



SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION

14th December 2006

Fabrice Demarigny
Secretary General
The Committee of European Securities Regulators
11/13 Avenue de Friedland
75008 Paris
France

Dear Mr Demarigny,

Publication and Consolidation of MIFID Market Transparency – Ref CESR/06-551

SWIFT welcomes the consultation opportunity offered by CESR on the issue of MiFID Market Transparency. As stated in our responses to previous consultations, SWIFT is committed to the goal of achieving a harmonised European financial market, and we welcome every opportunity to continue our involvement in achieving this goal.

We have responded to a number of the points and questions included in the document, mostly in the area of data standards.

SWIFT would be pleased to provide any further clarification or detail on the comments that we have made. Questions relating to our response may be addressed to either of the contact points below.

Yours Sincerely

Richard Young
Manager Market Reform
richard.young@swift.com
+44 207 762 2029

S.W.I.F.T. s.c.

7th floor - The Corn Exchange - 55 Mark Lane - London EC3R 7NE – UK - United Kingdom

Telephone: +44 (020) 7762 2000 - Fax: +44 (020) 7762 2222 - www.swift.com

VAT: GB 447 002086



Committee of European Securities Regulators (CESR)

Publication and Consolidation of MIFID Market Transparency (CESR/06-551)

Public Consultation

Response from SWIFT

Background

SWIFT is an industry owned and governed co-operative that acts as a central standards body for the financial industry. SWIFT is recognised by the 'de jure' international standards setters such as ISO (International Organisation for Standardisation), ITU (International Telecommunication Union) and UN/ECE (United Nations / Economic Commission for Europe) as an official international liaison organisation which contributes to the initiation, definition and promotion of a number of financial standards. SWIFT is the official ISO Registration Authority for the following key financial standards:

- ISO 15022: the ISO standard for financial messaging in the securities industry
- ISO 20022: the successor to ISO 15022, ISO 20022 is the international standard for messaging in the broader financial industry, i.e. securities, payments, treasury, FX, trade etc. ISO 20022 is the only ISO approved messaging standard for the financial industry.
- ISO 9362: The Bank Identification Code (BIC) unambiguously identifies a financial institution, or an entity within a financial institution and is used extensively in automating financial transaction processing.
- ISO 10383: The Market Identification Code (MIC) is used to identify exchanges, trading platforms and other regulated or non-regulated markets.

All ISO standards are “open standards” that can be used, without payment of royalties, on any financial network.

In addition to its standards role, SWIFT supplies secure financial communication solutions to more than 7,500 of the world's leading financial institutions including central banks. SWIFT also provides secure messaging services to leading financial market infrastructures such as the inter-central bank TARGET system, CLS system for foreign exchange and to many central securities depositories.



Comments on CESR/06-551

Section 2.28

We would agree that there has been a push towards common standards by investment firms. Progress on the adoption and use of standards needs to be faster. The importance of progress on the issue of standardisation had been recognised by other current EU harmonisation initiatives such as SEPA and Giovannini, where ISO data standards have been agreed as the way forward. Could also mention Euroclear Single Platform which is being build using ISO standards

Section 4.6

We note the comments received on the approach to open non-proprietary standards in the process of MiFID market transparency, and would reiterate that this is very much the approach which SWIFT recommends. We continue to engage with the market regulators and the industry to offer support in respect of the open data standards for which we are responsible. These have particular importance for trade data transparency and for other MiFID processes such as transaction reporting to regulators.

Section 5.53

In line with our previous comments SWIFT agrees with CESR's statement in this section of the value 'in the industry converging to a single or limited number of interoperable data formats and protocols'. We believe this is the right approach for the efficient operation of market data transparency, and for other MiFID data flows. SWIFT is committed to support interoperability between open message standards.

Section 5.54

We think it is the right approach for CESR to recommend that the industry move towards open standards here, and we would support the use of ISO standard data elements (and formats if possible). We would also suggest that the industry should use the ISO 20022 methodology for new standards creation as the industry develops. The ISO 20022 methodology can be used independently of the resulting message syntax.

Section 5.55

On the specific ISO data elements set out in table 3 we have the following comments:

- 1) We agree that venue identification for RMs and MTFs should be with the MIC code, whilst SIs would use BIC. BIC must be associated with the code OTCO to specify that reference is being made to a party acting as an SI.



- 2) ISIN will not always be sufficient to identify a financial instrument, it may need to be supplemented by Place of Quote (POQ) for price composition, Place of Listing (POL) for unambiguous identification, or Place of Settlement (PSET) as part of best execution determination.

Q14 - We agree with this proposal

On the subject of flags that are mentioned in the paragraph following table 3 and also in Table 4 we have the following comments:

- 1) We believe that the ISO 20022 recommendations regarding code words should be followed. If a four letter code already exists and is “live” in ISO 15022, the recommendation is that it should be used in ISO 20022. Single character codes are limited to 26 and ambiguous.
- 2) For amendments we would rather not use a flag or code word, but would recommend a cancel and replace process.

Q15 – In the light of our comments above we would not agree with the single letter code flagging proposed in this question as this could lead to ambiguity.

Q16 – We would agree that guidance would be useful here. SWIFT has taken the approach of using the trade transaction condition qualifier to indicate when the price is not the current market price e.g. if a trade was negotiated. For factors like cum dividend we can flag this at the type of price level i.e. a price is a cum dividend price. It would be good if a similar standard approach was taken on this across the market.

Section 5.56

Where ISO standards exist we agree that this would be the best approach.

Q17 – We would agree with this statement.

Q18 – We prefer the approach of cancel and replace.

Q19 - We would not support a single code word like ‘A’. We would use a four letter code word REPL to specify that the function of the message is to replace one previously sent.
