27th May 2010

Mr. Carlo Comporti
Secretary General
CESR
11-13 avenue de Friedland
75008
Paris
France

Dear Mr Comporti,

CESR/10-292
CESR Technical Advice to the European Commission in the Context of the MiFID Review-Transaction Reporting

SWIFT is pleased to respond to the CESR call for evidence 10-292 on MIFID Transaction Reporting.

Our response to the questions in the consultation paper is confined to the use of BIC as an identifier within transaction reports (question 9).

We would, however, like to make some general comments in relation to the issue of identifiers for counterparties and clients within transaction reports.

It is the case that there is no universal identifier today that would capture all natural and legal persons. ISO 9362 (the BIC standard) is, however, being enhanced to unambiguously identify a high percentage of legal persons. It was agreed during 2009 that the standard should be extended to become more comprehensive in terms of legal entity identification, covering not just financial institutions but also a wide range of corporate entities. SWIFT is currently working to implement the changes to the standard that were agreed. We believe that this extension of scope, coupled with other enhancements to remove historical ambiguity around legal entity identification within the BIC directories, will ensure that BIC will greatly assist the industry to achieve the transparency objectives now being discussed. In short BIC will provide a viable solution not just for counterparty identification, but will also offer wide coverage for the collection of client identification information as well.

Yours sincerely

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CESR Consultation 10-292
Response from SWIFT

Question 9. Do you agree that all counterparties should be identified with a BIC irrespective of whether they are an EEA investment firm or not?

Answer:

SWIFT fully endorses CESR's approach here. In 2007 SWIFT worked with CESR members to ensure that all reporting entities requiring a BIC were allocated one. Since then ISO 9362, (the BIC 'Standard') has been extended to also cover non-financial institutions involved in financial transactions and financial issuance. As a result of this change in the standard, SWIFT in its role as Registration Authority for ISO 9326, is now working to extend the scope of the entities covered by BIC to include: issuing firms, entities acting as guarantors, broker dealers, asset managers, clearing and settlement organisations, custodian and agent banks, payment system participants, distributors of financial products, exchanges and trading system operators, collective investment vehicles, hedge funds and fund managers, partnerships, government bodies and supra-national organisations. It is estimated that the total universe of identifiers required to cover these segments will be of the order of 500,000+.

At the same time SWIFT is in the process of completing a program to segregate historical operational BICs (used for networking purposes on SWIFT), from identifier BICs. The new directory of identifier BICs currently being created will ensure that there is one BIC identifier per legal entity.

We believe that this approach means that BIC will be the best industry standard for the identification of counterparties and in many cases also for the identification of clients in transaction reports.