



SWIFT for SECURITIES

How the world's post-trade experts can help you
improve efficiency, and prepare for tomorrow

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Your global automation partner

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 6,000 securities participants worldwide. We enable users to exchange automated, standardised information securely and reliably, thereby lowering costs, reducing operational risks and eliminating operational inefficiencies, whilst increasing scalability and resiliency. SWIFT is a long-term partner, with the right package of services and expertise to support market participants in adapting to the changing operational and regulatory environment, improving operational efficiency and capturing new opportunities for growth.

A shared platform for the securities industry

» *6,000 securities industry users on SWIFT*

We have been supporting securities communities since 1987 with standards, solutions and post-trade processing services.

Our expertise spans payments, trade and treasury as well as securities, which means that SWIFT infrastructure can be used across multiple business operations.

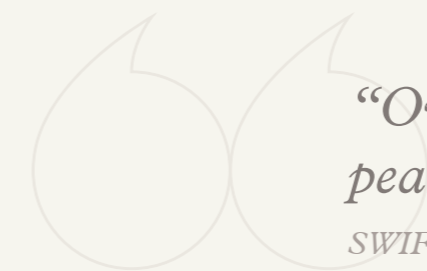
As well as offering unrivalled reliability, our messaging platform and services are increasingly cost-effective. We have progressively reduced FIN message prices over the last decade as part of our commitment to lower the cost of doing business with SWIFT. In 2014 we announced a further 20% FIN message price reduction.

Offering a range of connectivity options

Our range of connectivity options are tailored to suit your needs, whatever your size and budget, from the Alliance Messaging Hub – suitable for global institutions with multi-entities and large volumes – to Alliance Lite2, which is cloud based and requires minimal onsite equipment for smaller volumes.

Leading and supporting standardisation

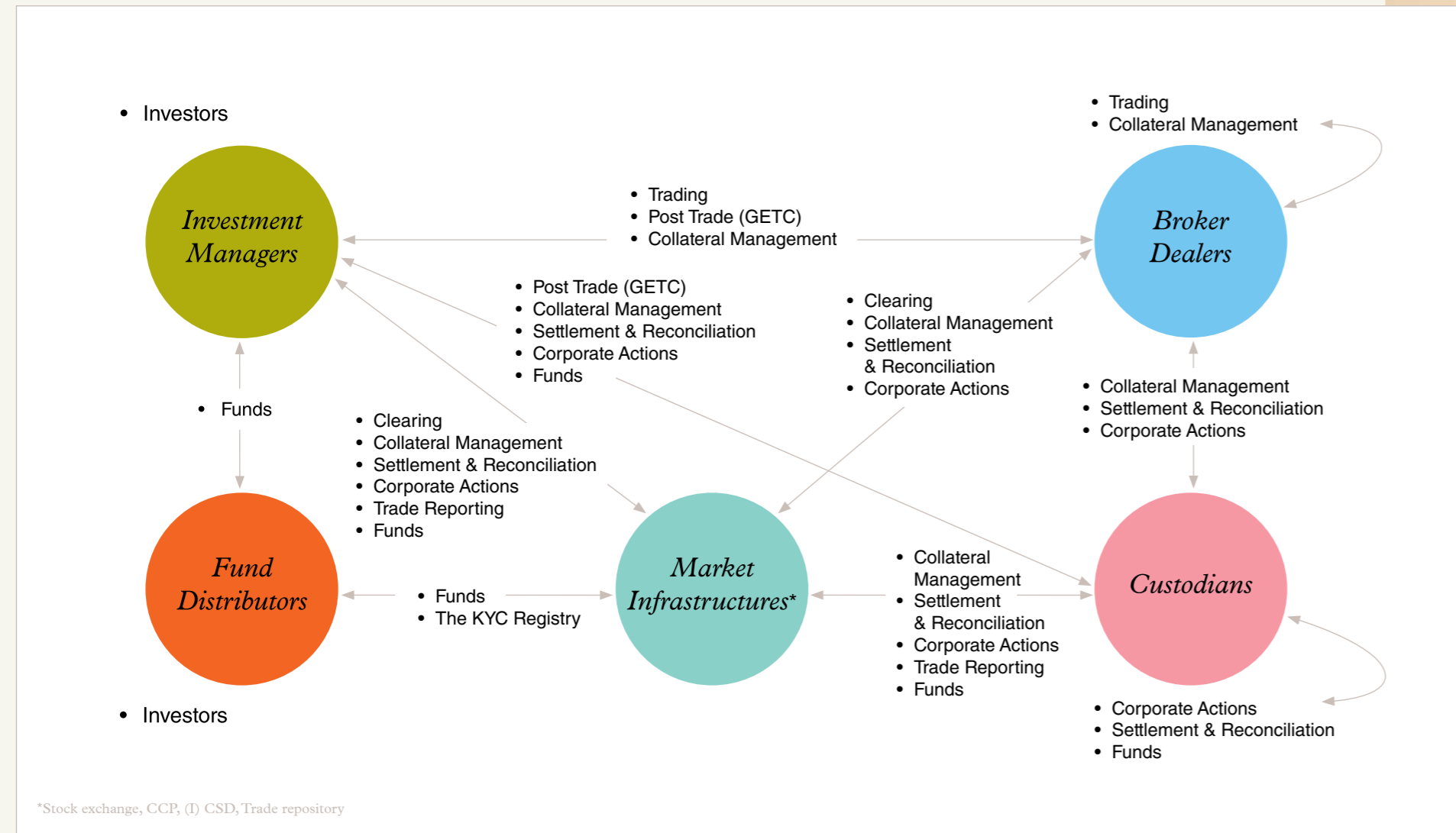
As the leading standards-making body for the financial services industry, SWIFT has led the development of ISO 15022 and more recently, the XML-based ISO 20022 standards for electronic trade confirmations, funds processing, clearing, settlement and reconciliation, custody, and collateral management. ISO 20022 is the emerging global standard for securities and payments.



“Over 2 billion securities messages annually, with the latest peak day exceeding 10 million securities messages per day.”

SWIFT

SWIFT delivers a common shared infrastructure for the securities industry



6,000 securities industry users on SWIFT





A complex and changing landscape

The securities industry is highly complex, each transaction involves many processes and market participants: from trade allocation, confirmation and settlement, to portfolio reconciliation, collateral management, asset servicing – and beyond, to reporting and trade repositories. Trades must be accurately executed, confirmed, cleared and settled in a timely manner across time-zones and jurisdictions via multiple communication channels and technology platforms in a cost effective and compliant way.

Shared challenges need common solutions

In this complex market, broker/dealers, hedge fund managers, investment managers, prime brokers, custodians, corporates, markets infrastructures providers, and intermediaries, all face common challenges:

- » *Ensuring quality of service for clients and end-users*
- » *Adapting operations to meet new and evolving regulatory and reporting requirements*
- » *Maintaining data quality and interoperability across business lines*
- » *Keeping operating costs under control*
- » *Balancing business development opportunities with effective risk management*
- » *Innovating to stay relevant and capture growth*

How is the industry responding?

Market participants are adapting and responding in order to rise to these challenges. A number of key trends are emerging in terms of operational response:

There is a clear shift towards increasing automation and standardisation. Straight-through processing (STP) lowers operating costs and delivers greater accuracy and transparency of data, which, in turn, improves risk management.

Larger firms are adopting global operating models and moving to scalable, standardised solutions to manage cross-border trading.

Some market participants are looking towards shared services in non-competitive parts of their business such as operations. Shared services or utilities can reduce cost pressures, may improve risk management and meet regulatory requirements more efficiently. There is a move towards outsourcing non-core operational functions and focusing in-house resource on activities which directly support competitive advantage.

Market participants are looking to diversify to multi-asset / multi-market trading strategies to manage investment risks and maximize performance which, in turn drives standardisation.



Solutions across the transaction cycle

At every step of the post-trade transaction cycle, SWIFT's portfolio of services can help you to cut through complexity, reduce costs and ensure reliable, secure and compliant transaction processing.

Automate block trade allocations and confirmations: reduce your costs by up to 50%

Global Electronic Trade Confirmation (GETC) over SWIFT enables institutions to standardise and automate the block trade/allocation/confirmation/affirmation process using the ISO 15022 message formats. Simply map your existing message flows to the ISO 15022 formats and reach your counterparties worldwide through the SWIFT network. The SWIFT MT 515, a message used by sell-side firms to confirm the details of a securities trade with their buy-side counterparty, received a no-action relief status from the U.S. Securities and Exchange Commission (SEC) in July 2010. Broker-dealers in the U.S. market are able to use the SWIFT electronic trade confirmation message to comply with SEC Rule 10b-10, which requires them to include certain information about a trade when sending confirmations to buy-side counterparties.

Customers are able to reduce their costs for allocations and confirmations by up to 50% using GETC, and even more if on Fixed Fee.

Support for funds distribution

- » *1,000 users worldwide*
- » *With 40% annual growth of funds messages crossing the SWIFT network; this is good news for the industry as greater automation goes hand-in-hand with improved cost efficiency*

As regular saving for retirement is mandated by an increasing number of governments, efficient funds distribution is becoming a greater priority for the investment funds distribution market. Many are still operating in manual or semi-automated environments, which can lead to significant operational risks, because of the increasing likelihood of processing errors. SWIFT's Funds solution is a messaging solution that standardises and automates the transaction flows for the funds industry, including account openings and maintenance, orders, statuses or cancellations of orders and order confirmations, transfers, statements (of holding and transactions), reporting on price and cash flow, all flows being supported on ISO 20022. SWIFT's Funds solution also covers standardised order flows for the alternative funds and pension funds industry. By using SWIFT, most distributors, fund management companies and transfer agents have reduced their order handling costs by 50 to 70 percent.

Clear, settle and reconcile effectively with SWIFT

- » *More than 4,000 users worldwide, including 500 Investment Managers*
- » *Around 40,000 pairs of users exchange settlement and reconciliation FIN messages annually*
- » *Use of SWIFT's settlement and reconciliation FIN messages has more than doubled since 2006*

SWIFT carries portfolio reconciliation and settlement messages across the securities processing chain: from asset managers and brokers to their custodians, from custodians to sub custodians and brokers to settlement agents. Market infrastructures (for example, CSDs, ICSDs, CCPs, trading platforms, trade repositories) also use SWIFT to communicate with market participants and with each other.

Using SWIFT to support settlement and reconciliation enables participants to automate their processing flows, reduce risks and costs and reach a wide variety of counterparties, located in domestic and cross-border markets. SWIFT also provides real-time information on the status of individual transactions and portfolios in a format which enables straight through processing. This visibility has become indispensable to institutions since the financial crisis of 2008 when the lack of transparency across financial transactions contributed to both the transmission and amplification of credit losses across the financial system.

Support for global derivatives regulations

As regulation of the OTC derivatives markets is evolving, SWIFT has extended its solutions to support new requirements, including reporting of derivatives to trade repositories and submission of currency derivatives to CCPs for central clearing. By working in close collaboration with industry participants, SWIFT provides messaging and connectivity to CCPs and trade repositories. SWIFT's confirmation and matching solutions for OTC derivatives are another key element supporting new regulations, such as EMIR or Dodd-Frank, that require electronic confirmations for derivatives transactions.

Manage the complexity of collateral management

» *More than 350 users worldwide, including leading triparty agents and Central Securities Depositories (CSDs) globally*

In the increasingly demanding regulatory environment, flawless management of collateral is crucial. Firms must be able to automate bilateral communication of their underlying margin position with counterparties or ensure that their triparty collateral management service providers are adhering to new requirements for transparency and reporting. SWIFT's bilateral and triparty collateral management messages facilitate the monitoring and real time reporting on collateral positions to support effective risk management.

Through SWIFT's solution, counterparties to a transaction or their triparty agents can seamlessly exchange information around exposure notifications, matching and collateralisation status, and exchange of statements covering collateral and exposure positions.

A better asset servicing experience

» *4,000 users worldwide*

» *An increasing number of CSDs and Exchanges are adopting SWIFT Corporate Actions standards and messages to communicate with their market participants*

Corporate Actions processing remains a significant area of risk for financial institutions. On an annual basis, over 10 million corporate actions events announced by issuers generate approximately \$1 billion lost to errors due to inefficiency during the processing of these actions.

Corporate action events reflect changes in the underlying ownership structure, or financial structure, of an issuer. As such, in a post-crisis world, requiring companies to be global and agile, they are becoming increasingly complex.

With more than 60 corporate event types, involving different counterparties that communicate with each other in different parts of the process, the processing of corporate actions has a high margin for error. Errors can occur during processing as a result of miscommunication, or from crucial deadlines being missed. Many Corporate Actions materially impact the value of company holdings, so it is essential that stakeholders have the correct information on the Corporate Action when they need it.

The entire event process can last for several months, and counterparties must deal with various interpretations of the data, timeliness of communications, position changes, settlement and distribution. Processing corporate actions manually is a heavy drain on resources and errors can result in significant financial or reputational issues.

With SWIFT Corporate Actions messages, counterparties are able to automate these essential processes and improve the efficiency of their operations. For example, notification and processing of corporate actions from Securities Market Infrastructures to custodians and between the custodians and the investment managers may now be automated using ISO 15022 or ISO 20022 messages.

Connecting market infrastructure communities

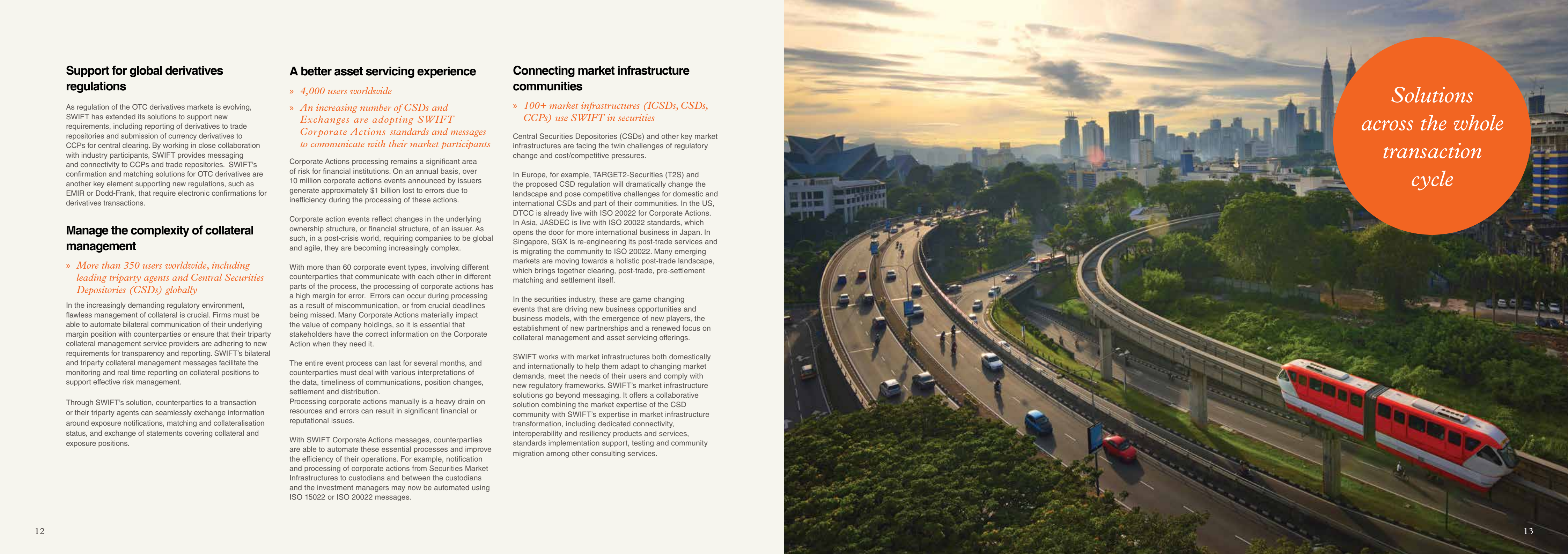
» *100+ market infrastructures (ICSDs, CSDs, CCPs) use SWIFT in securities*

Central Securities Depositories (CSDs) and other key market infrastructures are facing the twin challenges of regulatory change and cost/competitive pressures.

In Europe, for example, TARGET2-Securities (T2S) and the proposed CSD regulation will dramatically change the landscape and pose competitive challenges for domestic and international CSDs and part of their communities. In the US, DTCC is already live with ISO 20022 for Corporate Actions. In Asia, JASDEC is live with ISO 20022 standards, which opens the door for more international business in Japan. In Singapore, SGX is re-engineering its post-trade services and is migrating the community to ISO 20022. Many emerging markets are moving towards a holistic post-trade landscape, which brings together clearing, post-trade, pre-settlement matching and settlement itself.

In the securities industry, these are game changing events that are driving new business opportunities and business models, with the emergence of new players, the establishment of new partnerships and a renewed focus on collateral management and asset servicing offerings.

SWIFT works with market infrastructures both domestically and internationally to help them adapt to changing market demands, meet the needs of their users and comply with new regulatory frameworks. SWIFT's market infrastructure solutions go beyond messaging. It offers a collaborative solution combining the market expertise of the CSD community with SWIFT's expertise in market infrastructure transformation, including dedicated connectivity, interoperability and resiliency products and services, standards implementation support, testing and community migration among other consulting services.



*Solutions
across the whole
transaction
cycle*

4

Strategic advice on tomorrow's challenges

At SWIFT, we understand the way the industry is evolving, and the relevant operational impacts. Our standards activities bring together the knowledge and insight of market experts from every discipline and geography, that incorporates regulatory and industry developments. Our consultants and colleagues combine in-depth knowledge from both the technology and markets environment. We regularly meet with industry opinion leaders. You can tap into this knowledge and expertise through a number of channels.



Consulting, training and operational services

Maximising business and operational efficiency is more important than ever for financial institutions. Whether you are looking to reduce costs, implement industry initiatives, increase business flows automation or adapt to regulatory requirements, we can help. Our mission starts with ensuring that you get maximum value from your SWIFT investment. But we don't stop there. We also use our broad industry knowledge to help you achieve other business objectives – from reducing risks and/or costs to improving the service to your end-clients and identifying areas for future growth.

Regulatory guidance

SWIFT's collective experience and knowledge of markets regulation provides a valuable resource for our securities communities. We feed our knowledge and understanding of the regulatory environment into the development of our products and services. The aim is to ensure that, wherever possible, SWIFT helps our securities communities meet the challenge of compliance with new regulatory requirements, such as EMIR, Dodd- Frank, CPSS IOSCO, etc. In some areas, such as operational best practice or the use of message or data standards relevant to regulatory compliance, we can also offer additional consultancy services.

Business Intelligence

Did you know that SWIFT can provide analysis of your messaging traffic, delivering valuable business intelligence and helping you to monitor market trends, competitive position, risks, costs and shifts in your business flows? Powerful business analysis tools like SWIFT's Watch for Securities provide dynamic search and analysis of data that only SWIFT can provide, given its wide coverage of cross-border transaction processes. For example, you can analyse traffic volumes by geographies (e.g. per local market), asset class, business area and benchmark yourselves to the market or certain peers (while respecting the anonymity of the data).

Forum for the communities

As a cooperative owned by its members, part of SWIFT's role is to act as the catalyst that brings the financial community together to work collaboratively to shape market practice, define standards and consider solutions to issues of mutual interest. SWIFT facilitates this debate online and through face-to-face events such as the annual Sibos conference, Regional conferences and Business Forums.

Whether you are a broker/ dealer, hedge fund manager, investment manager, prime broker, custodian or a market infrastructure, SWIFT offers many solutions to meet your organisations changing needs. SWIFT is dedicated to delivering a common solution for securities that enables market participants to improve efficiency, cut costs, comply with regulations and reduce risk – while still competing on quality of advice, innovation and service. There are so many ways we can help your business. Why not come and meet us today?

Financial crime compliance solutions

Regulatory compliance with customer due diligence obligations such as Know Your Customer (KYC) has developed into one of the greatest challenges for fund managers, distributors, and their intermediaries. To reduce KYC-related effort and cost, SWIFT has developed The KYC Registry to provide a simple, secure way for financial institutions to exchange a standardised set of information required for KYC compliance, increasing efficiency and reducing risk. Correspondent banks and fund distributors are now be able to contribute an agreed 'baseline' set of data and documentation for validation by SWIFT, which the contributors can then share with their counterparties. All Registry users retain full ownership of their KYC information, along with control over who can access the data via the secure online platform.

Contact us now to find out more

SWIFT is a member-owned cooperative that provides the communications platform, products and services to connect more than 10,800 financial institutions and corporations 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.

For more information about any of the products or services mentioned, or to discuss how we can help meet your business needs, contact:

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