

# Countdown to LEIs

Legal Entity Identifiers will be simple, publicly available and here soon

A packed SWIFT auditorium demonstrated the high level of interest in understanding the practical implications of the upcoming Legal Entity Identifiers (LEIs) standard.

Paul Janssens, LEI programme director, SWIFT, explained that the standard in development – ISO 17442 – would be simple. It will provide for a 20-character alphanumeric LEI code, which will be highly scalable and neutral. “It won’t be possible to identify the institution simply from its LEI. Identification is through the attributes,” he explained. LEI data would be publicly available and accessible in one database. Janssens also made clear that BIC codes (ISO 9362) would continue independently. “There will not be a one-to-one relationship between BICs and LEIs,” he said.

The LEI requirement originated from the US Office of Financial Research, established under the Dodd-Frank Act. The decision to introduce LEIs to assist with monitoring systemic risk also had the support of



SWIFT is to be the registration authority, while DTCC will operate the core utility. (Avox, a DTCC company, has a decade of experience in managing securities industry data.) Ken Price, CEO, Avox, ex-

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the Financial Stability Board and G20 and many other regulators and supervisors, explained Thomas Price, managing director, Securities Industry and Financial Markets Association (SIFMA). SIFMA is part of a coalition of industry participants and trade associations that coordinated the request for proposal process for an LEI system this year.

plained some of the challenges with building the database. “Timeliness will be our biggest challenge,” he said. Self-certification would be part of the process and offered practical benefits. Members of the Association of National Numbering Associations (ANNA) would also play a role as LEI agents.

Daniel Maury, managing director, enterprise data client management, UBS presented a user view. “We think the approach has a lot of strengths,” he said. Maury saw opportunities to benefit in the areas of reporting, (such as client revenue and funding concentration reports) on-boarding clients and improving efficiency. “This offers an opportunity to progress to a new way of managing data,” he suggested. In terms of getting ready, he advised firms to review how many identifiers they were holding per client as well as the number of systems holding data. They should also make sure LEIs were a Board-level discussion. In a very fast-moving landscape early thinking was “essential” he said. “Without it you will end up in a web of cross-referencing.”

LEIs were a first step towards managing systemic risk. In itself the LEI does not deliver that, but if you get that right, you can start to close the loop, the panel agreed. The standard is expected to be finalised by April 2012 at latest.

## Tailoring solutions to your challenges

Banco do Brasil reduces risk and costs with SWIFT Consulting Services

When the largest bank in Latin America needed to link its four world hubs and ensure effectiveness and resilience of its systems, it turned to SWIFT Consulting Services.

Gilberto Pacheco, director of international products and head of SWIFT operations at the international business division of Banco do Brasil said SWIFT Consulting Services was the only rational choice when choosing partners to help the bank design and implement its disaster recovery plan and provide best practice for its messaging infrastructure.

“We needed to decrease technical risk while also increasing business resiliency,” Pacheco said. “We also needed better capabilities over the entire environment.”

He said SWIFT Consulting Services began with an infrastructure assessment audit and capacity analysis of the present system, before benchmarking and analysing the messaging landscape of the bank.

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“We were very impressed with the help SWIFT Consulting Services provided us,” said Pacheco. “They provided an independent and neutral analysis with a team which was incredibly knowledgeable. The fact SWIFT was able to offer local support has been very helpful.”

Pacheco believed the tangible outcomes

of the project had been “invaluable”.

Pat Antonacci, principal consultant at SWIFT Consulting Services, said customers had engaged his team for a variety of reasons. “We provide unique solutions to business intelligence and technical challenges,” he said.

Some companies were looking to capitalise on their existing SWIFT infrastructure or efficiently manage their SWIFT operations. Antonacci said SWIFT Consulting Services provided valuable market insight for their customers and helped them implement best practice. The team could also help organisations maximise their straight-through processing (STP) and back-office processing costs, or implement industry initiatives.

The SWIFT Consulting Services team has completed more than 450 projects for 350-plus clients in over 75 countries. The 35-member team also provided access to SWIFT’s 2,000-plus specialists.

Speaking yesterday at Sibos, Muditha Weedagama, VP of payment systems at BNP Paribas, said he had contracted SWIFT Consulting Services for multiple projects, including helping him rationalise his message routing and leveraging his SWIFT infrastructure under very short time constraints.

One of Weedagama’s critical challenges was to align management processes and build efficiencies across his network, while also increasing volumes of messages over the infrastructure from 40,000 to 100,000 messages a day.

“We were delighted with the team’s expertise,” said Weedagama. “They understand your business and can provide comprehensive suggestions based on best practice. It was an easy decision to go with SWIFT Consulting Services.”

## Copy that

FINInform provides a simple and versatile message copy service

FINInform is a value-added feature of FIN that automatically duplicates and forwards message types to one or more selected destinations. Copies are generated automatically according to predefined service parameters. In a dedicated auditorium session on Wednesday, Susan Rogers, messaging product manager, SWIFT, described it as “a simple copy mechanism that is applicable to a number of different business areas.”

The genesis of the service was in a specific customer request, said Rogers. “One customer wanted us to copy all of their MT 950s to be sent to their head office for risk management purposes,” she explained. “We soon realised that there were more applications for the service outside of the intra-institution space, including, for example, cash management and central bank requirements for balance of payments reporting and AML compliance.”

Copies of messages can be sent to up to three destinations or to one of a set of destinations based on criteria within specific message fields. Rogers said the service was simple, flexible and reliable. It can be delivered within a week through completing a simple electronic subscription form with no internal development required from the customer. Different triggering patterns and copy modes are available and, as a FIN service it benefits from the security and reliability of the FIN platform.

Two existing bank customers outlined their experiences with FINInform. Danette Fleming, vice president operations & technology, senior consultant, The Northern Trust Company described her bank’s engagement with the service, which began with a request from a client to send copies of settlement instructions received from investment managers. Neither confirmation nor reconciliation messages were considered appropriate from a content or time



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perspective. After exploring a range of options, the bank concluded that FINInform would allow Northern Trust to meet the customer’s request without having to undertake substantial development work. We have also used it for copies of payment messages from our sub-custodians.

Theodore Rothschild, executive director, global market infrastructures, J.P. Morgan was particularly enthusiastic about FINInform, though somewhat cryptic for reasons of competitive advantage about the exact nature of the service the bank was offering. “We have found what we think is a very creative use for FINInform in the trade services environment,” he said. It has also proved very easy to implement. “Our clients love the ‘set it and forget it’ aspect,” said Rothschild.