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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**

2. Way forward on fintech analysis

Draft terms of reference

- **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**