



SWIFT's response to the European Securities and Markets Authority on the consultation paper: “Guidelines on transfer of data between TRs”

[Subject]

SWIFT

31 March 2017

Confidentiality: Public

SWIFT thanks ESMA for the opportunity to provide comments on the consultation paper Guidelines on transfer of data between TRs.

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 over 3,000 financial institutions. We connect more than 11,000 connected firms, in 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.

If you wish to discuss any aspect of our response please do not hesitate to let us know.



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Question 7: Do you agree with the use of xml format and a template developed in accordance with ISO 20022 methodology as the one already used to provide access to data to authorities? Please elaborate on the reasons for your response.

ESMA has undertaken a substantial amount of work to ensure the harmonisation and standardisation of the reporting requirements and the provision of data to authorities under EMIR, MIFID II/MIFIR, SFTR and MAR. This harmonisation work has been welcomed by the industry as it has greatly reduced the implementation work and interpretation risk for reporting entities, and has also allowed information technology resources to be reused across the different regulations.

We believe the adoption of ISO 20022 has contributed significantly to this harmonisation effort and agree that ISO 20022 is the right standard to support data transfers between TRs.

ISO 20022 is the open methodology for developing new financial messaging standards and for harmonising existing financial messaging standards. As an initiative of the International Organization for Standardization (ISO), ISO 20022 was conceived to harmonise the fragmented financial standards landscape, and can best be described as a ‘recipe’ for developing financial messaging standards. The main ingredients of this recipe are a development methodology, a registration process, and a centralised, machine-processable “e-Repository”.

The ISO 20022 standard has been adopted by ESMA for EMIR reporting requirements and is being embraced by supervisors across the world for data reporting purposes. The data model which lies at the heart of the standard is the ideal reference point to help regulators, market overseers and reporting firms to harvest, aggregate and interpret data which is unambiguous, clear and equivalent, irrespective of its source. ISO 20022 is particularly appropriate for use in regulatory initiatives because it is an open and transparently-governed standard that is platform-neutral, and free to access, implement and extend. It provides a universally agreed language that can be shared by business, legal, and technical experts, greatly simplifying the interpretation and implementation of any regulation defined in that language.

Reporting requirements defined in terms of ISO 20022’s unique conceptual Business Model and Business Process layer allow implementers to understand both the regulated financial concepts, and the contexts in which the regulation is applicable. The rigour and precision of the definitions found in the ISO 20022 business model make it a particularly apt resource to ensure that data elements specified in a regulatory reporting context are interpreted consistently by implementers. Furthermore, once the data elements for a business process have been identified, it is straightforward to create a message definition that can be used to transport the data. In these definitions it is possible to distinguish between a baseline set of common details and national or regional additions, facilitating tailored reporting at national levels, as well as consistent reporting at a global level.

Requiring use of the ISO 20022 standard in the inter-TR data transfer context would help ensure harmonisation within and across the international financial and regulatory community. In addition to the TR reconciliation exchanges, further usage between TRs would thus greatly facilitate the exchange of information with regulators across Europe, thereby enhancing regulatory oversight.

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