

**ABA SECTION OF BUSINESS LAW  
TASK FORCE ON SECURITIES HOLDING INFRASTRUCTURE**

***MISSION STATEMENT***

**1. Purposes and goals.** The Task Force will (i) examine the infrastructure for the intermediated holding of securities in the United States, (ii) identify, analyze, and assess the significance of any problems associated with the infrastructure, and (iii) identify and assess plausible means of addressing any problems.

**2. Membership and participation.** The Task Force will draw its members primarily from relevant subcommittees of its constituent Section Committees—Banking, Bankruptcy Court Structure and Insolvency Process, Business Bankruptcy, Commercial Finance, Federal Regulation of Securities, Trust Indentures and Indenture Trustees, and UCC. However, given the breadth of the relevant constituencies affected by the securities holding infrastructure (see 4., below), the Task Force will seek participation in its work from outside the Committees as may be necessary to assemble the right mix of participants. In particular, it will be important to have representation from the relevant banking and securities regulators and from operations and technology professionals. This necessarily will include some individuals from outside the legal profession.

**3. Working methods.** The Task Force will hold meetings at the Section’s Annual and Spring meetings during its period of operation. It will conduct its working meetings primarily through on-line/dial-in connections, thereby minimizing travel time and expense. Initial working meetings of 60-90 minutes will feature presentations on specific topics with substantial time allotted for discussion. It will organize smaller, specialized sub-groups as may be necessary. It also will consider presenting at least one program during a Section meeting and making presentations to other groups in order to publicize its work and obtain input from outside its membership. A drafting sub-group will be organized for preparation of the final report of the Task Force.

**4. Guiding principles and relevant background.** The intermediated securities holding infrastructure reflects and impacts a broad spectrum of financial interests, public policy concerns, and legal and regulatory considerations. There is a tendency to consider infrastructure-related issues from specialized, discrete, “siloeed” perspectives (e.g., voting of shares, intermediary risk, protection, margin lending, and rehypothecation of customer securities, AML compliance, bank custody for investment companies, etc.). This approach results in part from the corresponding balkanized legal and regulatory structures applicable to the banking, securities, and other sectors. The Task Force will endeavor to overcome this segmented approach by bringing together participants with expertise in every major area of this broad spectrum of interests. The overarching goal is to examine and assess the infrastructure from a holistic perspective.

Academic, professional, and trade studies and publications have focused on a variety of problems and potential improvements in the infrastructure and the related legal and regulatory regimes. The attention has been global in scope and has not been limited to the United States financial markets. While the Task Force will remain mindful of these critiques, members will also appreciate that in most respects the infrastructure has evolved over time to serve its principal purposes quite well. The Task Force will eschew any preconceptions as to whether it might recommend modifications of the infrastructure and as to the nature of any such changes. On the other hand, the work of the Task Force may serve to build a consensus on potential reforms. And the Task Force report may provide an important and welcome resource for lawmakers, regulators, and market participants.

**5. End products and results.** The Task Force will produce a written report on its work. It aspires to complete its initial work and submit its report by September 2022. The report will summarize the activities undertaken by the Task Force and describe its findings. The report also will describe and explain any conclusions reached and recommendations made by the Task Force. As to significant matters on which no consensus is reached by the Task Force, the report will reflect the various views of the participants.