



# ASSI – Asian Securities Settlement Initiative: **Creating ASD – Asian Settlement Depository**

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## REGIONAL SETTLEMENT CLUSTERS

- National CSD-based systems are fully operative and successfully cover local securities settlement and safekeeping
- Globalization wants better solutions for cross-border settlement and clearing
- Current models of cross border settlement and safekeeping are too expensive and not efficient enough
- Setting up a global securities clearing and settlement system is to become a priority within the next decade

**Building up a global settlement and clearing structure begins with regional clusters**

## T2S – THE FIRST REGIONAL SETTLEMENT CLUSTER

- The T2S project, Europe securities settlement system, was launched and supported by ECB. The project started in 2008 and its first transactions occurred in 2015
- Up to now T2S is the only existing example of a big settlement and safekeeping international cluster





# **Asia Must Keep up with Europe**

## **The time has come for**



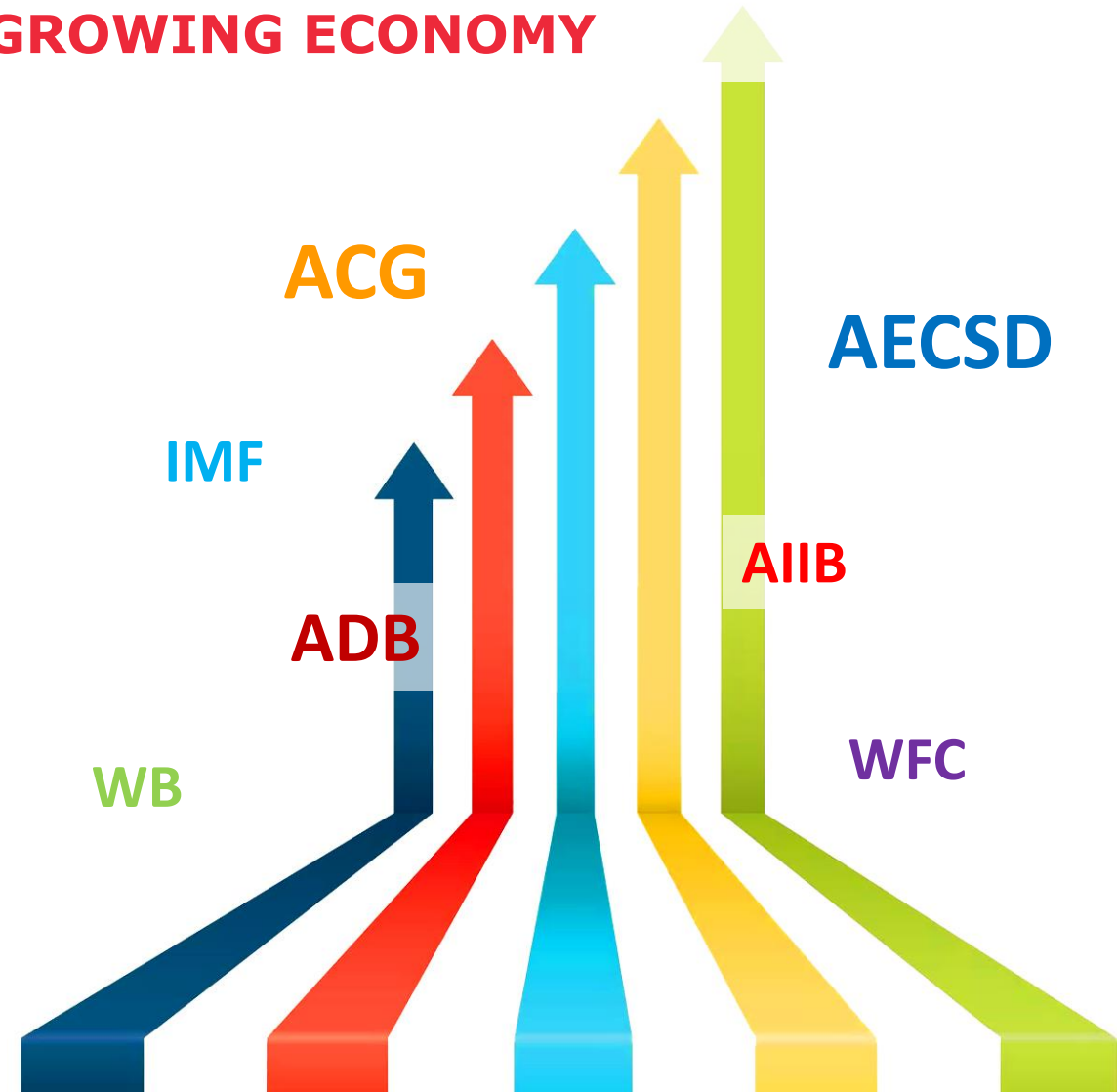
**ASSI – Asian Settlement and Safekeeping  
Initiative to build**

**ASD – Asian Settlement Depository**



## ASIA IS A REGION OF FAST GROWING ECONOMY

- Asia is a region of fast growing economy and drastically rising financial markets, although Asian financial markets are not so integrated as those of Europe
- Asia does not have a regional Central bank, which hinders setting up regional structures but it does not make the task hopeless
- Different as they are the main countries in the region share an interest for market development. Hopefully, this is going to unite them for the purpose of ASSI
- **ASD – Asian Settlement Depository** can become an institution of Asian financial infrastructure
- ASD shall be founded by main CSDs in the region with the support from ACG, AECSD and WFC associations, central banks, IMF, WB, ADB, AIIB



**It is time we get down to setting up ASSI. Developing Asian settlement and safekeeping cluster is going to become an important task for nearest few years. Success of this project will give Asian markets a new growth driver**



# ASSI-ASD is to become a project of ambition

Let us get through with prudent compromises and small steps.  
We shall get everything for cross border settlement in Asia better than in Europe and find efficient and smart solutions.  
Opportunities are abound



# ASD – ASIAN SETTLEMENT DEPOSITORY

- ASD is an international organization with a special status
- ASD performs safekeeping, clearing and also monetary transactions
- The core function of ASD is efficient cross-border securities settlement for member countries
- ASD is going to solve “the third time zone problem” adding Asian time zone to the two dominating “financial time zones”, European and American
- ASD
  - act as a central depository for asiabonds IPOs
  - executes forex transactions
  - contributes to development of national clearing and settlement systems as well as to harmonization of national legislations
  - outsources national CSDs
- ASD’s main objective is not gaining profits but providing necessary infrastructure



**ASD is going to improve the position of Asian financial markets and provide easier access to securities circulating in these markets**

## ASD – MEMBERS

SETTING UP ASD WITHOUT PARTICIPATION OF CSDs OF ALL OF THESE COUNTRIES  
OR AT LEAST MOST OF THEM IS IMPOSSIBLE:

**Australia, China, Hong Kong, India, Japan, Kazakhstan,  
Pakistan, Russia, Singapore, South Korea, Turkey**

CSDs OF THE FOLLOWING COUNTRIES ARE WELCOME TO BE ASD's MEMBERS:

**Indonesia, Iran, Israel, Malaysia, New Zealand, Saudi Arabia, Taiwan, Thailand,  
the UAE, Ukraine, Uzbekistan, Vietnam**

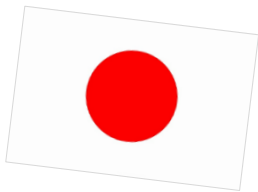
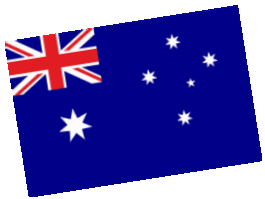
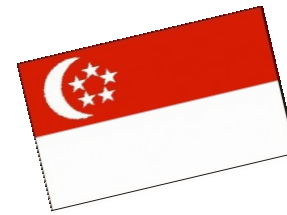
Some of these countries are on sanctions lists, there are also countries  
which have hard relationship.

However, this should not hinder reasonable and gradual  
broadening of ASD membership list.

**ASD can be created only on condition of general consensus.**

**Setting up ASD is going to benefit all countries**

**The further away ASD leaves politics, the better chance to succeed it has**





## ASD – CORE OPERATIONS

- Core ASD transaction are FOP and DVP transfers for their customers
- DVP transactions shall be available via money accounts opened with ASD and also with the money of national banks via connection of ASD with RTGS systems
- ASD manages IPOs and circulation of Asiabonds
- ASD has omnibus correspondent accounts in all member CSDs. All member CSDs have omnibus correspondent accounts in ASD
- A retail model of safekeeping may be offered to the members. ASD's recording structure is both wholesale and retail
- ASD also provides access to national trading systems and performs settlement for their transactions
- Gradually the range of transactions in ASD is going to reach the level of a standard ICSD
- ASD covers a basic set of corporate actions

**ASD must cover a wide range of services like best ICSDs**

## THE BASICS OF ASD

- ASD is a multipolar company. It is not dominated by a single CSD
- Mostly decisions are made by consensus
- ASD's main clients are CSDs and ICSDs, maybe together with regional central banks
- Admittance fee for ASD membership cannot be low. ASD founders are reliable quality CSDs
- ASD membership shall have two levels. Minor CSDs gain access via one of the leaders
- At present Hong Kong, Kazakhstan and Singapore look best for the purpose of hosting ASD



**Most important decisions in ASD are made by consensus**

# STORAGE SYSTEM, SOFTWARE, COMMUNICATION, TECHNOLOGY

- Two options shall be considered when choosing ASD's data storage system: centralized storage vs DLT
- The traditional variant of centralized storage has a number of advantages but DLT with nodes spread among chief ASD members represents a better policy. All members have full control
- A combined system is possible, when chief members function as DLT nodes, and the others operate traditional omnibus accounts opened in ASD
- Modern software wisely combining own local resources with world best cloudservice is ASD's main feature
- SWIFT and ISO 20022 messaging system. ASD should also have its own communication system
- ASD is based on STP technology. Anyone in possession of matching “plugs and sockets” can use such “standard connector” directly or with an “adaptor”
- ASD operates 24/7



**Storage system based on DLT may turn best for ASD**

## ALSO IN ASD

- All types of securities: shares, bonds, rights, equities and so forth
- International identification codes such as ISIN, CFI, LEI and so forth
- Repository, KYC, taxation, anti-laundering
- Asian centre of corporate information
- What about depository service for derivatives ?
- Cryptocurrencies and ICO? Possibly. As they are recognized by financial society and become practical
- FinTech and digital intelligence? Sure! All real advances if they are practical when the initial excessive excitement settles down



**ASD provides all essential services for customers**

## ASD – HOW DO WE BEGIN?

- The project is based on current technologies and can be implemented within 2.5-3 years
- Should the general idea be agreed upon by the leading CSDs, a workgroup can have the ASD start up project prepared by the end of 2019



**ASD means a new level of financial infrastructure in Asia.  
It is high time we go down to work.  
Sooner or later ASD or a similar structure will have to appear anyway**



**INFINITUM**  
**COMPANY GROUP**



**Let's think about creating ASD together**

**THANK YOU!**

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<http://aecsd.org/en/activities/consult-materials/>



**ACG + AECSD = ASD**

