

**Stephen Lomas**

*Chair of the T2S HSG DLT  
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**