SWIFT Response to CPMI IOSCO consultative document Harmonisation of key OTC derivatives data elements (other than UTI and UPI) - first batch

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SWIFT welcomes the CPMI IOSCO consultative report on definitions for a first batch of key data elements that are important for the globally consistent and meaningful aggregation of data on OTC derivatives transactions, and thanks CPMI IOSCO for the opportunity to provide comments.

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 approximately 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 CPMI IOSCO again for the opportunity to comment. Please do not hesitate to contact us should you wish to discuss our comments further.

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SWIFT notes that the consultative report proposes different harmonisation alternatives for a number of data elements. While we do not have specific recommendations on the data *items* to be collected, we would advise that the process for creating the reporting specifications use a standard methodology, targeting a standard data format. ISO 20022 is emerging as the key standard in this space for the financial industry across the world. It consists of two elements: a methodology for capturing data specifications in a formal repository; and a body of content - existing definitions - that can be re-used and extended as required.

ISO 20022 is already widely used for capturing specifications in financial messaging for transaction processing. It is rapidly gaining traction with regulators and overseers for regulatory reporting, such as with the ECB for statistical money market reporting and the Russian central bank for currency control reporting. Other regulators are known to be looking closely at the standard, and ESMA has recently specified ISO 20022 as the required standard for all transaction reporting under the revised Markets in Financial Instruments Directive (MiFID II).

ISO 20022 is an open standard. It is not controlled by a single interest and is open to anyone in the industry who wants to participate. It is free for anyone to implement in any business or software environment, or on any network or messaging platform. ISO 20022 methodology has been applied to standardise data definition and messaging exchange across many financial business processes, including retail and wholesale payments, foreign exchange, securities lending, repo, collateral management, securities settlement, asset reconciliation, and more.

There are around 200 ISO 20022 initiatives globally, ranging from live implementations to communities that are in the early stages of market consultation. In the US, the Fed has declared an intention to implement ISO 20022 for US payments, and DTCC is using it for its Corporate Actions service. In Asia, ISO 20022 is used by the Chinese domestic payments system, CNAPS. It is also used by the Japanese securities depository, JASDEC, the Singapore stock exchange (SGX), the Australian stock exchange (ASX), and it has been chosen as the standard for the forthcoming Australian real-time payments system. It is also the standard used for messaging by strategic initiatives such as the Single Euro Payments Area (SEPA) and the ECB's TARGET2-Securities.

ISO 20022 specifies a range of data types and standard codes for representing information. Where possible, for example for currency codes or countries, ISO and other standardised codes are used. For other types of data, such as monetary amounts or rates, specific data types are specified. Adoption of ISO 20022 therefore brings the additional benefit of aligning reporting specifications with industry best practice for financial data representation.

While our principal interest is in drawing attention to standards and ISO 20022, we do have a few comments on the details in the document:

- regarding section 3.1.5 - some parties may legitimately not have an LEI. Other representations for parties should therefore be foreseen. ISO 20022 includes a rich set of ready-made data structures for party identification that could be re-used.
- regarding section 3.2.1 - for FX Forwards and swaps, for which there is no actual buyer and seller, instead of defining logic to artificially determine an buyer and seller, a 'neither' or 'N/A' flag should be supported.
- regarding section 3.1.6 - it is not entirely clear when notional amounts are required, and when actual amounts are required.