



# SWIFT in the securities market

End-to-end solutions for the securities industry



# SWIFT in the securities market

Over the course of SWIFT's history, more and more securities institutions have joined SWIFT. Today, investment managers, broker-dealers, custodians, securities depositories, clearing organisations, exchanges, virtual matching utilities, electronic trade providers, proxy voting service providers, transfer agents and fund administrators, rely on SWIFT to reduce the complexity, risk and cost of their domestic and international transactions.

SWIFT facilitates standardised communications and processing at all levels of the lifecycle of equities and fixed income and investment funds transactions - from trade through to settlement and custody services.

SWIFT securities messages, which are based on the ISO 15022 standard, provide enhanced straight-through processing and risk management in a consistent, coherent and uniform way. New securities messages are now being designed in XML for use on SWIFTNet, our advanced Internet Protocol-based messaging platform.

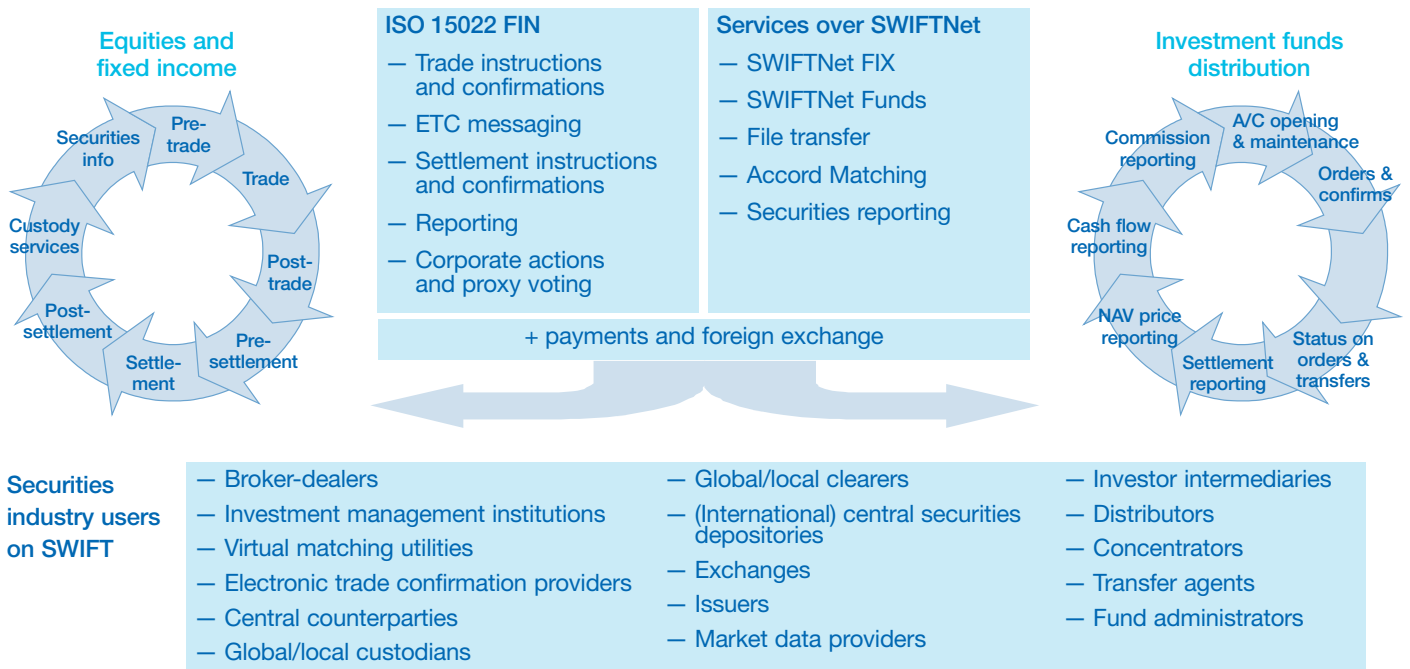
SWIFT's priority is to drive standards convergence via ISO 15022 standards, with the ultimate goal of common industry standardisation under UNIFI (ISO 20022). The end result will be harmonised market practices and enhanced STP at an industry level.

SWIFT securities evolution 1977-2004

Member/ Participant category (when eligible to join SWIFT)	Banks	Central banks	- Broker- dealers - Exchanges - CSDs - Clearers	- Registrars and transfer agents - Subsidiary providers of custody nominee services - IMIs	- Electronic trade confirmation providers - Proxy voting agencies	- Securities market infrastructure systems and participants - Fund administrators - Insurance companies and government institutions as IMIs	Market data providers
Standards evolution	- Payments - FX - Treasury - Money markets - Cash statements	- Trade finance - Introduction of securities standards (pre-ISO 7775)	- Securities (ISO 7775)	- OTC derivatives	- Migration: ISO 7775 to ISO 15022 - ISO 15022 FIN investment funds templates		
Securities traffic on SWIFT (million messages/year)	n/a*	n/a*	7*	12	110	560	657 <sup>(2003)</sup>
% of overall SWIFT traffic	n/a*	n/a*	2*	3	13	31	32 <sup>(2003)</sup>
	1977	1982	1987	1992	1997	2002	2004

\* The first dedicated ISO 7775 securities messages were sent in 1990. Prior to this date, securities traffic existed within free format messages using securities text standard templates.

# SWIFT's support for the processing lifecycle



---

SWIFT offers services and products across the entire processing lifecycle of the equities and fixed income and investment funds businesses.

**ISO 15022 message standards**

As the ISO regulatory authority for securities standards, SWIFT provides message standards covering: trade orders; trade order confirmations and allocations; settlement instructions and confirmations; reporting (transactions, pending transactions, holdings); corporate action notifications, instructions and confirmations (including income and proxy voting); and collateral management

**SWIFTNet FIX**

One of the first SWIFTSolutions, the SWIFTNet FIX service enables firms connected to SWIFTNet to electronically communicate pre-trade and trade related information with one another via a single, secure, and reliable network connection.

**SWIFTNet Funds**

One of the first SWIFTSolutions to utilise the XML syntax, SWIFTNet Funds is comprised of a comprehensive suite of new message standards covering all investment fund distribution processes, including account opening, orders, transaction reporting, NAV price reporting, commission reporting and static data.

**Market infrastructures**

SWIFT provides connectivity to many of the major market infrastructures in both the securities and banking industries.

**Payments and foreign exchange**

SWIFT provides message standards covering payment instructions, financial institution transfers, FX instructions, money market and derivative deals, and cash management reporting.

**New solutions under development**

**SWIFTNet Securities reporting**

SWIFT is working with a Customer Focus Group to develop a new securities reporting business solution on SWIFTNet. The SWIFTSolution is expected to involve ISO 15022 message standards, as well as proprietary reporting.

**Market data providers**

SWIFT is running a pilot programme with a concentrated group of market data providers and securities industry customers, sending ISO 15022 Corporate Action messages (MT 564/568). If this proves successful, the intention is to offer vendors and customers the opportunity to additionally send/receive related information such as reference data, closing prices and international numbering information, as well as allow market data providers to join SWIFT as a new category of participant.

# About SWIFT

---

SWIFT is the industry-owned co-operative supplying secure, standardised messaging services and connectivity to more than 7,650 financial institutions in over 200 countries. Collectively, these institutions, active in payments, securities, treasury and trade services, exchange millions of messages valued in trillions of dollars every business day.

SWIFT consistently delivers quantifiable business value and proven technical excellence to its users through its comprehensive messaging standards, the security, reliability and availability of its messaging platform and its role in advancing STP. The guiding principles of SWIFT are clear: to offer the financial services industry a common platform of advanced technology and access to shared solutions through which each user can build its competitive edge.

## **Our vision**

To be the global financial community's foremost messaging infrastructure that is lowest risk and highest resilience.

To achieve this we will harness what has been called 'one of the dominant franchises of our network age' and tap the enormous potential of that franchise for the benefit of our worldwide community of members.

## **Our mission**

SWIFT is a worldwide community of financial institutions whose purpose is to be the leader in communications solutions enabling interoperability between its members, their market infrastructures and their end-user communities.

## **SWIFT will:**

- Work in partnership with its members to provide low-cost, competitive financial processing and communications services of the highest security and reliability

- Contribute significantly to the commercial success of its members through greater automation of the end-to-end financial transaction process, based on its leading expertise in message processing and financial standards setting
- Capitalise on its position as an international open forum for the world's financial institutions to address industry-level threats, issues and opportunities
- Employ and recruit the best people, invest in the most beneficial resources, and become a leading global organisation respected for its professionalism, effectiveness, vision and management.

For more information, please contact your SWIFT account manager or visit [www.swift.com](http://www.swift.com).

