

Blockchain DLT and the future of the financial markets

ISITC Europe has recognised the tremendous interest in the financial markets for Blockchain DLT and has noted the growing number of groups and committees springing up to try and understand impacts, or to examine potential solutions. This is normal in financial markets when innovation is in full swing and where there is a need for all market players to understand threats and opportunities, so as not to get left behind.

In recent years, the media has hyped Blockchain DLT are one of the most innovative and challenging technologies, which could totally change financial markets. Not only in terms of market structure but also workflow. However, as the technology allows for a variety of different use cases. the media has been awash with a mountain of ideas. This has been great for stimulating interest, but has also been confusing for market players trying to decide what offers realistic commercial benefits, rather than a range of possibilities that have little or no chance of implementation. Let alone transforming today's world into a better future. Without a clear understanding of which options can offer viable business benefits, the attention of market professionals is wavering

So, one of the big challenges is not the technology itself, but rather how can it be introduced as a community project that will fit into the existing legal and regulatory environment. Although, the technology has successfully supported Bitcoin, it still has some way to go to aid Capital Markets. Undoubtedly, this challenge will be met. It's highly likely that early solutions will be evident in a few years, possibly even sooner. That is providing the market players can agree on a problem and solution, but more importantly, are prepared to invest in change. Blockchain DLT has already been promoted as a KYC solution along with other ideas in payments. These are obvious starting points in known problematic areas, but don't rule out a left field implementation in an area that might be called green field.

Last year, ISITC Europe published a list of ten areas; Data, Governance, Latency, Legal, Network, Regulatory, Resilience, Scalability, Security and Software, which are important to understand within the development and implementation of DLT based solutions. The headings are intended to provide a benchmark framework and cover technology, operational and legal issues. At this stage the framework is very broad and high level, and is sure to evolve over time, while defining the standards. Defining the standards is just the starting point, but even at this early stage many benefits can be accrued. Even if it just gets everyone using the words and terminology in the correct context.

ISITC Europe is looking to assist the markets and all its related groups looking at Blockchain DLT, by seeking to centralise knowledge of the various objectives of these groups and passing this information onto its members.

Where possible ISITC Europe will try, and bring together the agendas of the various groups to prevent duplication of effort, or where ideas and innovations fall out of line with the market. This initiative by ISITC Europe is designed to improve the quality of development and speed of implementation, and limit expensive mistakes.

To assist in this alignment, ISITC Europe has agreed an MoU with OASIS Open in the USA, to create a joint technical standards committee based on the ISITC Framework. The purpose of the OASIS Technical committee is to define standards for the technology. This will assist in the future selection of technology platforms and business implementation. The standards will cover; data within the blockchain, business related functions, performance and interoperability, and any regulatory/legal issues that may surface.

The main purpose of the committee will be to define the relevant standards and then to evolve each defined standard into a technology requirement. The committee will be open and encourage interaction with business and technology providers, and will welcome input from other industry groups and associations. The committee will aim to facilitate an innovative environment and aid fast implementation of Blockchain DLT. The definitions will contribute to wider standardisation, with the goal of achieving recognition via the various leading standards organisations e.g. ISO.

The committee will survey the members to agree a framework approach to Blockchain DLT standardisation. The output from this process will establish the baseline around which definitions will be developed. The definitions will cover business and technology and be aligned accordingly. Papers will be produced to create a library of work that supports the various standards developed. The papers will also provide intellectual collateral for wider industry consumption.

ISITC Europe is also a member of the British Standards Institute (BSI) technical committee, which is working with Australian and Far Eastern Standards bodies. The ISITC framework headings can already be seen within the BSI scope of work. ISITC Europe will also coordinate with its sister organisation ISITC US, to ensure the standards are the same and resourcing is available to other market groups.

ISITC Europe will work towards uniting people involved with Blockchain DLT via its website and events to encourage knowledge transference and propagate the networking of ideas and solutions and the defining of problems.

ISITC Europe urges industry professionals from all areas in the financial markets to become [members](#) in order to join the Blockchain DLT technical committee. To work together to develop a new 21st century financial market, where Blockchain DLT can be exploited for the benefit of all participants. Meetings will commence in 2017 and will be conducted via the web to encourage international participation.

In the next few years the path will be laid to the future of financial markets, with decisions on investment in new technologies to; provide new market structures, achieve near total compliance and provide better services for clients, at a commercially attractive price. We do not know what the future will look like, but we do know it will be different from today. ISITC Europe will be an important tool for people to understand, learn and help shape the future.

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