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Task Force

DLT-TF assessment
of use cases and
possible way forward

AMI-SeCo meeting
7 December 2017
1. Follow-up work on use cases

2. Way forward for fintech analysis
1. Follow-up work on use cases
As requested by the AMI-SeCo in July

- The AMI-SeCo supported assessment of feasibility and practical interest in using DLT for sharing information related to:

1) shareholders’ registration;
   - TF focused on transmission of shareholder info to update register

2) corporate events;
   - TF focused on avoiding proliferation of inconsistent sources of information and clarity over liability for such golden copy

3) tracking of asset holdings for tax reporting;
   - TF is monitoring developments at EU level
1. Follow-up work on use cases
I. Shareholder transparency

- Leverages on ST-TF work (2010)
- Responds to SRD
  - New obligations on intermediaries
  - Possible caps on related fees
  - EC to promote use of modern technologies
- How?
  - Using elements of DLT, outside legally binding custody chain
  - Confidentiality and customisation to domestic rules
- Assessment
  - Likely a utility service
  - Different approaches certainly interesting and a priori feasible
  - Beneficiary info could be leveraged for other use cases
1. Follow-up work on use cases

II. Corporate actions use case

- Market needs an efficient process to allow communication of corporate events
  - Blockchain is tamper-evident (unlike e.g. website)
  - Smart contract “templates” bridge logic with legal prose

- Issuers/agents could input data based on template provided by their issuer CSD
  - Information would be stored on a publicly available golden copy

- Event processing is not affected

- However, major standardisation effort is needed (to benefit from fintech in general)

- All stakeholders to be involved in the analysis
1. Follow-up work on use cases

2. Way forward for fintech analysis
2. Way forward on fintech analysis
Fintech-TF as successor of the DLT-TF?

- DLT-TF mandate ends at the end of 2017
- DLT-TF members identified aspects of technological innovation “around DLT” that could impact harmonisation and integration
- HSG discussed and supports the establishment of a Fintech Task Force to:
  - Analyse impact of fintech innovation on T2S harmonisation and broader EU integration
  - Start from identified problems in post-trade services to assess feasibility and practical interest in potential fintech solutions
### Topics to be addressed:
- The potential impact of fintech on post trade harmonisation
- Innovative solutions to allow efficient end-to-end post trade services for securities in the scope of T2S
- Monitoring and analysing fintech solutions within the current and upcoming regulatory framework
- Interoperability between different fintech initiatives

### The Fintech-TF would work until July 2019

- Chair appointed by AMI-SeCo Chair and members proposed and approved by the HSG
- ECB to provide the secretariat