



22nd September 2010

Committee of European Securities Regulators

11-13 avenue de Friedland
75008
Paris
France

Consultation 10-719c – Development of Pan-European Access to Financial Information Disclosed by Listed Companies

Thank you for the opportunity to respond to the above consultation.

This response from SWIFT is focused on the questions around formats and standards for regulated information contained in the consultation.

Please find below our response to the areas on which we would like to comment:

Q8. Would you consider it necessary to have common input formats and standards for any other type of regulated information than periodic financial information? If yes, which formats and standards and for which type of regulated information?

We take the view that the publication of regulated information would benefit from an approach that moved the market towards the adoption of common input formats and standards. We believe that XBRL provides the best way forward here for periodic financial information and for ongoing and other regulated information. Such a common approach based around XBRL would increase market transparency and would facilitate the work of market analysts.

There are particular benefits to this approach for corporate events, as much of the processing difficulty currently associated with such events can be removed by the increased process automation which XBRL can bring. This would reduce costs for end investors, as well as providing issuers with greater assurance that all of the correct terms and key details of corporate events were being made available to their end investors in a reliable way. Straight through processing of the outcome of corporate events can be effectively enabled as a result of the capture of key information by XBRL from the source documentation.

In the US, the Securities and Exchange Commission (SEC) mandates electronic, standardized disclosure of corporate financial reporting for every public company using XBRL. Taking this as a starting point a recent business case was drawn up to show how corporate actions documentation could also be tagged using

SWIFT

*6th 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*

XBRL technology in a way fully compatible with the global ISO data standards used among financial intermediaries for corporate actions processing.

Below is an excerpt from the executive summary of the XBRL US business case which was produced by SWIFT, XBRL US and DTCC:

“Risks with the current process

There are four risk factors in today’s corporate action announcement process:

1. **Interpretation risk:** Issuer messages are sent out using news releases and regulatory filings using unstructured text that must be interpreted, transformed and summarized by the financial services industry, generally with no input from the issuer on the data conveyed. Multiple messages from numerous intermediaries transmitted to the investor can result in a lack of consistent, accurate communication of the issuer message;
2. **Timing risk:** The need for manual interpretation and intervention by intermediaries results in delays in communicating information to the investor, which reduces the amount of time investors have to make informed investment decisions;
3. **Accuracy risk:** Multiple parties extracting, manually rekeying and disseminating the same information increases the potential for errors in data delivered to the investor. Often errors are not recognized until near instruction deadlines, and
4. **Significant costs in the current process:** The lack of straight-through-processing (STP) throughout the corporate action chain results in cost and liability that is absorbed by the financial services industry. Those costs are indirectly absorbed by investors in the form of higher fees for other services.

Recommendations

To address these issues, this paper makes three recommendations:

1. All parties involved in the processing of corporate action announcements must adopt a single set of global information and technology standards, while continuing to support the current disclosure process;
2. Issuers must “tag” (insert metadata into the source document) a limited set of key corporate action information data points, found within their documents, using XBRL tags based upon the global ISO standard, and
3. Once issuers tag corporate actions information, intermediaries must consume, without alteration, the issuer’s electronic version and seamlessly disseminate as close to real time as possible or within a timeframe as requested by the end investor.

Benefits

Implementation of all three recommendations will achieve maximum benefit and create a new paradigm that electronically connects the issuer to the investor. Through the full use of a common standard and

agreed upon market practice covering all parties in the corporate action chain, each participant in the process will benefit:

1. Retail investors will receive the key details of corporate action information directly from the issuer in a faster, more accurate and consistent manner than is common today;
2. Institutional investors will benefit from cost reduction, speed of delivery and increased certainty in the data, received from multiple sources, relied on for critical investment decisions;
3. Issuers will gain by knowing that their message is accurately conveyed in a timely manner under a transparent, standards-based process to the end investor;
4. Regulators will recognize efficiencies in the implementation of new rule changes in an existing system that efficiently connects all relevant parties. For example, a newly proposed IRS regulation (6045B-1) on providing corporate action cost-basis details and an event identification number by issuers can be added to the XBRL taxonomy and ISO standards as a means to effectively conform to the rule change, and
5. The U.S. financial services industry will benefit from a reduction in the outlined risks and with a more streamlined process which is likely to result in an estimated \$400 million in wasted cost that can be removed due to a greater than 30% improvement in straight-through-processing (STP) rates.”

The full text of the above document can be found at: www.xbrl.us/i2i

Whilst very obviously the above is focused on the US market, we do believe that a similar approach in the EU (and beyond) should be considered, and the opportunity should not be lost to further examine the benefits of XBRL across a broad range of the regulated information applicable to the consultation.

We trust that the above suggestions and comments are found to be of help. If we can offer clarification or further help on any of the topics covered in this response please let us know.

Yours sincerely

Richard Young
Securities Market Management
SWIFT
+44 207 762 2029
richard.young@swift.com