



Post-trade made easy

Real Time Economy + Real Time Assets

The base for Digital Enterprise Ecosystem Platform

*Heikki Ylipekkala
Head of Innovation and Growth
Euroclear Finland*





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Real Time Economy + Real Time Assets

- The Idea: Real Time Economy + Real Time Assets as the base for Digital Enterprise Ecosystem Platform
- Housing Companies as the use case, mission to serve all corporates.
- Euroclear Finland as the Finnish National Central Securities Depository driving the change - WHY?
- Our vision and plans for 2016 – 2018 ...and beyond



Euroclear Finland as Central Securities Depository (CSD)

- Digital ownership register in Finland since 1992. Maintained by CSD, operated by Account Operators (banks)
 - ▶ Nordic end investor account model = “Real Time Assets” in central register
 - ▶ 1,5 million end investor accounts
 - ▶ 5000+ instruments in the system (ISIN codes)
- Euroclear CSD since 2008 (7 EU CSDs + Euroclear Bank)
- New CSD system implementation ongoing 2015 – 2017 (joining Target 2 Securities, T2S)
- ISO standards (15022 & ISO20022), international market practices...



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National CSD role in Real Time Economy?

How CSD as the market utility could be utilized in future information society?

- Preliminary analyze phase in 2012 -2013:
 - ▶ Traditional CSD volumes will decrease due to T2S, more efficient netting and internalization:
 - > **Get a Rough Overview What The H..** we should do? = **G R O W T H** we should do!
- Out of the box => Why we exists? Why are we needed?
 - ▶ Digital ownership register approach rather than traditional CSD
 - ▶ All type of ownership and ownership related data (from reliable source) is more and more needed in structured digital format in the future information society.



Housing Companies file as the catalyst for Digital Enterprise Ecosystem Platform

- Housing Companies (HC) like any other limited companies in Finland
 - ▶ The difference is the purpose i.e. not maximizing profit, but maintaining and increasing the value of the property
 - ▶ Owning apartment = Owning the shares of certain apartment in the housing company
 - ▶ HC typically managed by professional HC Manager (“CEO”)
 - ▶ Shares still as physical paper format
- Digitalization should have been allowed 25 years ago (like any other limited companies), but put in hold because ...lack of IT capacity? ...needed extra work for additional 80 000 companies (issuers / affiliation process) at once?needed extra legislative work?, ...?



Housing Companies as the actual use case and catalyst for enhanced information services

- Finnish Innovation Fund Round Table forum in 2014 – 2015
 - ▶ All key stakeholders involved to finally make digitalization happen
 - ▶ All shares should be digital format after transition period (2- 3 years)
- Financial sector view:
 - ▶ Digitalization of the HC shares is needed, but it is not enough -> In order to automate financing and transaction processes, all relevant information regarding the housing company and the apartment (as collateral) should be digitalized
 - ▶ Digital “HC Manager Certificate” i.e. all relevant information about the HC and the apartment in structured digital format
- Linked Data concept i.e. linking the data from existing sources rather than building new register with overlapping information



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Why not for other companies as well?

- “As the Linked Data concept works for Housing Companies and enables more automated lending and collateral management processes (apartments) why not to utilize same concept for other companies?”
- Real Time Economy/Taltio program enables standard and structured digital data from the cash flow related information
- Combining cash flow related information (RTE) to Real Time Assets (RTA):
 - ▶ RTE + RTA = Digital company -concept in Digital Enterprise Ecosystem Platform



Our views and plans for the future (2016 -2018)

- Establish FINTEC innovation center in Helsinki to proceed with Digital Enterprise Ecosystem Platform
 - ▶ Start the first MVP case in Autumn 2016 (Housing Companies file related).
- Contribution for Real Time Economy/Taltio program continues
- Contribution and co-operation for academic research (e.g. ETLA - Berkeley University)
 - ▶ How, where and when to utilize new technology like blockchain?
 - ▶ Platform economy and benefits for society at large



Housing Companies file as common exercise with our public sector

Public Sector

- Requirements for the license to maintain digital ownership register
- Interoperability requirements between the registers
- If and when digitalization is mandatory after agreed transition period -> role as service provider?
- Support private sector to proceed on voluntary basis

Private sector

- Start digitalization in late 2017 - 2018 on voluntary basis.
- Supported by public sector i.e. allowing the digitalization to book-entry system (on voluntary basis)
- Pilot Cases and MVPs (Minimum Viable Products) for enhanced information services



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