



Asofiduciarias Conference in Cartagena

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Axelle WURMSER

33 1 4014 36 55

Axelle.Wurmser@bnpparibas.com



BNP PARIBAS
SECURITIES SERVICES

| La banque d'un monde qui change

Agenda

Introduction

Securities Market Practices Group

International Organization for Standardization

Questions and Answers



Introduction

- Objectives
 - (i) Understand how standards can help when facing a challenge (e.g Colombian decree 1243 on custody - 14 June 2013)
 - (ii) How to progress in standardisation

Speaker Profile

- Convenor of the French NMPG (National Market Practice Group)
- Co Chair of the S&R SMPG (Securities Market Practice Group)
- Member of the French delegation to the ISO TC68





Colombian securities market



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Securities Market Practice Group (SMPG)

- SMPG was created in July 1998 and since its inception has established a local presence in more than 30 countries through **National Market Practice Groups** (NMPG).
- These groups are comprised of broker/dealers, investment managers, custodian banks, central securities depositories and regulators.
- SMPG has been extremely successful in creating globally agreed harmonised market practices which, integrated with ISO standards has brought the securities industry closer to achieving Straight Through Processing (STP).
- The SMPG is focused on enhancing the current securities industry practices.

SMPG Accomplishments

To date SMPG has produced a significant number of market practice recommendations within Trade Initiation/Confirmation, Settlement, Reconciliation and Corporate Actions. Additionally, SMPG has since expanded to define market practices for the Investment Funds industry.



SMPG Process

- The SMPG is **open to all participants** interested in creating globally agreed market practices for the securities industry.
- This objective includes the harmonisation of non-regulated geographic differences, as well as consistent implementation by securities industry participants for processing within and across all markets.
- Monthly meetings of the NMPGs, and the 2 physical meetings per year of the SMPG as well as periodic conference calls, cover many issues also including when required the creation of NMPGs in non-participating countries or the development of multi-year project plans.

Public Documents / 1 Settlement and Reconciliation					
Sort By:	Title	File	Size	Posted By	Modified
<input type="checkbox"/>	A. Final Global documents		31 items		
<input type="checkbox"/>	B. Draft Global documents		3 items		
<input type="checkbox"/>	C. Local Market Practice		40 items		
<input type="checkbox"/>	D. SMPG Meetings		8 items		
<input type="checkbox"/>	E. Other		3 items		
<input type="checkbox"/>	E. Outdated Docs (no longer valid)		14 items		

GlobalTime Deposit SMPG v2.5	GlobalTime Deposit SMPG v2.5.pdf	215.2 kb	Evelyne Piron	Mar 28, 2013 8:56 AM
List of Depositories v2.57	Depositories BIC LIST 2_57.xls	199.0 kb	Karine Taquet	Apr 9, 2014 4:09 PM
Listed Derivatives MP	Listed Derivatives Trade notification and management flow 3_7.pdf	637.5 kb	Karine Taquet	Mar 25, 2011 10:48 AM
MTS35 - Balance Custody and Accounting Report v5.3_FINAL.pdf	MTS35 - Balance Custody and Accounting Report v5.4.pdf	1.3 MB	Evelyne Piron	Oct 5, 2012 12:05 PM
MTS36 - Securities Settlement Transaction Posting Report Report v5.8	MTS36 - Securities Settlement Transaction Posting Report Report v5.8_FINAL.pdf	758.7 kb	Evelyne Piron	Dec 13, 2011 4:05 PM
Partial settlement v3	PARTIAL SETTLEMENT 4_3.pdf	241.1 kb	Alexandre Kech	Feb 3, 2006 5:41 PM

The detail process begins with the NMPGs' analysis and documentation of local practices.



Settlement Common Elements MP

Status: Final
 Preparation date: November 2000
 Update date: December 2013
 Update. Impl. date: January 2014
 Author: SMPG

- I. SCOPE AND DEFINITIONS.
- II. ACTORS AND ROLES:
- III. ACTIVITY DIAGRAM:
- IV. SEQUENCE DIAGRAMS:
- V. BUSINESS DATA REQUIREMENTS
 - A. INSTRUCT SETTLEMENT
 - B. CONFIRM SETTLEMENT
- VI. MARKET PRACTICE RULES:
 - A. 10 COMMON BUSINESS ELEMENTS
 1. BIC or local code for Receiving or delivering agent:
 2. Intermediary:
 3. Place of Settlement:
 4. Format of the common business elements
 - B. SPECIFIC MARKET ELEMENTS
 1. Special Requirements
 2. Special Arrangements
 - C. FREE OF PAYMENT
 - D. SETTLEMENT CONFIRMATION.
- VIII. ISO 15022 ILLUSTRATION:
 - A. SETTLEMENT INSTRUCTION
 - B. PROCESSING, MATCHING AND SETTLEMENT
 - STATUS REPORTING
 - C. SETTLEMENT CONFIRMATION

Data	ISO 15022
Instruction Identification	:20C::SEME//16x
Trade Date	:98A::TRAD//YYYYMMDD
Settlement Date	:98A::SETT//YYYYMMDD
Quantity of Financial Instrument	:36B::SETT//FAMT/15d for fixed income :36B::SETT//UNIT/15d for equities
Financial Instrument	:35B::ISIN1e121c[4*35x]
Settlement Amount	:19A::SETT//[N]31a15d
Safekeeping Account to be credited or debited	:97A::SAFE//35x
Place of Settlement	:95P::PSET//41a21a21c
Receiving/Delivering Agent	:95P::REAG//41a21a21c or :95R::REAG/8c/34x :95P::DEAG//41a21a21c or :95R::DEAG/8c/34x
Client of Receiving/Delivering Agent	:95P::BUYR//41a21a21c :95P::SELL//41a21a21c <small>* If more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification.</small>
Country specifics as per local market practice (if any)	See country MP.



Market Practices in Colombia



- The Decree 1243 [14 June 2013] is a good – not to say excellent – driver
- National Group
 - The actors are known already
 - Asset Managers
 - CSDs
 - Commercial banks (Payments)
 - Stock Exchange
 - Central Bank
 - Clearing House
 - Custodians
 - ...
 - Is there a 'pain' somewhere? Manual work with too high operational risk?
- A NMPG (**National Market Practice Group**) requires a facilitator, who should be a SME subject matter expert. In full transparency with their employers, the members must be committed to dedicate time for a key market place project.

A NMPG is not a space for competition , but a space where technical experts find (and define) solutions in a consensual mode to harmonize / standardize their messages



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Securities Market Practices Group

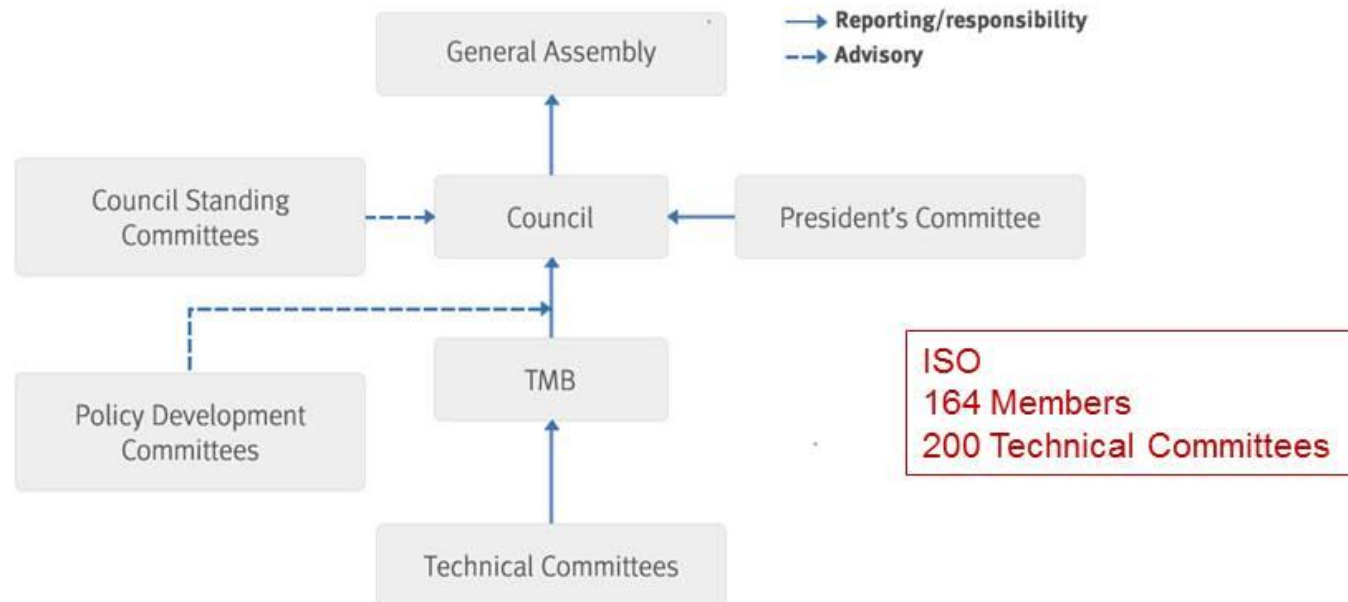
International Organization for Standardization

Questions and Answers



ISO – International Organization for Standardization

ISO governance structure



The Secretary General is a member of the President's Committee, reports to the President and to Council and receives advice from the policy and advisory groups (who also advise Council). The Central Secretariat is responsible for supporting the governance and policy and advisory structure and the operations of ISO.



ISO – International Organization for Standardization

ISO Technical Committee TC68 Financial Services

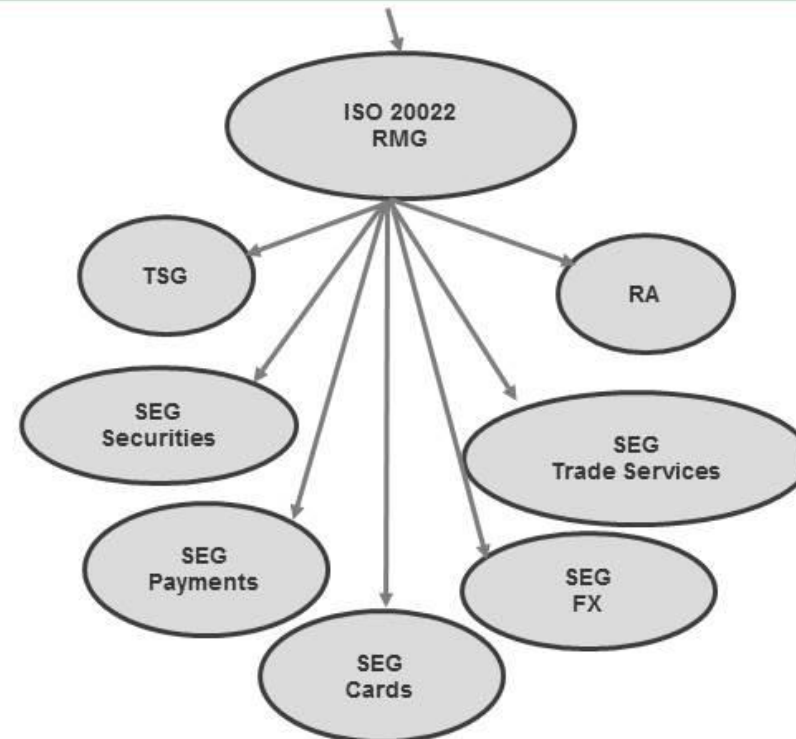
SC2
Security

SC4
Securities

SC7
Banking

RMG members nominated by P-member countries and A-liaison organisations

TSG & SEG members nominated by all member countries and liaison organisations



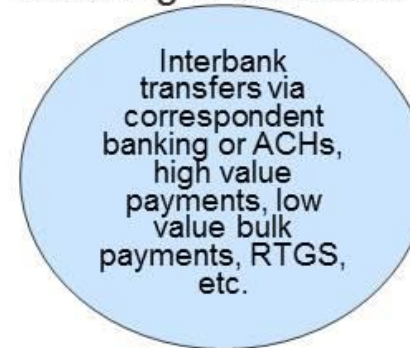
ISO20022 – Payments SEG

Including business areas such as:

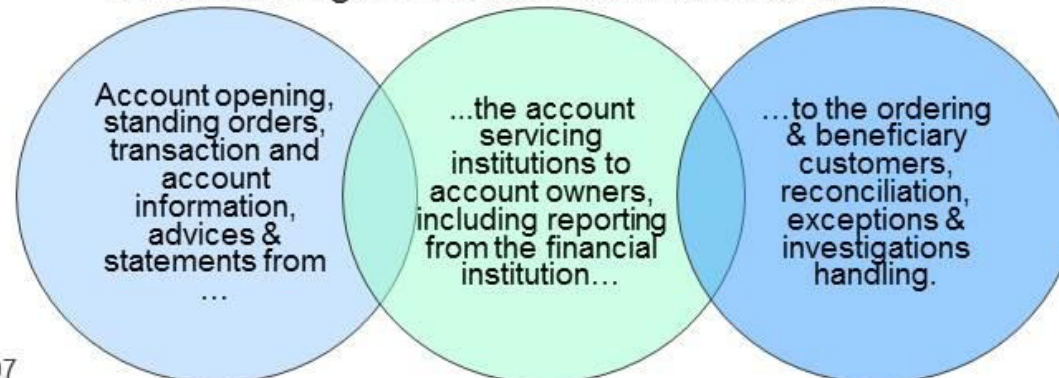
Payment initiation



Clearing & settlement



Cash Management between various actors:



ISO_20022_LV_v107

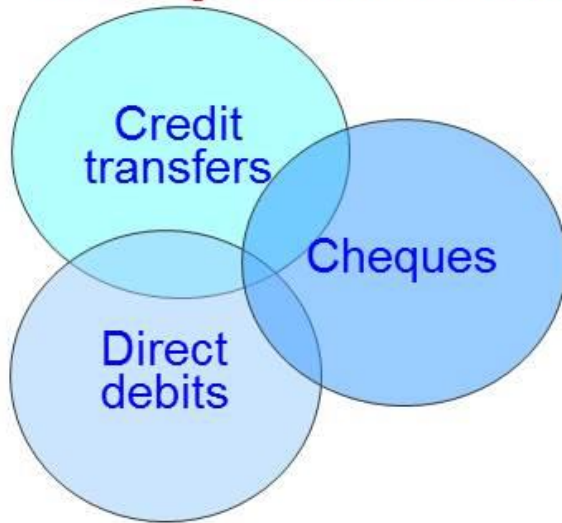


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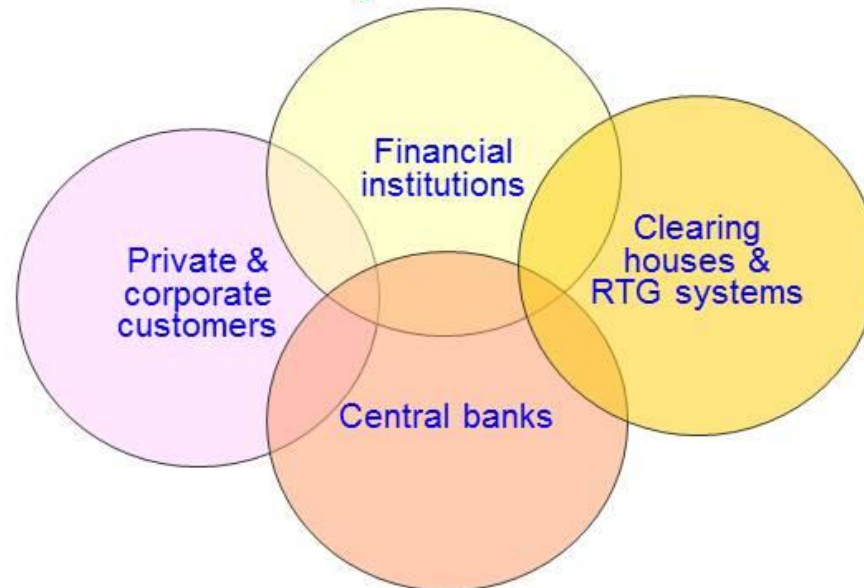
La banque d'un monde qui change

ISO20022 – Payments SEG

Covering instruments such as:

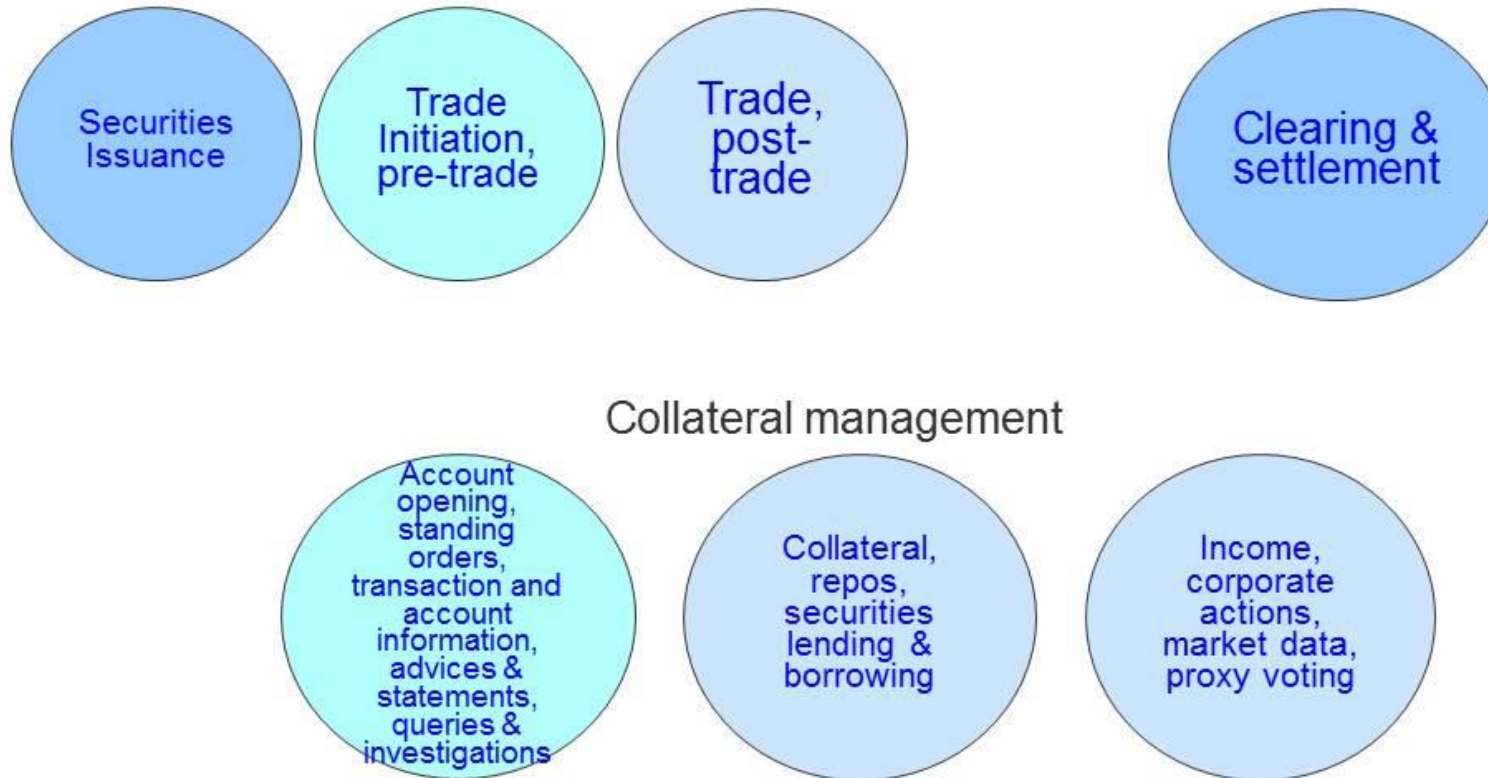


Covering actors such as:



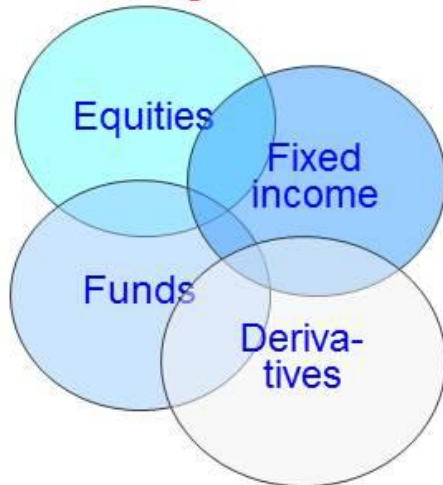
ISO20022 – Securities SEG

Including business areas such as:

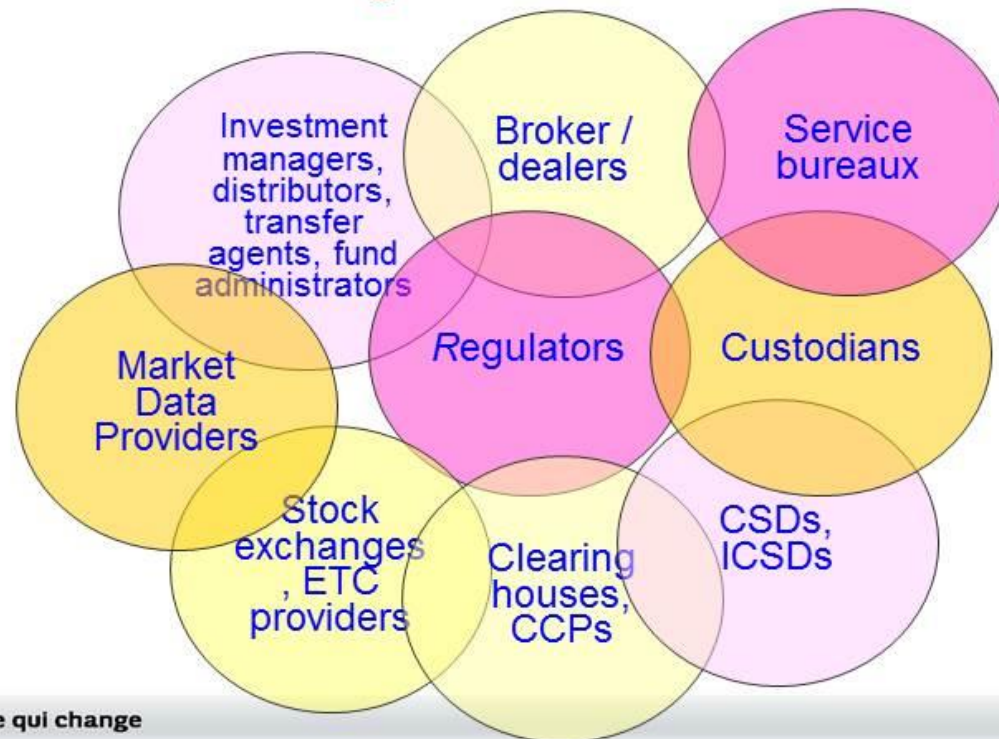


ISO20022 – Securities SEG

Covering instruments such as:



Covering actors such as:



ISO20022 – Securities SEG

- **Members – 54 experts**
 - 15 countries: BR, DE, DK, FI, FR, GB, IE, JP, LU, NL, NO, SE, SG, US, ZA
 - 7 liaison organisations: Clearstream, ECB, Euroclear, ISDA/FpML, ISITC, FPL, SWIFT
- **Convener:** Kevin Wooldridge, Standard Logic (GB)
- **Vice-convener:** Axelle Wurmser, BNP Paribas (FR)
- **Secretary:** Mireia Guisado-Parra, SWIFT



ISO20022 – Messages into categories

Category (Short name)	Category (Long name)	Number of messages
acmt	Account Management	23
admi	Administration	2
auth	Authorities	7
caaa	Acceptot to Acquirer Card Transactions	17
camt	Cash Management	31
catm	Terminal Management	4
pacs	Payment Clearing ans Settlement	6
pain	Payment Initiation	10
reda	Reference Data	4
remt	Payments Remittance Advice	2
seev	Securities Events	43
semt	Securities Management	19
sese	Securities Settlement	37
setr	Securities Trade	34
trea	Treasury	13
tsin	Trade Services Initiation	5
tsmt	Trade Services Management	50
tsrv	Trade Services	19
		326

- Full catalogue of ISO20022 messages
- ISO20022_Business areas



ISO20022 –

“Investment Roadmap” for ISO, FIX, XBRL and FpML syntaxes

The Investment Roadmap is maintained by the Standards Coordination Group including the following organisations:



ISO20022 –

“Investment Roadmap” for ISO, FIX, XBRL and FpML syntaxes

‘Progress Through Collaboration : A new Investment Roadmap PR Newswire – United Business Media

WASHINGTON, October 12, 2014

FIX Protocol Ltd. (FPL), Financial Products Markup Language (FpML), International Securities Association for International Trade Communication (ISITC), Society for Worldwide Interbank Financial Communication (SWIFT), XBRL (extensible Business Reporting Language) US and Financial Information Services Division of SIIA (FISD), today published their updated Investment Roadmap. **The roadmap’s purpose is to provide market participants consistent direction when using financial services messaging standards by visually mapping the protocols to their appropriate business processes across asset classes.**

The *Investment Roadmap presentation* and related FAQ are now publicly available for download from the *ISO20022 website*.

Gerard Hatsink, Senior Executive Vice President, ABN Amro, commented, “The Investment Roadmap is an important step in the harmonization of the Securities Industry using the ISO20022 business model and domain specific syntaxes.



Conclusion

- **Build a national group:**
 - You need as a market to reach a consensus
 - It could be an existing group or association
 - You need to name a moderator / facilitator
- **Identify major pain, major risk, major change:** where to start
- **Leverage from the existing documentation**

GO FOR STANDARDS, IT SAVES MUCH TIME !



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Questions & Answers

