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Who Is ISITC?

Comprising leading executives, ISITC brings together broker/dealers, custodians, investment managers, vendors/utilities and other industry professionals to develop standards that are designed to enhance efficiencies in trade processing and related communications.

Through collaboration, ISITC’s volunteer members reduce inefficiencies, lower risk and build shareholder value while developing and promoting the global securities industry. ISITC provides members with the means to revolutionize the securities-trading process.

Mission Statement

The mission of ISITC is to engage the collective expertise of its global community of securities operations and technology professionals to create a platform to collaborate on key initiatives in financial services operations. Through the work of its members, ISITC strives to develop, publish, and promote market practices and thought leadership that move the financial services industry forward, reducing capital markets risk and increasing operational efficiency.

WE ARE:

- An independent non-profit financial services organization in North America
- Dedicated to solving inefficiencies across the transaction lifecycle
- A member-run association providing opportunities for financial services operations professionals to collaborate on pressing industry topics
- Comprising investment managers, custodians, broker/dealers, and vendors/utilities

WE STRIVE TO:

- Engage the collective expertise of our global community of securities operations and technology professionals
- Create a platform to collaborate on key initiatives in financial services operations, including digital and crypto assets, ESG, cybersecurity practices, and changing global regulation such as CSDR, UMR and Libor.
- Develop, publish, and promote market practices and thought leadership
- Drive the financial services industry forward by reducing capital markets risk and increasing operational efficiency

GET INVOLVED:

- Join a working group to collaborate with other member firms and produce market practices
- Join a forum to connect with other ISITC members to discuss best practices and topics of interest
- Attend our Fall Forum, Winter Forum and our Annual Securities Operations Summit and ongoing webinars to stay up to date on the latest trends and bring valuable insights back to your firm
I hope this message finds you and your loved ones healthy and navigating well in this current world we are all in. As we wrap up the year, we at ISITC are filled with a sense of promise and expectation for the year ahead. As well, we are deeply grateful for the commitment of our members and everything we have learned and achieved in an otherwise challenging 2020.

September saw the kick-off of ISITC Week 2020, our first-ever virtual event held in place of our annual in-person Fall Forum typically held in Baltimore. Speakers joined us to discuss some of the most pressing top-of-mind topics for our industry this year including prioritizing diversity, equality and inclusion (DEI) in our firm cultures, ESG-focused initiatives, driving the adoption of crypto assets, and keeping a pulse on regulatory updates from Washington. To our delight, these enriching panel discussions and working group sessions sparked fruitful engagement and we appreciate all who were able to join us. In the event you were unable to attend, we recapped the key takeaways from our event speakers in our ISITC Week recap article.

We took our invaluable learnings from September to build on them for our final event of the year—ISITC’s virtual Winter Forum—which took place December 7-9. The event included General Sessions, active Working Group and Forum sessions, and our ISITC Annual Business Meeting, where we shared the highlights and achievements from this past year. Looking ahead, we look forward to kicking off our 27th Annual Securities Operations Summit, ISITC’s flagship event schedule for March 29-31, 2021.

I am also delighted to announce that we recently welcomed ISITC’s first-ever Executive Director, Mary Ann Emely to support our organization’s continued growth and momentum. We’re thrilled to have Mary Ann on our team and wanted to give you the opportunity to get to know her in our latest Member Spotlight. Mary Ann joins us with over 30 years of experience managing trade and professional organizations and has been instrumental in advancing our mission and supporting our ever-growing membership.

This has truly been a year of amazing adaptation, growth, and continued eagerness to tackle what lies ahead. In 2021, ISITC will celebrate its 30 years, a testament to how far we have come as an industry organization with the promise of many more exciting years to come. We look forward to celebrating this milestone anniversary with all of you.

On behalf of all of us at ISITC, I would like to extend my thanks to all for your continued support and partnership.

Sincerely,
Lisa Iagatta
ISITC Chair
Highlights from 2020

- **Successful Move to Virtual**
  - Summer Series
  - Fall Forum/ISITC Week
  - Winter Forum

- **Publication of Updated Listed Derivative Market Practice**

- **Launch of ISITC Glossary**

- **Membership support with ongoing regulatory expertise** (CSDR, IBOR Reform, etc.)

- **Continued industry partnerships to support standards**

A Year in Review in Numbers

- **Member Firms** 53
- **New Member Firms Joined in 2020** 4
- **Independent Members** 3
- **Best Practices Published** 4
- **Press Releases** 5
- **In the News Pieces** 16
- **Virtual Events & Webinars** 5
- **Attendance at ISITC Events & Webinars** 720+
Mission Statement

The mission of the Corporate Actions Working Group is to examine business processes throughout the lifecycle of a corporate action. Our goal is to define standards for the U.S. market and examine variances within global market practice for the purpose of harmonizing corporate action messaging standards, moving toward increasing automation and achieving greater STP throughout the industry. The Working Group recommends enhancements and modifications to the ISO corporate action message standards to ensure they meet the needs of the market. The Working Group is also the forum for discussing and recommending enhancements to business processes and collaborating with other industry groups to address new business processes within corporate actions.

2020 Highlights of Corporate Actions Accomplishments

- Represented US NMPG (National Market Practice Group) for Securities SMPG monthly conference calls and semi-annual meetings to assess the global impact of various issues
- Conducted a review of TNDP Event within the Global Market Practice, EIG (Event Interpretation Grid), for the US Market
- Supported our partnership with DTCC to assist in moving transformation efforts forward. The CA Working Group continues to be a contributor to the DTCC Transformation Project ensuring that the development is adhering to market standards and meeting the needs of both Investment Managers and Custodians. We regularly allot times on calls and quarterly conferences for DTCC to share recent milestones and upcoming developments. During 2020 we participated in discussions specific to the Reorg Instruction Phase
- Provided a robust number of terms and acronyms for inclusion in the ISITC Glossary

2021 Goals for Corporate Actions Working Group

- Continue to lead the annual Change Request Process as the NMPG for the US
- Continue collaboration with trade associations and industry groups, such as SMPG, DTCC, SIFMA Corporate Actions Division and AMF
- Harmonize global corporate actions messaging standards by examining regulatory changes that impact corporate actions and collaborating with DTCC on ISO 20022 corporate actions business processes
- Review corporate actions events for evolving changes and determine how to best use ISO messages for announcements and payment allocations
Derivatives

Mission Statement
The mission of the Derivatives Working Group is to work in conjunction with the AMF and other industry groups to create market practice standards around derivatives processing, focusing on trade notification, reconciliation, collateral movements, and interest payments (resets).

2020 Highlights of Derivatives Accomplishments

- Commenced examination of market pains throughout the lifecycle of return/performance derivatives and possible solutions
- Engaged in work being done around CDM (Common Domain Model) by ISDA
- Monitored for CCP’s Clearing of non-mandated products for consideration into the Cleared OTC Market Practice
- Conducted educational outreach and engaged with ISDA on LIBOR retirement initiatives
- Continued to engage with CPMI- IOSCO and the Financial Stability Board around the UPI (Unique Product Identifier) initiative
- Continued engagement in SIFMA and FIA initiatives
- Added new executive sponsor from broker/dealer constituency

2021 Goals for Derivatives Working Group

- Continue to build on the work and initiatives that were accomplished in 2020
- Further progress discussions and best practice examinations of return/performance derivatives
- Educate members on LIBOR retirement/replacement implications
- Conduct formal survey to our membership to further refine the goals, mission, and focus of the Derivatives Working Group
- Collaborate on derivatives initiatives with other industry working groups, such as SIFMA and ISDA
- Revamp bilateral and Cleared OTC market practices into one document based on syntax-agnostic swap data elements work
- Drive engagement and input on syntax-agnostic swap data work
Margin & Collateral

Mission Statement

The Margin & Collateral Working Group will serve to provide subject matter expertise and thought leadership to members, as well as regulatory jurisdiction rules and timelines. Key focus areas include:

- Operational best practices for collateral management processing
- Messaging standards covering collateral calls, dispute resolution, margining, and asset movement/segregation supporting all collateralized instruments
- Providing regulatory updates

2020 Highlights of Margin & Collateral Accomplishments

- Provided FINRA 4210 regulatory updates to ISITC membership.
- Monitored and distributed Non-Cleared Margin regulatory updates to ISITC membership, including COVID-19 related deadlines moving to September 2021 and September 2022
- Provided webinars regarding:
  - Non-Cleared Margin and Standardized Initial Margin Methodology, with ISDA support
  - Third Party Segregated Account Automated Release, in conjunction with ISDA and SIFMA AMG
  - ETD and OTC Cleared Margin Call Market Practice document overview, in conjunction with SIFMA AMG
- Updated ISITC members of LIBOR-transition impacts to collateral management
- Contributed to ISITC glossary of terms related to Margin and Collateral
- Convened panel discussion regarding Dispute Management

2021 Goals for Margin & Collateral Working Group

- Support industry through FINRA 4210 margin implementation
- Support industry through Non-Cleared Margin Sept 2021 and Sept 2022 implementation
- Support industry through LIBOR transition, relevant to margin and collateral changes necessary
- Work with other industry groups to ensure ISITC membership is a part of key industry discussions and initiatives.
- Continue to support ISITC Seg Release Market Practice and ETD and OTC Cleared Margin Call Market Practice within ISITC and other industry groups
- Engage with ISDA and ISITC members to explore implementation of the Common Domain Model within collateral use cases.
Mission Statement

The mission of the Reconciliation Working Group is to encourage industry dialog that will help optimize operational efficiency, risk management, and regulatory compliance within reconciliation and related operations, and to influence changes to electronic messaging standards and market practices that will help enable such optimization.

2020 Highlights of Reconciliation & Reporting Accomplishments

- Facilitated conversation on Reconciliation Mutualization for the membership during the September forum including the update of the MT940/950 market practice for CSDR penalties
- Welcomed Aruna Parthiban (Goldman Sachs) as an additional Co-Chair

2021 Goals for Reconciliation & Reporting Working Group

- Continue dialogue across membership with respect to 20022 migration
- Monitor and influence discussions in other ISITC Forums on topics that impact Reconciliation & Reporting Working Group constituents, and promote feedback and prioritization of such topics
- Define the strategy for the Reconciliation Working Group to ensure it promotes alignment with the ISITC membership’s priorities and its views as adding value
Reference Data & Standards

Mission Statement

The mission of the Reference Data and Standards Working Group is to advance critical discussion on issues impacting financial instrument and market participant reference data within the trade lifecycle and works with other industry groups and participants in developing and promoting market practice standards.

2020 Highlights of Reference Data & Standards Accomplishments

• MiFID II & Reference Data – Continuous review of ISO standards for MiFID II reporting: ISIN LEI, FISN, CFI
• Modernization of an ISITC Glossary that identifies reference data acronyms, their definitions and the relevant ISITC WG/Forum it would be applicable to.
• June - Industry Classifications Webinar – moderated by Tom Baldinger (Bloomberg); session reviewed disparate datasets of industry classification codes and its relationship to FRTB Regulations. Panelists included Paul D’Amico (OFR), Christopher Geddis (Bloomberg) and Shannon Nitler (S&P Global).
• Members participated in Accredited Standards Committee X9D meetings (CUSIP standard review, FIGI accreditation, Natural Persons identification, etc.)
• Members engaged in discussions with FINOS (Fintech Open Source Foundation) around their issuer reference data mapping efforts (Securities Reference Data Project)
• Ticker Standardization for exchange-based events, corporate actions and other instances

2021 Goals for Reference Data & Standards Working Group

• Continue to monitor Legal Entity Identifier (LEI) Regulatory Oversight Committee (ROC) actions and prepare/initiate community data integration plan and schedule
• Continue discussions around ticker standardization in the industry if there is interest
• Plan and organize vendor presentations and continue insight programs to educate ISITC member firms on new technology offerings while maintaining our vendor-agnostic principles
• Continue to engage membership through interactive “roundtable” sessions about issues in the RD&S workspace; feedback from ISITC members is ESSENTIAL
• Continue to monitor Derivatives Service Bureau (DSB) actions/activity
• Identify RD&S workflow processes that may benefit from implementation of AI/Robotics
• ISO 20022 SSI Messages: continue to tap into Shereef Zedan to provide subject matter expertise in this area
• ISITC File Transmission Guide: Initiate work on updating the ISITC File Transmission Guide to include ISO20022 and FpML messaging standards (ongoing from 2015) if there is still interest.
• Introduce new and contemporary issues to the working group to promote useful and relevant activities, such as Digital Rights, Artificial Intelligence (AI), Blockchain, KYC, and File Transmission guide
• Encourage members to take a more active role in the RD&S WG (i.e.– monthly calls, topics for discussion, roundtable sessions, presentations, etc.)
Securities Lending

Mission Statement

The mission of the Settlements Working Group is to define best practices for the communication of settlement instructions and confirmation messages for all securities-related financial instrument types; third party and bank for foreign exchange transactions; collateral messaging and currency movements. This group works collaboratively with other industry and ISITC working groups.

2020 Highlights of Securities Lending Accomplishments

- Participated in CSDR driven discussions across various workstreams
- Participated in a CSDR panel discussion during the September conference
- Working group discussions continued discussing the impact of CSDR on Securities Lending

2021 Goals for Securities Lending Working Group

- Finalize the market practice guide specific to buy-in scenarios
- Kick off working group sessions regarding the FED ACAP initiative
- Attract attendees from Securities Lending departments within existing member firms or from new member firms

Members in Securities Lending Working Group

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Mission Statement

The mission of the Settlements Working Group is to define best practices for the communication of settlement instructions and confirmation messages for all securities-related financial instrument types; third party and bank for foreign exchange transactions; collateral messaging and currency movements. This group works collaboratively with other industry and ISITC working groups.

2020 Highlights of Settlements Accomplishments

- Submitted ISITC’s input for SR 2021 (Standards MT Release 2021), reviewed global maintenance change request, and offered feedback to USNG (US National Group) for country vote
- CSDR collaboration and engagement
  - Collaborated across ISITC (with Regulatory, IM and Custodian Forum) and other industry groups to discuss and present topics to the community specific to this regulation
  - Engaged with SMPG with market practice feedback on Buy-in and Penalties MP
  - Joint discussion with IM Forum on Partial Settlements current state and opportunities for increased automation at the CSDs.
  - In collaboration with the Reconciliation WG, updated Recon Cash Statement MP and ISITC Reference Data Classification Code list MP for new codewords instructing and reporting cash penalties
- Joint discussion with Custodian and IM Forum to update Best Practices for overdraft charges
- Updated Listed Derivatives MP (v3.2) for negative actual price for listed futures, including SR2021 maintenance change request
- Updated Bank Loan Market Practice (v3.0) and Securities Payments Market Practice (v1.7) to remove LIBOR references
- Updated TBA Market Practice (waiting on vote) for pair off wires
- Served as SnR (Settlements & Reconciliation) representative for USNG at SMPG Conference
- Participated and coordinated with SIFMA AMF working group on relevant overlapping topics

2021 Goals for Settlements Working Group

- Collaborate with a number of ISITC Forums (Regulatory, IM and Custodian) and Working Groups (Reconciliation) and other global industry organizations to influence and prepare for CSDR implementation
- Partner with Corporate Actions, Investment Management Forum and Custodian Forum on FED ACAP and Income Claims adjustments
- Continued representation of ISITC within various organizations, such as SMPG conferences, SWIFT Maintenance Working Groups, SIFMA AMF, ISO Securities SEG and SnR Evaluation Team, and PMPG ISO 20022 Payments Market Practice Working Group
- Submit, review, and offer feedback for SR2022
- Develop and update market practices:
  - US Settlements and Confirmations Market Practice for Short Sale Processing
  - Factored Securities Market Practice for SPO payments, Interest adjustments, and Current Face.
- Track CSD Impacts to Investment Managers in collaboration with SMPG
- Update Market Practices for SR2021 changes
Mission Statement

The mission of the Custodian Industry Forum is to provide common approaches to identifying and resolving custodian bank issues, and to recommend and implement solutions with other ISITC and industry participants, with the ultimate goal of achieving STP. We interact with the other constituency forums to educate institutions on the issues impacting global custodians and to achieve the most effective solutions to commonly acknowledged goals.

2020 Highlights of Custodian Accomplishments

• Held a joint Custodian and Investment Manager forum conference call in April to discuss any outstanding questions or open issues regarding the proposed changes to claims process for overdraft charges to client accounts.
• Engaged Investment Manager Forum to review and provide feedback on proposed changes to the Overdraft Business Case which included a joint forum session during the virtual Fall Forum.
• Finalized the revisions to the Overdraft Business Case and updated the Compensation Claims Guidelines and Best Practices document.

2021 Goals for Custodian Forum

• Educate and prepare members for the central securities depository regulations (CSDR), the ISO 20022 payments migration, and the effect of the implementation of the automated claim adjustment process (ACAP) enhancements and any other relevant topics which surface in 2021.
• Collaborate with Investment Manager/Middle Office Forums on pain points in order to streamline or resolve.
Investment Manager

Mission Statement

The Investment Manager Forum seeks to provide common approaches to identifying and resolving investment manager issues; to recommend and implement solutions with other ISITC participants with the ultimate goal of achieving straight through processing; and to interact with the other Forums to achieve the most effective solutions to commonly acknowledged goals.

2020 Highlights of Investment Manager Accomplishments

- Partnered with the Settlements Working Group to implement a Custodian and IM approved Market Best Practice on overdraft charges.
- Partnered with the Settlements Working Group to raise awareness on settlement impacts on IMs as a result of CSDR
- Continued ongoing discussions on the digitization of financial services, and opportunities for firms to explore trading, custody & administration of digital assets in the near future.

2021 Goals for Investment Manager Forum

- Assess the competitive operating landscape impacting Investment Managers today, and focus delivered educational content.
- Assess strategic opportunities to engage with Investment Managers to drive operations management in the future.
**Mission Statement**

The mission of the Regulatory Forum is to increase understanding of new regulations across our constituency and partner with regulators and industry standards organizations to define best practices.

**2020 Highlights of Regulatory Accomplishments**

- Created a Regulatory Forum Inventory document outlining a number of US and global regulatory items, including potential changes, that will impact our ISITC constituents and the financial services industry as a whole.

**2021 Goals for Regulatory Forum**

- Update the ISITC Regulatory Inventory document on a periodic basis, updating descriptions and impacts, and removing/adding items as necessary with a specific focus on the below:
  - CSDR
  - ESG Regulations
  - Custody of Digital Assets
  - Data Privacy: California Consumer Privacy Act, EDPB draft new Standard Contractual Clauses (a/k/a “Model Terms”), PRC proposed Personal Information Protection Law
- Monitor and advise on the regulatory impacts of significant market topics/events, such as:
  - Increase in ESG mandates globally
  - Regulatory impact of emerging Digital Asset landscape.
- Present significant updates on monthly calls and/or seasonal conferences and solicit and respond to feedback from membership
- Continue to strengthen collaboration across other working groups, including Settlements and Reference Data and Standards, to partner on key initiatives and speakers to provide membership with insight on matters affecting the regulatory landscape.