Global Webinar for Third-Party Providers / Complementors

Presentation will begin at 12:03GMT
If you cannot hear us via WebEx / computer audio you may need to dial-in using a phone
Agenda

1. Admin notices
2. Swift Securities Focus from Simon Daniel and Didier Hermans
   - Unique Transaction Identifier (UTI) - Implementation & Market practice
   - Swift Securities View
3. Platform Partnership Programme from James Moore
4. Questions
Admin notices

- This presentation is being recorded
- The content will be published on SWIFT.com (https://www.swift.com/standards/iso-20022/iso-20022-past-webinars)
- Global webinar for third-party providers occur the last Thursday of every month and you can register 2 weeks before each event here: Transaction Management Global Webinar for 3rd Party Providers
- To ensure you receive communications from us while we remain GDPR compliant please update your preferences here (you will need to login to / create your free SWIFT account) to include the interests ‘Payments’ and/or ‘Standards’ and we will ensure we keep you informed about:
  - Global webinar for third-party providers Invitations
  - Relevant developments on ISO 20022 and Transaction Management
  - Updates from SWIFT’s Market Practice team
  - The latest info on adoption enabling tools and support
- Support requests / queries should be raised via the Support page
- Queries regarding gpi portfolio certification/ self-attestation processes should be directed to new e-mail address: provider.readiness@swift.com
An industry focus on settlement efficiency: frictionless and faster

Observations on CSDR post-implementation

**Over 1m**

Penalties/month (2022)

**~ 1.55 Bn**

EUR (Feb – Dec 2022)

Shorter settlement cycle across markets

~83%

Reduction of processing time

Stricter

Instruction receipt deadlines and SLAs

Major equity markets are exploring feasibility of accelerated settlement

Challenges

- Timing: counterparty instruction missing / on hold / late
- Discrepancies: counterparties economic or SSI data differ
- Inventory: insufficient securities (or cash) on settlement

Source: TARGET2-Securities Annual Report / Swift Watch

Source: Swift Watch
Yesterday versus Today

From isolated messaging

To transaction visibility
Tracking and transparency in securities settlement

Functional benefits

Data
Provides more settlement information reciprocally between counterparties

Speed
Enables parties with settlement data and status information earlier

Certainty
Improves consensus and precision of settlement likelihood
Securities View and the case for the UTI

80+
Firms subscribed and using Securities View since 30 January 2023

150+
Representing more than 150 BICs

50+
BIC’s sending Swift messages with UTI through Securities View

Discussion paper on the case of the UTI published with the support of DTCC, AFME, ISSA, ISDA, SIFMA, ISITC and the SMPG

Published the UTI market guidelines and implementation Summary to generate and communicate the UTI for securities trades (next iteration will include collateral, lending and borrowing transactions)

Major vendors are getting ready for the UTI.

DTCC ITP & Swift are collaborating to support industry goals and are aligned with the usage and generation of the UTI
Unique Transaction Identifier (UTI)
Implementation & Market practice
**The Unique Transaction Identifier (UTI)**

<table>
<thead>
<tr>
<th>Unique</th>
<th>Standard</th>
<th>Trusted</th>
<th>Persistent</th>
<th>Unambiguous</th>
</tr>
</thead>
<tbody>
<tr>
<td>52 characters, with first 20 to be the LEI of the generating body (FI / platform / service provider)</td>
<td>Standardised and structured ISO-registered format (ISO 23897:2020)</td>
<td>Already used today for reporting of financial transactions to any authority in any jurisdiction</td>
<td>Can be carried as a reference across disparate systems and processes</td>
<td>Can be referenced unambiguously by all parties involved or interested in that transaction</td>
</tr>
</tbody>
</table>

Applied to a securities post trade settlement workflow, a UTI identifies a securities transaction obligation:

- Between a buyer and seller
- For an agreed instrument and quantities
- Allocated to settlement accounts and parties

Industry standards and best practice on UTI generation and communication:

- IOSCO
- ESMA
- ISDA
- GFMA
UTI flow through the settlement lifecycle for securities trades
Generation, exchange and communication

**Generation and exchange**
Between buyers and sellers occurs as part of post-trade allocation / confirmation process via:

- Central generation by trade venues / matching platforms
- Bi-lateral generation by instructing / executing party or their service provider

**Communication**
Between account owners and account servicers

- **Persist** UTI from received instructions / confirmation process down settlement chain
- **Echo** UTI on settlement ‘status and confirmation’ response messages to account owners
UTI generation and communication guidelines: Summary

<table>
<thead>
<tr>
<th>In case of a trade with allocation:</th>
<th>Via a UTI-ready central platform</th>
<th>Via a non UTI-ready central platform</th>
<th>Bilaterally</th>
</tr>
</thead>
<tbody>
<tr>
<td>The UTI generator &amp; communicator is…</td>
<td>• The central platform*</td>
<td>• The instructing party or their service provider</td>
<td>• The instructing party or the service provider</td>
</tr>
</tbody>
</table>

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<tr>
<th>In case of a trade without allocation:</th>
<th>Via a UTI-ready venue</th>
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</tr>
</thead>
<tbody>
<tr>
<td>The UTI generator &amp; communicator is…</td>
<td>• The venue</td>
<td>• The executing party or their service provider</td>
<td>• The executing party or their service provider</td>
</tr>
</tbody>
</table>

**Exceptional cases (•):**
- If trades are executed and allocated over a central platform but instructing parties or their service providers wish to generate the UTI in all their trades, then the central platform should (only) be used to communicate the UTI to the executing party.
- If a central platform/venue is not supporting UTI-generation yet but it does generate a shared common reference, then the instructing and executing party can derive a same UTI from this reference.
## UTI generation and exchange for Institutional Flow

### UTI exchange via allocation

<table>
<thead>
<tr>
<th>Via a UTI-ready central platform</th>
<th>Via a non UTI-ready central platform</th>
<th>Bilaterally</th>
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<td>• The central platform*</td>
<td>• The instructing party or their service provider</td>
</tr>
</tbody>
</table>

### Supported allocation messages

<table>
<thead>
<tr>
<th>Format</th>
<th>Message Name</th>
<th>Field Name</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIX</td>
<td>[AllocationInstruction]</td>
<td>Tag1903</td>
<td>more info</td>
</tr>
<tr>
<td>SWIFT</td>
<td>MT 514</td>
<td>Field 20a (Option U)</td>
<td>more info</td>
</tr>
<tr>
<td>XML (CTM)</td>
<td>Trade Detail</td>
<td>&lt;AllocationUTI&gt;</td>
<td>more info</td>
</tr>
</tbody>
</table>
UTI continuance across settlement transactions life cycle events

- **The UTI remains the same**
  across its whole settlement life cycle
  e.g.: status updates, cancellation, replacement, partial settlement…

- **Exception:**
  Some activities may require the initiation of a new transaction with a new UTI
  e.g. bilateral netting
  
  - **Recommendation:**
    Use the UTI of the last confirmed instruction that was part of the net - where the last instruction can be identified by sorting the UTI values alphanumerically.
Leveraging a common trade reference
The unique transaction identifier or UTI

UTI: Unique Transaction Identifier

ISO: Unique number/reference of a financial transaction to be allocated as agreed among the parties and/or within the initiative or regulatory system under which it is formed.

Example

Where to find an UTI in the MT54X?

- In General Information (A) of 541 Receive Against Payment (SR2021)
  - Start of Block: GENL
  - Reference: 4ic/16x
  - Function of the Message: 4ic/4ic
  - Date/Time: O N
  - Number Count: O R

- In Linkages (A1)
  - Start of Block: LINK
  - Reference: 4ic/16x
  - Indicator: 4ic/4ic
  - Number Identification: O N

- In Quantity of Financial Instrument
  - Start of Block: GENL
  - End of Block: GENL

Example

- Start of Block: 1256356365
- Reference: ABCDEFEJKJEKJEKJEKJEKJEKEJ
- UTI Reference: 52x
UTI - in CTM example

Allocation UTI Generation:
DTCC LEI + IM CTMDetailID + EB CTMDetailID

Example:
549300TXA3WBLB9JHZ8814939556931493955510

<TradeDetailReferences>
  <ClientAllocationReference>002</ClientAllocationReference>
  <CTMTradeDetailID>1513469880</CTMTradeDetailID>
  <AllocationUTI>549300TXA3WBLB9JHZ8815134698731513469880</AllocationUTI>
</TradeDetailReferences>
UTI behaviours through the securities settlement lifecycle - Summary

**Generate**
Organizations that support allocation confirmation process create UTI following ISO standards

**Populate**
Organizations input UTI from confirmation process on their settlement instructions

**Maintain**
Organizations copy same UTI for amendments throughout the lifecycle

**Echo**
Organizations reflect same UTI on status updates and confirmation responses for received instructions

**Persist**
Organizations send same UTI when instructing onward delivery or receipt for received instructions
Everything you need to know about the UTI:
➢ how to capture it from a central matching platform
➢ How and who to generate it in your bilateral trades
➢ how to communicate it across your settlement parties

Available on www.swift.com – UTI page
Swift Securities View
Solving the post trade settlement challenge
Time to tackle settlement inefficiencies!

Key settlement issues:
- **Timing:** Counterparty instruction missing / on hold / pending
  
  NMAT:CMIS PEND:PRCY/PREA/PRSY

- **Discrepancies:** Counterparties have different economic or SSI data
  
  NMAT:DDAT/DQUA/DMON/SAFE

- **Inventory:** Settlement party(s) has insufficient securities (or cash) at time of settlement
  
  PENF:LACK/MONY/AWSH

Pre-settlement Issues

<table>
<thead>
<tr>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discrepancies &amp; Timing issues</td>
</tr>
<tr>
<td>Others &gt;1%</td>
</tr>
<tr>
<td>Lack of securities Inventory</td>
</tr>
</tbody>
</table>

Settlement Fails

<table>
<thead>
<tr>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Others &gt;1%</td>
</tr>
<tr>
<td>Lack of securities Inventory</td>
</tr>
</tbody>
</table>

Sources: Swift WATCH, ICMA, Euroclear

~15% of settlement instructions require manual intervention
<table>
<thead>
<tr>
<th>Use Case</th>
<th>Description</th>
<th>Advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real – time tracking</td>
<td>Improved transparency on own instructions upstream, downstream and visibility into counterparties progress</td>
<td>Improve timing gaps in custody network Transparency as a multi-party workflow</td>
</tr>
<tr>
<td>Allegement</td>
<td>Depository allegement messages do not (usually) include the original Buyer / Seller</td>
<td>Identify source of allegement with counterparty view and pair with own instruction</td>
</tr>
<tr>
<td>Counterparty missing</td>
<td>Current status has 3 potential scenarios • Counterparty not instructed / initiated • Counterparty instruction in progress • Counterparty has different settlement location</td>
<td>Counterparty missing (CMIS) status is improved with clarity from counterparty view</td>
</tr>
<tr>
<td>Discrepancy &amp; Resolution owner</td>
<td>Identify discrepancies between counterparty instructions and indicate which side has responsibility to resolve</td>
<td>Earlier awareness of settlement matching issues. Clarity on which party needs to take action</td>
</tr>
<tr>
<td>Feed data to exception platform</td>
<td>Automatically populate exception systems with data from both parties and latest status</td>
<td>Supplement existing feeds with additional data, and updates to drive resolution</td>
</tr>
<tr>
<td>Validation</td>
<td>Locally compare counterparty data to own data to identify SSI &amp; business element issues</td>
<td>Identify when counterparty has your incorrect SSI, or different economics prior to instructing</td>
</tr>
<tr>
<td>Audit trail</td>
<td>Visibility on the history for a transaction for claim investigations and audit</td>
<td>Identify bottlenecks, and counterparty steps</td>
</tr>
</tbody>
</table>
Service communication channels
Integration and automation options
2-sided Settled Transaction

<table>
<thead>
<tr>
<th>Latest transaction state</th>
<th>Instruction type</th>
<th>Financial instrument ID</th>
<th>Settled amount</th>
<th>Settled quantity</th>
<th>Settlement date</th>
<th>Trade date</th>
<th>Unique Transaction Identifier (UTI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settled 28 Jun 2023</td>
<td>RVP</td>
<td>ISIN US2485708600</td>
<td>42,060,000.00 USD</td>
<td>400000, UNIT</td>
<td>30 Jun 2023</td>
<td>28 Jun 2023</td>
<td>F(ev/bqgg869.8a2Z2gyk18xPNUxmtZe0PcT6s6T7J,Nnn1mWQy</td>
</tr>
<tr>
<td>Settled 28 Jun 2023</td>
<td>DVP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You can click on a state to see more details.

PARTIES
- RECEIVING SIDE
  - DRVAUSSB
  - 26 Jun 20:24:09
  - MT 541-NEWM
  - 40000, UNIT | 43560000, USD

- DELIVERING SIDE
  - DRVCUSSB
  - 25 Jun 20:24:31
  - MT 543-NEWM
  - 40000, UNIT | 43560000, USD

- DELIVERING SIDE
  - DRVEUSSB
  - 26 Jun 20:25:03
  - MT 541-NEWM
  - 40000, UNIT | 43560000, USD

- DELIVERING SIDE
  - 28 Jun 20:25:34
  - MT 543-NEWM
  - 40000, UNIT | 43560000, USD
### Securities transaction view

<table>
<thead>
<tr>
<th>Latest transaction state</th>
<th>Instruction type</th>
<th>Financial instrument ID</th>
<th>Settled amount</th>
<th>Settled quantity</th>
<th>Settlement date</th>
<th>Trade date</th>
<th>Unique Transaction Identifier (UTI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settled</td>
<td>RVP</td>
<td>ISIN US3452708600</td>
<td>43,360,000 USD</td>
<td>40,000 UNIT</td>
<td>30 Jun 2023</td>
<td>28 Jun 2023</td>
<td>F(eo/VbeqcuO8c,SnOZ3xxyjXpCNUx</td>
</tr>
<tr>
<td>Settled</td>
<td>DVP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>m7zeOpc76oE7j,Nm 1mWGY</td>
</tr>
</tbody>
</table>

#### State details

- **RECEIVING SIDE**
  - **Initiated**
  - **Matched**
  - **Settled**

- **DELIVERING SIDE**
  - **Initiated**
  - **Settlement day**

#### Parties

- **RECEIVING SIDE**
  - No name found DRVAUSSB
  - 28 Jun 20:24.00
    - MT 541-NEWM
    - 40,000 UNIT | 43360000.00 USD

- **DELIVERING SIDE**
  - No name found DRVCUSSB
  - 28 Jun 20:24.31
    - MT 545-NEWM
    - 40,000 UNIT | 43360000.00 USD
  - No name found DRVDUSSB
  - 28 Jun 20:25.03
    - MT 541-NEWM
    - 40,000 UNIT | 43360000.00 USD
  - No name found DRVEUSSB
  - 28 Jun 20:25.34
    - MT 545-NEWM
    - 40,000 UNIT | 43360000.00 USD

---

**Note:** The data and details provided are for illustrative purposes only and do not reflect real transaction information.
Audit trail for a settled transaction

Latest transaction state
- Settled 10 Jan 16:29

Instruction type
- RF, DF

Financial Instrument ID
- ISIN FR0000121262

Settled amount
- 73,200.00 EUR

Settled quantity
- 2000, UNIT

Settlement date
- 15 Jan 2023

Trade date
- 10 Jan 2023

Unique Transaction Identifier (UTI)
- TESTSCENARIO202020110172608

 Parties | State details | Detailed history and export

RECEIVING SIDE
- No name found ZNPAROBU
  - 10 Jan 18:27:47
    - MT 548-INST-SETT/PENF 2000,UNIT-73200,EUR
- No name found ZLCUSTOD
  - 10 Jan 18:27:48
    - MT 548-INST-SETT/PENF 2000,UNIT-73200,EUR

DELIVERING SIDE
- No name found ZILIP533
  - 10 Jan 18:27:49
    - MT 548-INST-SETT/PENF 2000,UNIT-73200,EUR
- No name found ZMDPRKH1
  - 10 Jan 18:27:45
    - MT 548-INST-SETT/PENF 2000,UNIT-73200,EUR
- No name found ZSWPLP1
  - 10 Jan 18:27:25
    - MT 548-INST-SETT/PENF 2000,UNIT-73200,EUR
- No name found ZOITSGS1
  - 10 Jan 18:27:48
    - MT 548-INST-SETT/PENF 2000,UNIT-73200,EUR
Service communication channels
Integration and automation options

Transaction data

GUI

MT

API

Client / User

Client

Client / User

Transaction data

Transaction data

Transaction data

UTI
## Automated Integration Channels
### Service API endpoints

<table>
<thead>
<tr>
<th>API endpoints</th>
<th>Production</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get securities transaction summary details</td>
<td>Live v1.0.4</td>
<td>A service user queries for a specific record. The service returns summary &amp; current transaction details.</td>
</tr>
<tr>
<td>‘get summary’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Get securities transaction history details (audit events)</td>
<td>Live v1.0.4</td>
<td>A service user queries for a specific record. The service returns audit trail data for a transaction, including all instruction, status and confirmation records with corresponding timestamps and events.</td>
</tr>
<tr>
<td>‘get history’</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Get changed securities transactions (delta query)</td>
<td>Dec 2023*</td>
<td>A service user can query for the set of records that have been modified (including created) since a given date and time</td>
</tr>
<tr>
<td>‘get changes’</td>
<td>*target release</td>
<td></td>
</tr>
</tbody>
</table>
Securities View API flow – sample integration logic

1. Client process to monitor for new information from the securities view service

2. Client also has internal triggers to request data from service:
   - A support user receives a client query and wants to check latest information
   - The clients system needs to check transaction details/status before releasing an instruction

3. Client uses a record reference (UTI / SEME) from to retrieve summary data from service

4. The history request may only be needed on demand by users for certain scenarios:
   - Investigating an interest claim
   - Client received a query

Service has new data for consumer

Consumer initiated query

GET changed transactions
Delta Query

Support User
System Request

Consumer receives set of record(s): identifiers & status/reason

more info needed?

NO: Status & Reason sufficient

YES

Consumer requests additional data

GET Summary

GET History

Consumer initiated history query
Real – time tracking

The consumer polls (GETs) the service for data updates

- Service has new data for consumer
  - GET changed transactions
    - Delta Query
  - Consumer receives set of record(s): identifiers & additional key data points
    - eg status/reason
  - more info needed?
    - YES
      - Consumer requests additional data
        - GET Summary

- API
  - GET /changed transactions
    - Set of Records & Statuses
  - GET /summary
    - settlement_report(s)
Schema has 2 objects
One for each side of the transaction

Service transaction:
MT message data consolidated via
• shared Unique Transaction Identifier (UTI) value,
• combination of sender/receiver, transaction values & references (SEME & RELA)
• data derived / enriched by the service
Securities strategy
Co-building Securities Service(s)

Flow
Instruction, Status, Confirmation exchange

Asset manager → Global custodian → Local custodian → CSD → Clearing Agent → Broker

Swift platform

Securities View

Services
- Tracking service
- Message compare
- Notification / API services
- Resolution data
- Observer insights
- Data quality & enrichment
- Other flows & transaction linkage

Foundation
Future features / roadmap items
Swift foundation and roadmap: Securities battles for today and tomorrow

**Frictionless securities**
Reduce friction and manual processes by addressing high and rising cost of exceptions, starting with settlement.

**Interoperability and interconnectedness**
Facilitate interoperability between platforms across asset classes (incl. digital/tokenized) and flows (incl. payments) to remain the connector and channel of choice into all ecosystems.

**Smarter data through mutualisation and partnerships**
Support business growth, cost-effective operational processes, risks management and enhanced customer experience by embedding new data-rich capabilities (incl. compliance and reference data) into securities services channels & front-end capabilities.
Platform partners
Creating and expanding Swift’s platform ecosystem

Platform Partner Programmes

Value added services Enabler
Embed Swift API value added services into the partner solution, e.g. Payments hub, TMS/ERP…

Business Connect Enabler
Embed Swift messaging connectivity into the partner solution

Ancillary provider
Extend the Partner API service to the global Swift community e.g. Trade document validation
Value-Added Services Enabler programme

Contractual and operational model

--

**Consuming customer** (of partner and Swift)

End user agreement and terms for Swift service (ie: service description)

**Enabler**

- API Gateway
  - Terms for Swift SDK or Microgateway
  - Platform partner legal agreement and terms for Swift service

**Swift API Gateway**

- Contract between partner and their client
  - Re-exposed API within partner service

**Partner** operates in programme with performance incentives and benefits

Customer maintains commercial contract with Swift for service
Enablers programme
Requirements

Visibility
Share with Swift your solution topology/architecture and/or business application details for accreditation

Growth
Agree on a go-to-market plan for Swift platform adoption, where achievements will lead to value-in-kind benefits and increased visibility

Customer satisfaction & SLAs
Ensure the best quality experiences for our community
<table>
<thead>
<tr>
<th>Value-added services Enablers</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Build new product quickly</strong></td>
<td>Build and monetize new products efficiently via Swift developer tools (e.g., SDK)</td>
</tr>
<tr>
<td><strong>Incentives</strong></td>
<td>Achieve reduction on programme fees as you grow the business</td>
</tr>
<tr>
<td><strong>Community access</strong></td>
<td>Raise awareness through community events and being featured in our Platform partner portal</td>
</tr>
<tr>
<td><strong>APIs &amp; sandbox</strong></td>
<td>Access to API specific documentation and tailored API resources</td>
</tr>
<tr>
<td><strong>Effortless customer experience</strong></td>
<td>Offer a streamlined technical integration and functional support to Swift members</td>
</tr>
</tbody>
</table>
Q&A and Call to Action

1. Assess current UTI support

2. Check Swift resources
   Swift Securities View
   Swift Developer Portal | Securities View
   UTI - Market guidelines and implementation summary

3. Contact your regional account manager and/or securities@swift.com for more information

4. For more information on the Enabler Programme please contact james.moore@swift.com
Questions
If you have any questions, please contact your Account Manager or raise a case via the **Support** page.