

Presentation by Mark Profeti & Kiri Self - TRG-Post-Trade Services

Venue: London Stock Exchange, Paternoster Square

- Introduction by M P – Welcomed attendees to 4th launch meeting.
- Thanks to the LSE for hosting this event.

Agenda:

- MP reiterated key messages from CAS WG launch meeting in February 2012
- MP acknowledged that other industry forums do exist and many are working on some the key issues affecting the market. However, they tend to be specialist groups that represent a small sub-set of the overall landscape.
- It was acknowledged that it is both necessary & important to engage with other industry working-groups going forward as and when appropriate & when consensus views are agreed so, the WG 'speaks' with one-voice & presents points that have been agreed by the working-group as a whole.
- Given the scale and scope of change in the post-trade landscape, now was a good opportunity to introduce a free and open forum to engage with the market at large to address the key issues and challenges in-order to agree both consensus views as well as best practice.
- MP gave a historical recap of the changes that have taken place in clearing-infrastructures from 2000 to-date as well as current structures & new proposals in the market.
- MP restated the core aims of the CAS WG and referenced the historical success of the MiFID JWG
- MP stated that per the increase in regulatory- oversight & the need for many firms to both review & restructure their business's in-order to be fully-compliant; the WG was the forum for all parties to express views per the impact to their respective business-lines.
- MP indicated that this & indeed, all the WG's are not intended to be talking-shop as the WG's shall be result-driven with the aim to gain consensus agreement on all issues brought to the table by participants else there will be no real-world value-added.
- KS indicated that the WG's as a whole were the ideal venues for cross-fertilisation of ideas & specific issues that may cross over 1 or more of the 4 WG's main-groups. With this in-mind, membership of more than one WG was encouraged.
- MP provided overview of proposed governance structure and invited attendees to indicate their interest in leading the subject group.
- MP indicated that in-terms of frequency of meetings, all WG's would meet every 6 weeks with plenary sessions taking place every quarter.
- KS indicated that the attendee-list would be distributed to all attendees post-meeting.
- MP opened the floor for questions.

Q: Is it possible to be a member of more than one subject group.

A: Yes

Q: How does this group differentiate from existing industry groups and forums?

A: CAS WG Subject group membership is free, broad and inclusive. It's important to ensure that there is a wider and diverse membership in order to gain a broader appreciation of the issues and challenges which affect the market holistically.

Q: Who defines the scope and direction of the group?

A: The membership defines the scope and direction. The groups are member owned and managed and therefore define their agenda.

Q: Does this group hope to impact the current CCP clearing proposals?

A: This & other industry-wide concerns were one of the drivers behind the formation of the WG. I.e. to agree common-views in-order to influence the final-outcome of proposed new industry structures. The alternative is that the industry is dictated to with no recourse. By gathering differing-views from many industry-participants, the overall feedback from the group members will have deeper resonance when presented.

Other points raised by the floor for future consideration & discussion were as follows:

- CCP's, valuation-risk & the impact to margin process's
- It was suggested that there is much industry-focus on OTC derivatives when focus should be split between both OTC's & securities.
- Exchange-interopability - The practical operational realities of clearing when differing clearing models exist between cpty's.
- The impact of T2S in 2015
- The impact of trade repositories (TR); various aspects of this topic further discussion including;

Governance – All participants' needs & concerns should be factored into a TR

Access & participation – Operational framework & risk-monitoring process of all participants should be set at a high-level.

Security & reliability of the platform

Safe-guarding of participant's trade-data

Risk in-terms of other TR's & interoperability, there is a need for strong oversight on an on-going basis.

Summary:

Overall consensus from the floor was that this is the right thing to do but needs to be a forum for action & the mandate must be achievable with measurable outcomes.

This & other TRG working groups were created to gather discuss & agree proposals on wider-industry concerns. With this mind, the full-suite of working-groups is as follows:

Regulation, Standards, Risk & Market-Infrastructure

Kiri Self – CEO – Post-Trade Services, The Realization Group

Mark Profeti – Director of Strategic Consulting, The Realization Group