



SWIFT BUSINESS FORUM SSC Member Report

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Operation Change Management Dept,
Nomura Securities**

9th July, 2009

SWIFT Governance

Oversight National Bank of Belgium
G-10 Central Banks

Governance Board

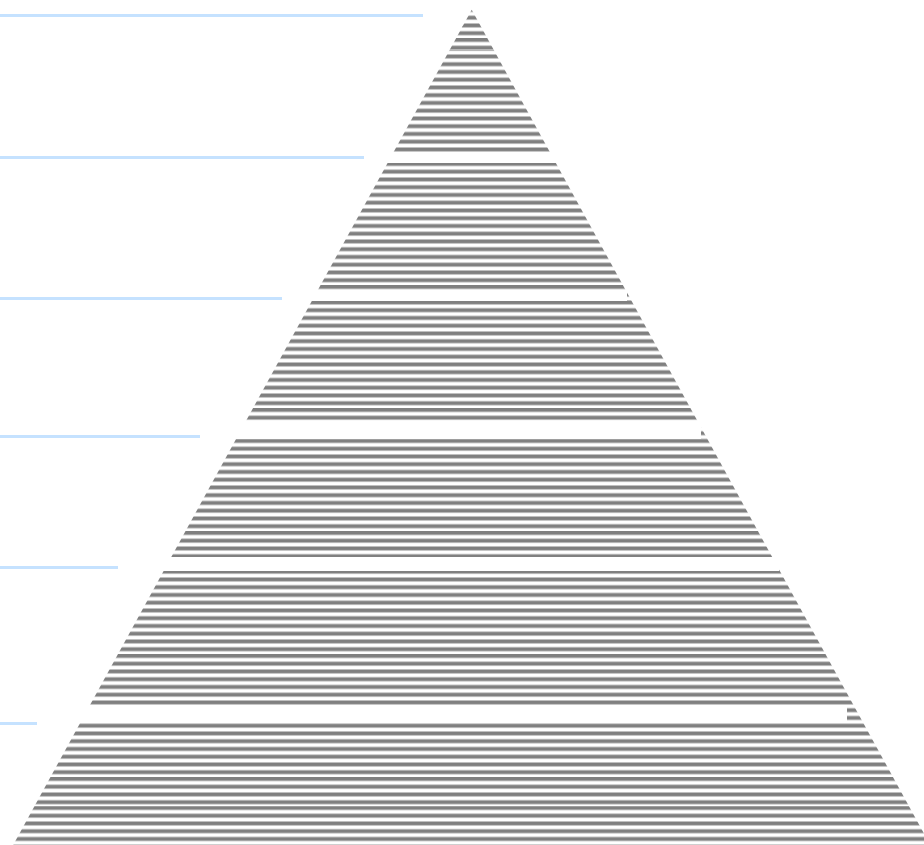
Board Committees

National Member Groups

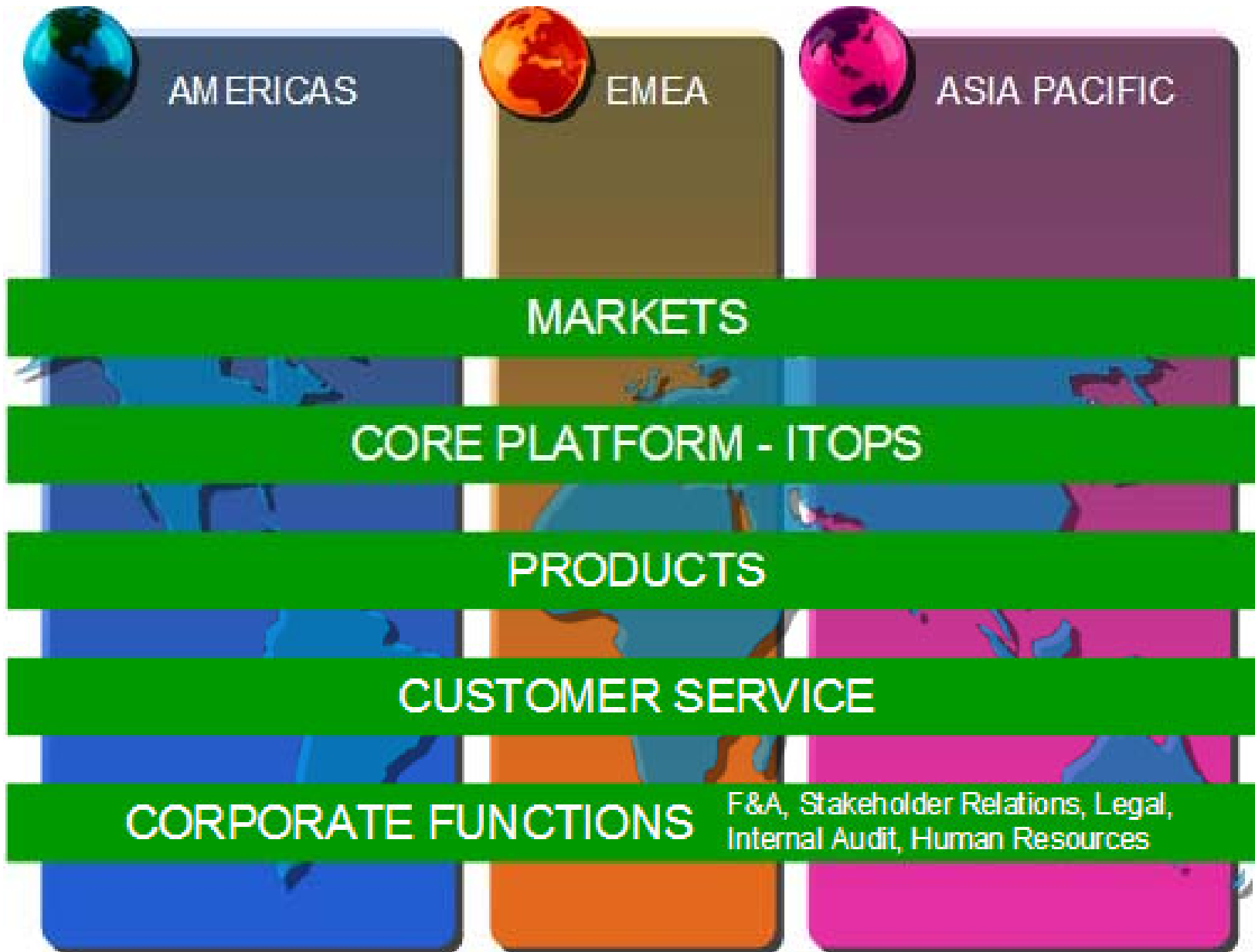
User Groups

SWIFT Members

SWIFT Community



SWIFT Governance



SWIFT Board Committees

Board of Directors

Banking and Payments Committee

Securities Committee

Technology & Production Committee

Standards Committee

Audit & Finance Committee

SWIFT Community input

Compensation Committee

About SWIFT

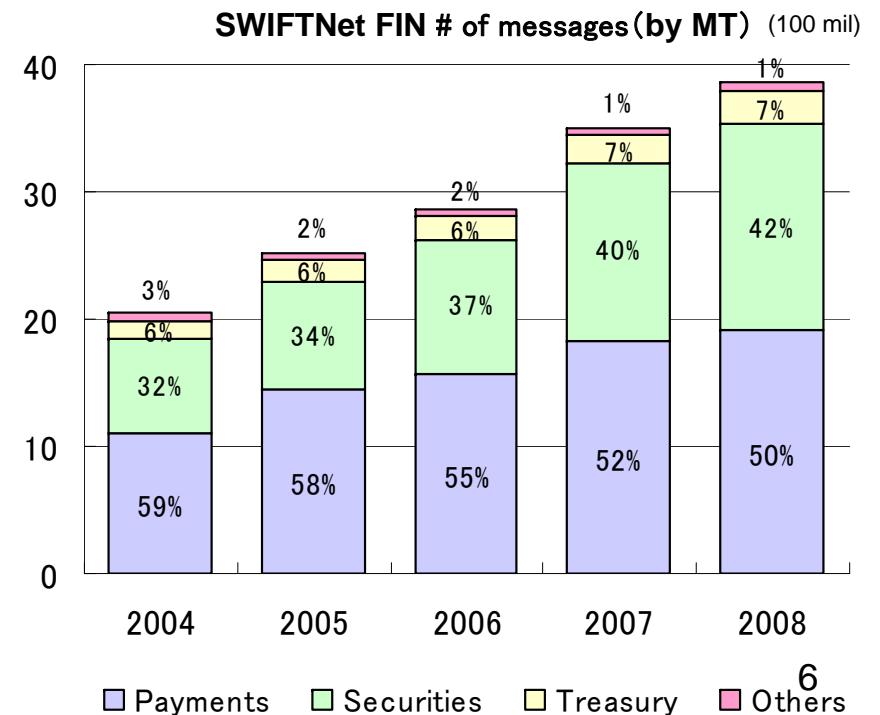
- SWIFT is an industry-owned co-operative founded in 1973 by 239 banks in 15 countries to create a unified international transaction processing and transmission system, with now 9,002 users in 209 countries, 3.8 billion messages sent per year (average daily traffic 15 million messages)
- Membership expanded in 2000 to include financial institutions operating in Securities and Investment Advisories
- De facto global standard for international financial transaction/ information and communication infrastructure to develop/operate international transaction processing and transmission system
- Non-profit, industry-owned co-operative
(Official Name: Society for Worldwide Interbank Financial Telecommunication)

SWIFT Offers



About SSC

- SSC stands for SWIFT Securities Committee
- Set up in 1998 to support the needs of the securities industry. Consists of 16 members including 5 Board members. Meetings held on a quarterly basis
- Use of securities messages over the past five years grew by annual average of 16% accounting nearly 40% of the total, exceeding the overall growth rate of 13% (see right figure)
- Securities dealing related messages account for 43.6% of the total, as of April YTD



SSC Members (14)

(As of June 2009)

Name	Institution	Country
Marson, Jacques-Philippe (Chair, SWIFT Board Member)	BNP Paribas Securities Services	France
Combes R. Ignace (SWIFT Board Member)	Euroclear Bank S.A.	Belgium
Braun, Udo (SWIFT Board Member)	Commerzbank A.G.	Germany
Brook, Colin	The Hong Kong & Shanghai Banking	UK
Callegari, John	Merrill Lynch	US
Daswani, Neil	Standard Chartered Bank	Singapore
Landolt, Josef	Union Bank of Switzerland	Switzerland
Lomas, Stephen	Deutsche Bank A.G.	Germany
Maas, Yves (SWIFT Board Member)	Credit Suisse	Switzerland
Neeck, Edward J.	JP Morgan Chase Bank N.A.	US
Flanagan, Chris	Nomura Securities Co., Ltd.	Japan
Alan D. Smith	Citigroup	US
Stein, Derek	Barclays Global Investors	UK
Tessler, Jeffrey (SWIFT Board Member)	Clearstream International	Luxembourg

Executive Office: Chris Church		
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Key Agendas Discussed at SSC

■ Products/Services

SWIFT's Asset Servicing Strategy
Standardization of bi-lateral collateral management messaging flows
Implementation of ISO20022 for Funds
FIN Standards Releases: progress update
Value Proposition of one customer segment – Broker Dealer
Investment Management Institution users

■ Market trends/Initiatives

Overview of ISO20022 maintenance & development
ISO20022/15022 Supporting MT-MX Coexistence
Review of Traffic Trends

■ Others

SWIFT's strategies for Securities industry (Off-site meetings)
Business plans & Budget plan 2009

About APAG

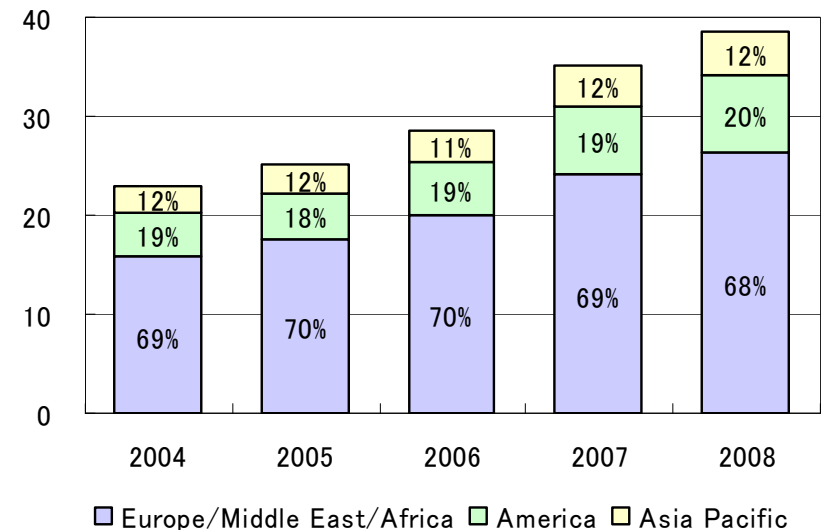
- APAG stands for Asia Pacific Advisory Group
- Established in 2006 to discuss infrastructure-building of standardised securities settlement in the Asia-Pacific region. Consisted of 14 members/7 countries, including 4 Swift board members
- Provide strategic advisory from the Asia-Pacific regional standpoint
 - Drive forward SWIFT Solution to enhance SWIFT's basic functionality, and user support
 - Support developing new markets to increase SWIFT usage in the Asia-Pacific region

<Key Agendas discussed at recent APAGs>

- Improving acknowledgment of SWIFT in the Asia-Pacific region
- Standards development in the Asia-Pacific region
- Strategy for BRIC countries
- Compliance and data security
- SWIFT2010

SWIFNet FIN # of messages (by region)

(100 mil)



APAG Members (14)

(As of June 2009)

Name	Institution	Country
Mathews, Lynn (Chair, SWIFTBoard Member)	AU National Member Group	Australia
Pilakis, George	Australia and New Zealand Banking Group Ltd	Australia
Guoshineg, Wnag	Bank of China	China
Sinyak, Eli	The Hongkong and Shanghai Banking Corp Ltd	Hong Kong
Brook, Colin	The Hongkong and Shanghai Banking Corp Ltd	Hong Kong
McLaughlin-Moore, Linda	JP Morgan Chase Bank N.A.	US
Rathke, Akash	Citigroup	US
Daswani, Neil	Standard Chartered Bank	Singapore
Flanagan, Chris	Nomura Securities Co., Ltd.	Japan
Kazusa, Hideo (SWIFT Board Member)	Bank of Tokyo-Mitsubishi UFJ Ltd.	Japan
Jee-Hong, Yee (SWIFT Board Member)	The Association of Banks in Singapore	Singapore
Ramaswami, Muthukrishnan	Singapore Exchange Limited	Singapore
Aphaiwongse, Teera	Bangkok Bank Ltd	Thailand
Puri Buch, Madhabi	ICICI Bank Ltd	INDIA

Executive Office: <i>Ian Johnston</i>		
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Current Status and Future Perspectives of Securities Settlement Systems

- Market Globalisation and its impact to users
- Risk reduction and cost reduction by Standardisation/Data Communication
- Market infrastructures' approach for individual national market development and coordination for global, cross-regional harmonisation
- Outstanding issues coming after streamlining/STP for Securities Settlement
 - Corporate Action
 - OTC derivatives

Securities Market Infrastructures

Asia Pacific

		Live	On-going project	In discussion
Stock Exchanges / Central Securities Depositories	Clearing and settlement participant flows	Australia (<i>Austraclear</i>) Hong Kong (<i>CMU on FIN</i>) New Zealand (<i>Austraclear</i>) Singapore (<i>MAS</i>) Sri Lanka (<i>LankaSecure</i>) Thailand (<i>TSD fixed income</i>)	Hong Kong (<i>CMU on SWIFTNet</i>) New Zealand (<i>NZX</i>) Singapore (<i>CDP</i>) Japan (<i>Jasdec</i>) Vietnam (<i>VSD</i>)	Hong Kong (<i>CCASS</i>) Thailand (<i>TSD for equities</i>) Indonesia (<i>KSEI</i>) Korea (<i>KSD</i>)
	Other flows	Hong Kong (<i>HKEx</i>) Japan (<i>Jasdec</i>) Korea (<i>KSD</i>) Taiwan (<i>TDCC</i>) Singapore (<i>CDP</i>)	Vietnam (<i>VSD</i>)	Australia (<i>ASX for Carbon C&S</i>) Australia (<i>CPS-Funds, Registry, Payments</i>) New Zealand (<i>NZX for Carbon C&S</i>) Thailand (<i>TSD</i>) China (<i>CDC</i>) China (<i>CSDCC</i>)
	Asset Servicing flows	Australia (<i>ASX</i>) Singapore (<i>CDP</i>) Indonesia (<i>KSEI</i>)	China (<i>SSE</i>) China (<i>SZSE</i>) India (<i>BSE</i>) New Zealand (<i>Austraclear/NZX</i>) Thailand (<i>TSD</i>) Taiwan (<i>TDCC</i>)	India (<i>NSE</i>) Japan (<i>TSE/Jasdec</i>) Korea (<i>KSD</i>)



What is driving the move to ISO20022?

- **New initiatives**
 - ✓ **Global harmonisation**
 - ✓ **Giovannini and SEPA in Europe**
 - ✓ **Market Infrastructures**
 - ✓ **Automation in the ‘funds’ market**
- **New players**
 - Corporates, fund managers**
- **New Technology**
 - XML, SOA**



Benefits of ISO20022

- **Reduce maintenance/development cost**
- **High interoperability**
 - **Collaboration of Payment Systems and Securities Settlement Systems**
- **Supports complex information data exchange**
- **Increases productivity of IT resources**
- **Reduce budget for messaging products available**



ISO20022 (MX) adoption-Live/Under discussion

- **Large Infrastructure projects**
 - **Target 2 (Live 2007)**
 - **SEPA (Live Jan 2008)**
 - **International Payment Framework**
 - **Fed/The Clearing House (TCH)**
 - **High Value Payment Systems (G10)**
 - **Target 2 for Securities (3Central Banks+)**
 - **Correspondent Central Banking Model 2**
(German Bundesbank, Banque de France, Banca d'Italia, Banco de Espana)
 - **Euroclear (Single Platform)**
 - **JASDEC /Zengin**
 - **DTCC**



Adoption to ISO20022

- **Europe**

- Adopted as the standard messaging format for SEPA (Single Euro Payments Area)
- Target 2 Securities

- **JASDEC**

- Preparation for implementing ISO20022/SWIFTNet for Trade matching, Pre-Settlement Matching System and book transfer settlement system

- **Zengin System**

- Domestic Japanese Payment & Settlement Systems based on International Standards

- **Financial institutions**

- Greatly influenced by the deterioration in Market Environment/Investment Environment
- Acknowledgment of the benefits of ISO20022 spreads gradually
- Start preparation for (ISO 20022) implementation (to be completed by SR2010)



SWIFT's Approach

MT/MX co-existence

1. **Standardising common data/model/rules**
2. **Meet MT/MX translation needs**
Provide MT/MX mapping tool/services
Enable sending/receiving messages between MT/MX users
3. **Migration Period will be decided after due consultation with user community**
Current market condition, user's investment will be taken into consideration
Needs addressed by country/communities
Avoid prolonged coexistence period which leads to overload
4. **Confirm the schedule established in 2007**
ISO20022 migration schedule for Funds, E&I



SSC/APAG Member movements

- **SSC member appointment of Christopher Flanagan, Managing Director, Head of Operations, Asia-Pacific, from I, Yukinobu Onoda, Operation Change Management Dept, Nomura Securities, has been officially approved at the SWIFT Securities Committee held on 8th June, 2009 (Brussels)**
- **Taking this opportunity, I would like to thank you all from my heart for your kind support from 2004 to this day**