSAP review.”

Mrs. Margeret Tang, President Director of Indonesian Central Securities Depository, shared the local market experiences with the meeting participants. She mentioned, “the self-assessment of KSEI was conducted between September 2014 and March 2015, in which all the PFMI principles and practice reviewed were divided into 5 categories : Observed, Broadly observed, Partly observed, Not observed, and Not applicable.”

Ms. Pataravasee Suvarnsorn, Senior Vice President of Thailand Securities Depository, said “the compliance reactions from TSD, Thailand Clearing House (TCH), and Bank of Thailand, the method to comply with the principles is to lay out the plan first and with an analysis of the gap between the principles and current regulations: (1) External: Consensus gap analysis with SEC, to analyze which are observed/partly observed/no observed; Communicate with member about need for changes. (2) Internal: Gap analysis. Publish self-assessment report. However, principles on the slides in red are not fully observed now.”



Farewell ACG19

ACG annual conference is the major yearly event of all Asian CSDs. Every year, at this important time, presidents, chairmen, CEOs and senior management of every ACG institute take this opportunity to meet. They discuss CSD business, exchange valuable experiences and, most importantly, catch up with old friends and get to know new members. After holding ACG 8th in 2004, eleven years later, TDCC is once again responsible for ACG 19th this year. This year, for the 19th ACG annual conference in Asia, TDCC has spent over a year, making all-out effort for the conference. We have planned dynamic and informative contents and prepared more intriguing and engaging activities for the attendees. We hope our honored international guests can not only benefit from the experiences shared but also be amazed at the activities and surprises we carefully arranged.

During the two-day formal conference, insightful ideas were exchanged at daytime presentations and forums, and the response was intense in each discussion. Despite the tight conference schedule, TDCC prepared a wide variety of local delicacies, presented

Taiwan-shaped hand-made soap with gold foils, and gave our guests locally-produced tea bags as souvenir, which not only created surprises but also served as an interesting small talk topic among attendees.

Afterwards, joyful social gatherings took place. The banquets we conscientiously arranged marked another climax. The gala dinner at National Palace Museum was accompanied by traditional Chinese music; with the guided tour of the museum, our guests were familiarized with the elegance and beauty of Chinese culture. The farewell party in the metropolitan Xin Yi District was full of both merriment and farewell sentiment. The outings to different tourist attractions showed the beauty of Formosa as well as leaving a vivid impression on our guests.

Also worth mentioning was TDCC's efforts in creating a green and "paperless" environment. Before the inception of the conference, we set up an official website for online registration and conference information updates. All the attendees were equipped with a tablet from our local brand Acer, providing them with an easy access to all the news and updates at any time. This environmen-

tally friendly approach not only responded to the global policy but also let our guests experience the exquisiteness and excellence of Taiwanese high tech products.

This year, we had guests from twenty five ACG members of China, Japan, Korea, Singapore, India, Pakistan, etc. There were over one hundred and fifty executives and representatives from more than thirty CSDs and related institutes attending our conference. TDCC would like to extend our gratitude to all the valued guests for your attendance, and we would also like to thank you for your support, recognition and satisfaction. It was all of the participants that made ACG 19th an exceptionally grand occasion that ended in high praise.

