

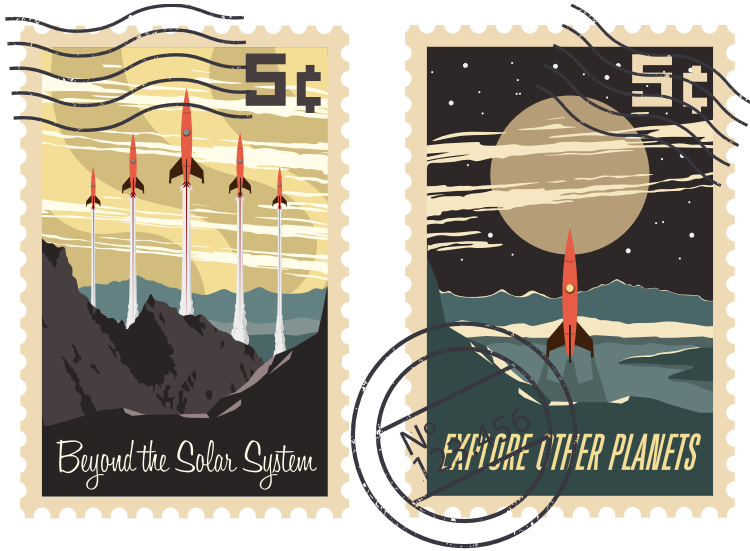


# The History of CUSIP & CGS Today

# CUSIP 101: Agenda

- History of CUSIP
- CUSIP Global Services (CGS) Today
- CGS Processes and Procedures
- A World of Standards
- Data Distribution
- Protecting the Data
- A Glimpse of the Future: Digital Securities

# History of CUSIP: Let's Go Back to 1964...



**First class stamp: 5 cents**



**Average New Car: \$3,500**



**Hot New Toy**

# History of CUSIP: A Timely Origin

DJIA Year-End Close:

**874**

Federal Spending:

**\$118.53B**

Federal Debt:

**\$316.1B**



- With increased trading volume, manual transfer of physical stock certificates overwhelms the system
- NYSE begins to close every Wednesday; early on other days for back offices to catch up
- Outdated procedures lead to...modernization

# History of CUSIP: Order From Chaos

*NY Clearing House Association tasks ABA with creating a system to...*

- Uniquely identify each current and future security
- Be imprinted on all new certificates in a uniform position
- Be machine-readable to facilitate electronic processing



# History of CUSIP

## Recognition of CUSIP's value

*“The CUSIP system represents the foundation of the program to improve the speed and accuracy in the processing of securities and the transactions involving them. We urge you to build upon that foundation as quickly as possible and again congratulate all of the organizations and individuals who participated...for their noteworthy achievement.”*

**- SEC Chairman Hamer Budge, 1969**

- To the extent that CUSIP<sup>®</sup> was written into any rules and regulations over the years, it was a recognition of its success – not a cause of its success

# History of CUSIP: Meeting the Markets' Needs

1989 CUSIP International Numbering System (CINS) is introduced for non-North American securities actively traded internationally.

1983 The MSRB rules that all trade confirmations of municipal bonds must have a CUSIP identifier

1975 The Federal Reserve Bank's automated book entry system uses CUSIPs to accelerate the transfer of United States Treasury Securities.

1968 CSB (now CGS) was formed. ABA selects Standard & Poor's (now S&P Global Market Intelligence) to manage CGS.

1964 CUSIP system is established. The New York Clearing House Association approaches the ABA to develop the Committee on Uniform Security Identification Procedures (CUSIP).

# History of CUSIP: Meeting the Markets' Needs

2018 CUSIP PULSE, data feed offering real-time dissemination of CGS identifiers, is launched.

2014 CUSIPs are assigned to private placements (crowdfunding).

2013 CGS takes prominent standards role in development of global Legal Entity Identifiers.

2007 CGS CUSIP New Issue Alert is launched.

1998 CUSIPs are assigned to TBAs (To Be Announced) for Federal Agency Mortgage Pools.

1993 CUSIP Xpress enables one-hour requests for straight-through processing.



# CUSIP Global Services Today

## Celebrating **50+ Years** of Powering Efficient Capital Markets

- CUSIPs help foster market liquidity
  - Over 50mm securities and their issuers worldwide
  - Reputation as trusted originator of quality identifiers and descriptive data
  - Interoperable among regulators, banks, vendors, exchanges, and depositories
- Numbering system or agency for:
  - United States and Canada
  - Cayman Islands, Bermuda, and British Virgin Islands
  - 35 other markets throughout Caribbean and Central/South America

# CUSIP Global Services Today

## Independent, Focused Standards Practitioner

- Operated by FactSet Research Systems on behalf of the American Bankers Association
  - External ABA ownership respected (“Firewalled” business)
  - Dedicated RM and IT teams for CUSIP
- CUSIP Board of Trustees
  - Operations and Data Executives from major financial institutions
  - Advisory capacity to guide growth and enhancements
  - Ongoing responsiveness to evolving needs of the markets

# CUSIP Global Services Today

## Sustained Reinvestment on Behalf of the Industry

- Connection to DTCC's GMEI Utility for Legal Entity Identifier (LEI) Registration
  - Allows one-stop shopping for securities identifiers and LEIs
  - More than 14,700 Issuer and Fund LEIs registered to date
- Link LEI to ISIN
  - Supports a joint GLEIF-ANNA initiative
  - Over 1.5mm CGS ISINs linked to issuer LEI
- Expanded coverage for new asset types
  - Digital securities (TAOs)
  - Physical precious metals

# CUSIP Global Services Today

## Asset Class Coverage

Equity	Debt	Other
<ul style="list-style-type: none"><li>• Common / Ordinary Shares</li><li>• SPACs (blank check companies)</li><li>• Preferred Shares</li><li>• ADRs and GDRs</li><li>• Exchange Traded Funds</li><li>• Indices</li><li>• Limited Partnerships</li><li>• Listed Options – US/Canada</li><li>• Mutual Funds</li><li>• REITs</li><li>• Rights</li><li>• Warrants</li><li>• Unit Investment Trusts</li></ul>	<ul style="list-style-type: none"><li>• Corporate</li><li>• Municipal</li><li>• US Treasury and Agencies</li><li>• Sovereign</li><li>• Supranational Agencies</li><li>• Bankers Acceptances</li><li>• Commercial Paper</li><li>• Medium-Term Notes</li><li>• Certificates of Deposit</li><li>• Mortgage-backed Securities</li><li>• Asset-backed Securities</li><li>• CLOs / CDOs</li><li>• Syndicated Bank Loans</li></ul>	<ul style="list-style-type: none"><li>• Credit Derivatives (RED codes)</li><li>• Market Agreed Coupon (MAC) Swaps</li><li>• Hedge Funds</li><li>• Physical Precious Metals</li><li>• Restricted 144A and Reg S Securities</li><li>• Other private securities (incl. digital/tokenized)</li><li>• Structured and Hybrid Products</li><li>• Variable Annuities</li><li>• Other Insurance-Related Products</li></ul>

# CUSIP Global Services Today

## Critical Partnerships

Market Authorities	CGS Agents	Other Partners
<ul style="list-style-type: none"><li>• Municipal Securities Rulemaking Board</li><li>• National Association of Insurance Commissioners</li></ul>	<ul style="list-style-type: none"><li>• Canadian Depository for Securities</li><li>• Bermuda Stock Exchange</li><li>• Cayman Islands Stock Exchange</li></ul>	<ul style="list-style-type: none"><li>• DTCC</li><li>• Loan Syndications and Trading Association</li><li>• Euromoney TRADEDATA</li><li>• SIX Financial</li><li>• SIFMA</li><li>• Templum Markets</li></ul>