



SWIFT Response Review of the Prospectus Directive

13 May 2015

Foreword

SWIFT welcomes the European Commission's review of the Prospectus Directive and supports its aims of reducing the administrative obligations for companies and simplifying the prospectus process for the benefit of companies and their investors.

SWIFT is a member-owned, cooperative society headquartered in Belgium. SWIFT is organised under Belgian law and is owned and controlled by its shareholding users, comprising more than 3,000 financial institutions. We connect more than 10,800 connected firms, across more than 200 countries and territories. A fundamental tenet of SWIFT's governance is to continually reduce costs and eliminate risks and frictions from industry processes.

SWIFT provides banking, securities, and other regulated financial organisations, as well as corporates, with a comprehensive suite of messaging products and services. We support a range of financial functions, including payments, securities settlement, reporting, and treasury operations. SWIFT also has a proven track record of bringing the financial community together to work collaboratively, to shape market practice, define formal standards and debate issues of mutual interest.

We thank the European Commission for the opportunity to comment. Please do not hesitate to contact us should you wish to discuss this further.



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Question 43: Should the options to publish a prospectus in a printed form and by insertion in a newspaper be suppressed (deletion of Article 14(2)(a) and (b), while retaining Article 14(7), i.e. a paper version could still be obtained upon request and free of charge)?

Answer: Don't know / no opinion

SWIFT agrees that the means of including operational information within prospectuses could, and should, be enhanced.

Prospectus documents are often long, and the complex legal content can make them difficult to read. The legal text is, of course, necessary because the prospectus contains phrasing describing the legal status of the instrument and clauses relating to the rights and obligations of the issuer and the investors. But prospectuses also contain specific information relevant to the operational management of the financial instruments (such as issuance dates, numbers of shares, total face value, dividends or interest payment dates, etc). At issuance, the issuer agent, depository, and/or reference data providers will all seek to identify this relevant processing data within the prospectus text. These data elements, the "processing data" will then be stored, verified and processed with software applications, and shared electronically with a wider audience.

SWIFT suggests that a standard computer-readable file, containing all the relevant "processing data", is made available by the issuer or its agent in a standardised format at the same time the prospectus document is issued. This would allow third parties to store, verify and process the information about the financial instrument in an automated way, and would allow the information to be easily disseminated electronically. A standardised format would also facilitate a common understanding of the related prospectus information, irrespective of the country of origination and of the language in which it is written. Furthermore, if such information was made available at source in a computer-readable format, it would reduce the risk of misinterpretation by the numerous recipients (depositories, custodians, reference data providers).

In support of this suggestion, we refer to some important work done by the International Securities Market Advisory Group (ISMAG) to harmonise the issuance and asset servicing processes of international securities that are primarily deposited in the International Central Securities Depositories (ICSDs). ISMAG gathers together all the parties involved in asset servicing - with representatives from issuers, issuer agents, ICSDs, and various associations and custodians - to agree and define best practices for: providing asset servicing; increasing operational efficiency; and for reducing operational risk in the issuance and asset servicing processes. ISMAG has produced an international Securities Operational Market Practice book describing best practices for operation processes related to new issues and containing the important data elements required for issuance (albeit in spreadsheet format where a fully standardised approach would be preferable).

Another example of where this approach has been taken is in Singapore, where issuers are requested to provide all processing data related to corporate actions in computer-readable format via the web-based access mechanism of the Singapore Exchange. The web-forms are built based on data elements described in international standards (such as ISO 20022). Therefore, once the information is captured, the data can be seamlessly processed and transmitted. The important point to note is that information is captured via

forms which are based on international standards, which reduces the risk of misinterpretation and eliminates the manual processes required when text or narratives are provided instead.

Conclusion:

Including a requirement in the Prospectus Directive review that standardises both the operational data elements, and the submission format, would ensure the seamless collection, transmission and processing of all this operational information. This would reduce error-rates, risks and costs, and facilitate the automated transmission and processing of this data. We recommend that the Commission consider including clear provisions in the Prospectus Directive that standardise both the operational data elements and the submission format.

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