

## Report of the SC4-chairman for 2001

### 1. SC4 - Secretariat

Bernhard von Rochow is assisted by Marianne Nikles of Telekurs SIC to cover the workload of the SC4-secretariat.

### 2. SC4 Work Plan

A work plan for SC4 was worked out by the SC4 chairman on request of Marc Zalewski and sent to TC68 in May 2001.

### 3. Preliminary meeting of SC4

A meeting of the SC4 convenors was held in Zurich in May 2001. The participants were Alain Duhamel, Jean-Marie Eloy, Georg Eisel, Bernhard von Rochow, Felix Gähler (Telekurs Financial – member of WG10) and myself.

The main topics discussed were:

- Status of the work of XML-WG10
- Status of the identification of business entities.
- Request of FISD (a division of SIIA) and SWIFT as the ANNA User Group to provide standardized identifications of the Place of Official Trading, Place of Trade and Place of Register.

### 4. Revision of standards

The revised versions of ISO-6166 and –10962 were adopted by the P- and O-members and distributed by the ISO-secretariat in April 2001.

### 5. Presentation of the Work of WG10 at SIBOS

It was planned to present the work of WG10 on October 15<sup>th</sup>, 2001 at SIBOS in Singapore as part of a working session called „Convergence in Standards“. Unfortunately, the SIBOS conference was cancelled shortly before its start, due to the insecurity resulting from the events of September 11, 2001 in New York and the war in Afghanistan.

SWIFT envisaged to do this promotion work by other means.

## 6. Status of standards

### 6.1. ISO-6166 - The creation of the ANNA Service Bureau

Under the direction of the Association of National Numbering Agencies ("ANNA"), Standard & Poor's and Telekurs have officially developed and launched a new entity titled the "ANNA Service Bureau" on July 2, 2001.

The creation of the Service Bureau emphasizes ANNA's commitment to facilitate the industry's movement toward straight-through processing (STP). On behalf of the global numbering agencies, the Service Bureau is tasked with improving upon all aspects of the timely, accurate and standardized identification of financial instruments, as well as the equitable distribution of this information. The Service Bureau now operates as a central hub to receive and consolidate ISIN data from the 62 ANNA members, and disseminate this information to the market via downloadable FTP and Web-based solutions.

The work to develop the ANNA Service Bureau structure has progressed for more than one year, led by an ANNA Task Force representing 12 numbering agencies. The Task Force, now reorganized as the ANNA Service Bureau Advisory Board, has also assisted ANNA in communicating directly with market participants. These participants include the Global Straight Through Processing Association (GSTPA), the Society for Worldwide Interbank Financial Telecommunication (SWIFT) and the Software Information Industry Association (SIIA), all in the interest of ensuring market requirements will be met. With the formation of the ANNA Service Bureau, ANNA will continue to work with these groups in a formal manner via an existing User Group. This initiative has been welcomed by the industry as an important step towards Straight Through Processing.

### 6.2. ISO 15022 /XML – Data Field Dictionary

Extract from the convenor's report:

*The stated mission of the group is „to evolve ISO 15022 to permit migration of the securities industry to a standardized use of XML, guaranteeing interoperability across the industry and with other industry sectors, particularly but not restricted to the financial industry.*

*It is the intent of the WG10 to evolve the current ISO-15022 Data Field Dictionary (DFD) to an ISO sponsored repository that will store and register industry business models and other related information.*

*WG10 has defined standard rules to build an overall business model and the various supporting message models, i.e. business message scenarios, expressed in UML (Unified Modeling Language). WG10 has also defined standard rules to derive ISO XML schemas from the UML message models.*

*The new ISO 15022 Repository will store the UML business model, the UML message models and the derived ISO XML schemas. It is expected that SWIFT, as the ISO 15022 Registration Authority, will maintain the ISO 15022 Repository and make it publicly available for general use, on behalf of ISO.*

The following draft documents have been finalized and made available for the standard balloting to be managed by the ISO secretariat:

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- ISO-15022 Modeling guidelines
- ISO-15022 Part 1 - 2<sup>nd</sup> edition (Working Draft)
- ISO-15022 Part 2 - 2<sup>nd</sup> edition (Working Draft)
- Reverse Engineering for the ISO-15022 Repository
- ISO-15022 XML Design Rules

### Comment:

Taking into consideration the huge complexity of the issue, and the ambitious goals of WG10, it is worth to mention that the work done by WG10 earns respect and recognition, as well as a special thank to the convenor, to all WG-members and to SWIFT.

### **6.3. ISO-10962 – Classification of Financial Instruments**

The implementation of this standard is making progress rapidly. 23 countries (out of the 62 existing National Numbering Agencies) have achieved the implementation. 3 countries will do so by end of 2002.

### **6.4. ISO 10383 - Market Identifier Code (MIC)**

Extract of the SWIFT's report:

*As agreed last year during the ISO/TC 68/SC 4 meeting, SWIFT continued to be the Registration Authority for ISO 10383.*

*As a matter of fact, various market segments of the securities industry, showed an increased interest in the identification of stock exchanges, ECNs, ATSS etc. As a result, the Registration Authority received requests to create MICs for new and missing exchanges or electronic trading platforms. Currently, there are over 300 MICs available.*

*Simultaneously, ANNA and SWIFT investigated whether there was a need to amend the current ISO 10383 standard, as well as the impact on the current users. After discussions with various players of the securities industry, especially within the context of the unique security identification issue, it appears that the scope of ISO-10383 could be expanded in order to identify not only the place of official listing, but also the place of trade, including stock exchanges, ECNs, ATSS, etc.*

*At this moment, the update of the standard by ANNA and SWIFT is still in progress.*

A proposal the standard-update has been provided at the last SC4-meeting on October 2-3 in Paris and been reviewed by the ANNA-members.

### **6.5. Update on IBEI**

Extract of the SWIFT's report:

*Last year, the IBEI was removed from SC2 work plan. TC 68 and SC 4 approved the request of SWIFT to take over the IBEI work item under SC 4/WG 8.*

*SWIFT Standards Department started working on a proposal for a brand new code to identify business entities, rather than using an envelop mechanism for already existing national codes, as was previously proposed and rejected. A draft proposal was written for the creation of an "IBEI generator" under the responsibility of a Registration Authority. The generator would have been available on an IBEI website and used uniquely by Financial Institutions (those institutions that are identified by a Bank Identifier Code - BIC) to attribute IBEIs to their client business entities. A strong control mechanism based on key information on the business entity, including*

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*its existing national identification number(s), would have avoided duplication of IBEIs for the same entity by two different financial institutions. Publication and retrieval of attributed IBEIs would have been made publicly available through the IBEI website.*

*Before presenting the draft to SC 4/WG 8, the proposal was presented to SWIFT management and Board, to request authorization to offer to ISO that SWIFT created the proposed generator and became the IBEI Registration Authority. Before going forward with the proposal, SWIFT Standards Department was requested to investigate whether the BIC could not be extended to also cover identification of business entities. This suggestion was made based on the assumption that the purpose of the IBEI was similar to the purpose of the BIC, i.e. not to identify all business entities of the world but only those which would need to be identified by a code in financial messages. Consequently, SWIFT Standards Department has created an ad hoc multi-functional working group of experts which will meet in August 2001. The mission of the group is to investigate, throughout the full range of SWIFT messages, in which cases there would be a need to identify a business entity by a specific IBEI rather than by another existing code (e.g. IBAN) or simply by its name and/or address. For each of these cases, the working group will have to estimate the number and type of business entities that would need to be attributed an IBEI.*

*If the resulting total number of necessary IBEIs remains in a range which can be accommodated by the BIC scheme, SWIFT will propose to ISO to extend the scope of the BIC for that purpose. This solution, which avoids additional investments to the community, had been the first and preferred solution that the previous SC2/WG9 would have liked to propose. At the time, SWIFT, as the BIC Registration Authority, had refused it, since the numbering of all business entities of the world would have exceeded the BIC scheme capacity.*

Following the update given by SWIFT at the last SC4-meeting, it was agreed that SC4 is in favour of an extension of the BIC-standard and to request TC68 to include the BIC (ISO 9362) under the SC4 work programme.

### 7. Standards in Development

The following standards are still in development:

- ISO/WI 18773 - Banking and related financial services – Securities - Abbreviations
- ISO/WI 18774 - Banking and related financial services – Securities - Financial Instrument Short Name
- ISO/WI 17238 - Banking and related financial services – Securities – Industry Sector classification reference

Nourredine Yous

Chairman of TC68/SC4

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