



## SWIFT Response to ESMA

Call for evidence: Investment  
using virtual currency or  
distributed ledger technology

21 July 2015

SWIFT thanks ESMA for the opportunity to respond to the call for evidence on investment using virtual currency or distributed ledger technology. We are supportive of ESMA's efforts in promoting a wider understanding of innovative technologies and the potential impact these may have on existing market operations.

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 10,800 banking organisations, securities institutions and corporate customers in more than 200 countries and territories. SWIFT enables its users to exchange automated, standardised financial information securely and reliably, thereby lowering costs, reducing operational risk and eliminating operational inefficiencies.

SWIFT also brings the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest. We engage regularly with our community to discuss new technology and innovations that could disrupt current business models and create opportunities for new ones.



**Natasha de Terán**

SWIFT | Head of Corporate Affairs

Tel: + 44 20 7762 2151

Mob: + 44 7780 483 467 [www.swift.com](http://www.swift.com)

**Q 9: How is distributed ledger technology being used or likely to be used in relation to the issuance, distribution, trading, recording of transactions and ownership of ‘traditional’ securities or investment products and why?**

SWIFT is a global provider of secure financial messaging services with more than 10,800 users in more than 200 countries. We handle cross-border and domestic payment traffic, foreign exchange and securities traffic. In addition we have a growing range of complementary products and services – interfaces, data analytics, risk management, resiliency and compliance tools, and in addition to banks we serve an array of market infrastructures, corporates, fund managers and central banks. Since our creation more than forty years ago, SWIFT has been successfully driving innovation and we continue to explore and respond to the fundamental change-drivers affecting the financial industry.

Distributed ledger technology, such as blockchain, is clearly an interesting experimental innovation that could have valuable applications, although we believe it is too early to really know what impact it will have on the industry. Banks and financial institutions are still trying to understand distributed ledger technology, if and how to deploy it, and what the implications are for legal surety, for security, KYC, and compliance obligations.

Part of SWIFT’s mandate is to bring the financial community together to work collaboratively to shape market practice, define standards and debate issues of mutual interest. We monitor and assess new concepts and technologies through discussions and meetings with our community, and by engaging with academics and start-ups through the SWIFT Institute and Innotribe programmes. The SWIFT Institute has issued a research grant on the impact and potential of blockchain on the securities transaction lifecycle and the disruptive impact on the existing securities transaction ecosystem. We would be happy to share a copy of the research with ESMA when it is available.

SWIFT will continue to follow this technology evolution with interest and we would be happy to discuss it further, in more detail with ESMA if required.

----- END -----