



# Identification codes

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# Players



International Organization for Standardization

- Technical Committee TC68 – Financial Services
- SC4 Securities/ SC7 Banking



Society for Worldwide Interbank Financial Telecommunications

- ISO Registration Authority for BIC, IBAN, MIC, ISO 15022/20022
- Issues the Bank Identifier Code (BIC)



Association of National Numbering Agencies

- ISO Registration Authority for ISIN and CFI
- Issues the International Securities Identification Number (ISIN)

# What is a BIC for?

The BIC is

*“a universal method of identifying financial institutions in order to facilitate automated processing of telecommunications messages”*

There are roughly 92,000 BICs

BICs are :

- Published in the BIC directory
- Accessed via SWIFT.com



# Who qualifies for a BIC

- 1970s - Originally for Banks connected to the SWIFT network
- Extended in the 90's
  - Financial Institutions (other than Banks) connected to network
  - Banks & Financial Institutions **NOT** connected to the network
- Extended further in 00's, on a limited basis
  - Corporates connected to the network
  - Corporates **NOT** connected to the network
- Today, only 35% of the published BICs are connected to the network



# Future developments

- SWIFT has been working with ISO looking at the potential of creating an *International Business Entity Identifier* (IBEI)
- The IBEI was intended as a code potentially covering all (financial and non-financial) entities involved in the securities industry globally
- The IBEI was not supported by the financial community at ISO

Two separate proposals were made and are in progress:

- Officially extend the BIC (ISO 9362) to non-financial institutions
  - SWIFT will be able to allocate identifiers (BEIs) to any type of institution that either sends/receives messages on the network or is to be described within a message by an international identifier
- Create an ISO identifier for Securities Issuers
  - ANNA could become the Registration Authority for such Issuer ID

# Securities Issuer Identification - proposal

## Definition of the new securities issuer identifier:

- ◆ Develop a global scheme for **uniquely** identifying business entities\* acting as issuer or guarantor of a financial instrument.
  - In Scope: Identifying legal and regulated entities (e.g. corporations, companies, Collective Investment Vehicles - CIVs, governments, municipalities, states) as issuing entities.
  - Out Scope: Identifier for financial instruments, account numbers, private individuals (investors), other roles that the issuer plays in the lifecycle of the financial instrument. The Issuer ID is not meant to supersede but complement existing identifiers.

## Main goals:

- ◆ Unambiguous identification of issuing entities
- ◆ Facilitation of portfolio management (risk on issuers or guarantors)

\* a business entity in this context is an entity, structure or arrangement that has a legal constitution

# Usage – Coexistence with other ISO identifiers

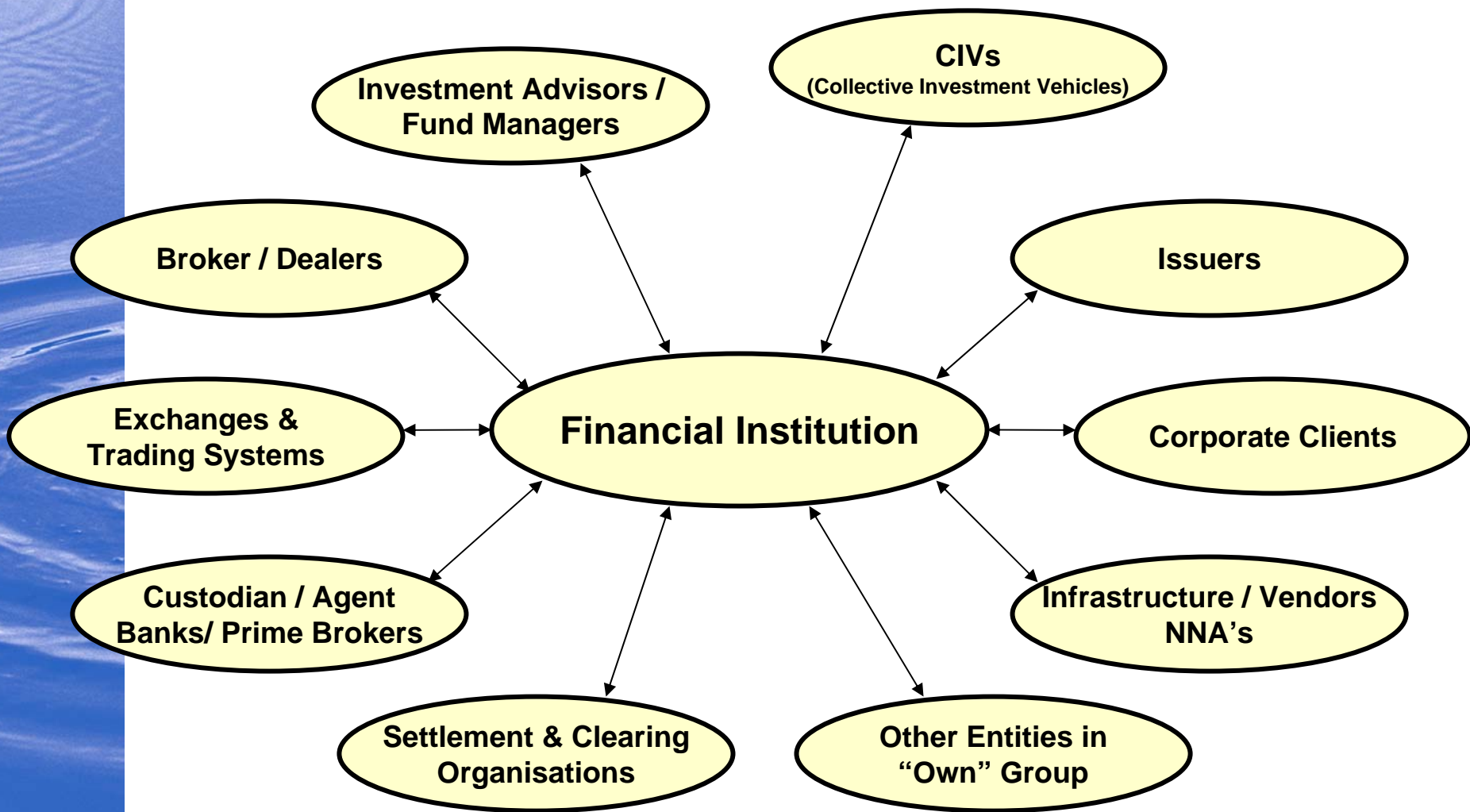
- ◆ The Issuer ID would be a unique identification scheme for issuers of securities and guarantors.
- ◆ Current ISO identifiers do not allow to identify all issuers of securities and guarantors. The 'extended' BIC (ISO 9362) will cover financial and non-financial entities involved in financial transactions but will not cover, for example, a municipality that issues securities.
- ◆ In some cases, entities already identified with an ISO identifier may also need an Issuer ID. A typical example is a bank that issues securities
- ◆ The role played by the entity determines the identification scheme to be used:
  - An entity that acts as a broker/dealer or a custodian is identified by a **BIC**
  - If that same firm acts as an issuer of securities, it would be identified by the Issuer ID

For example:

<u>ROLE</u>	<u>ENTITY</u>	<u>IDENTIFIER</u>
Broker	ABC Ltd	BIC
Custodian	ABC Ltd	BIC
Issuer	ABC Ltd	Issuer ID
Tradable FI	ABC Ltd	ISIN

- ◆ BICs and Issuer IDs would be complementary. The Issuer ID would be the identifier of choice to link issues of investment programs to legal entity and easily identify risk across portfolios. The BIC would be the identifier of choice to identify counterparts and associated transaction risk (credit risk).

# Interaction of entities with financial institutions

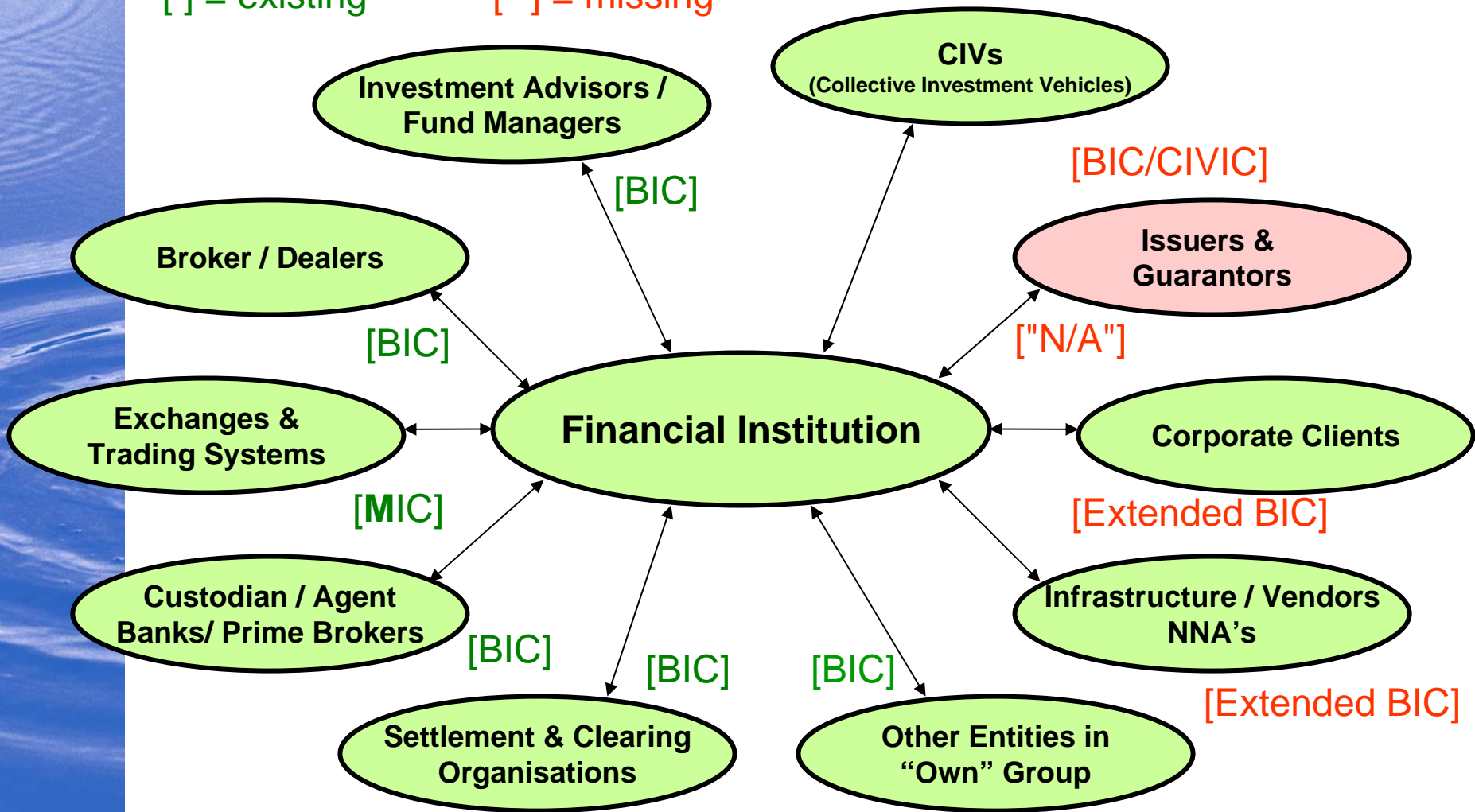




# Existing/missing financial identifiers

[ ] = existing

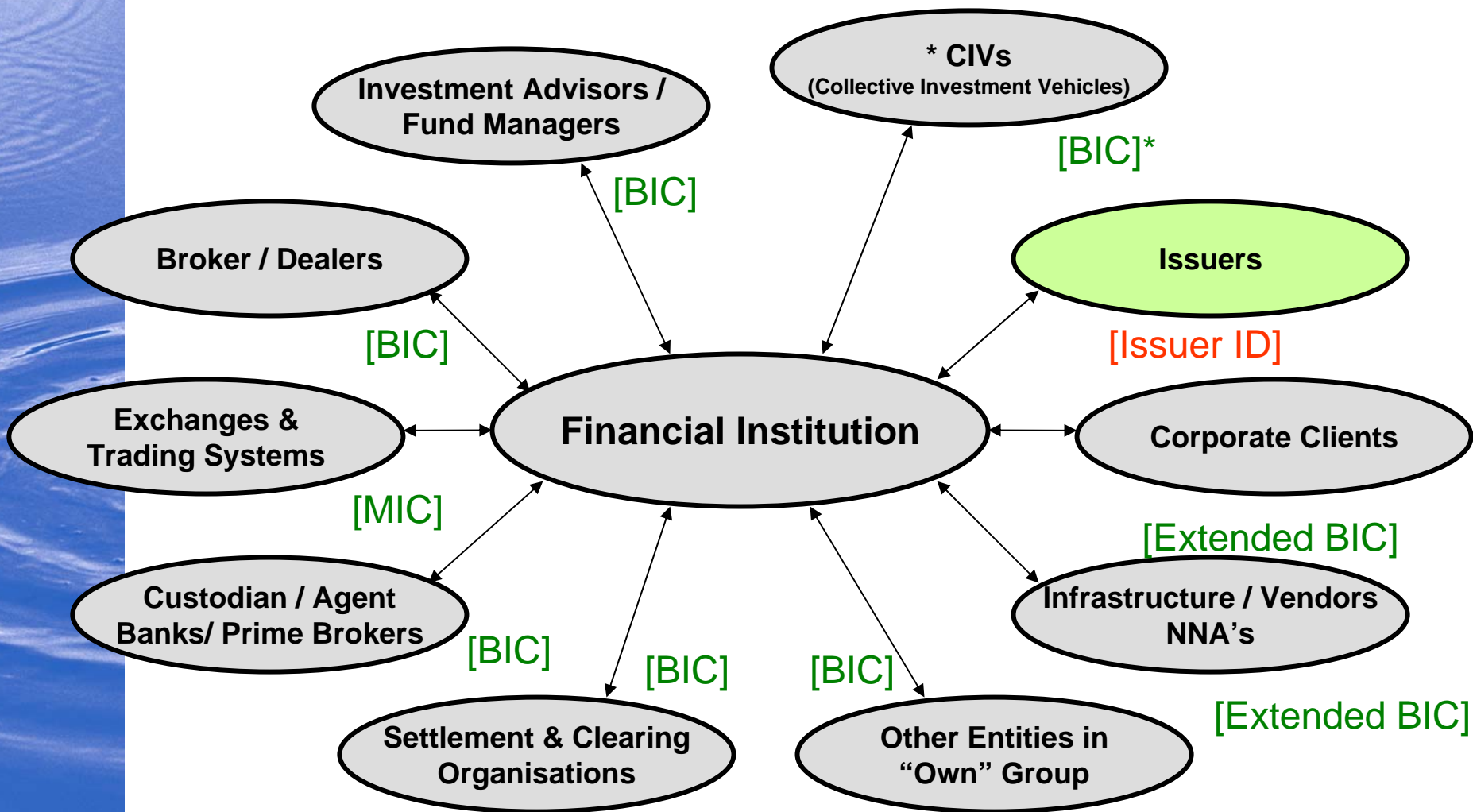
["] = missing



\* [for tradable financial instruments: ISIN]

# Additional international identification code needed

[new: ... ] = proposed new international standard



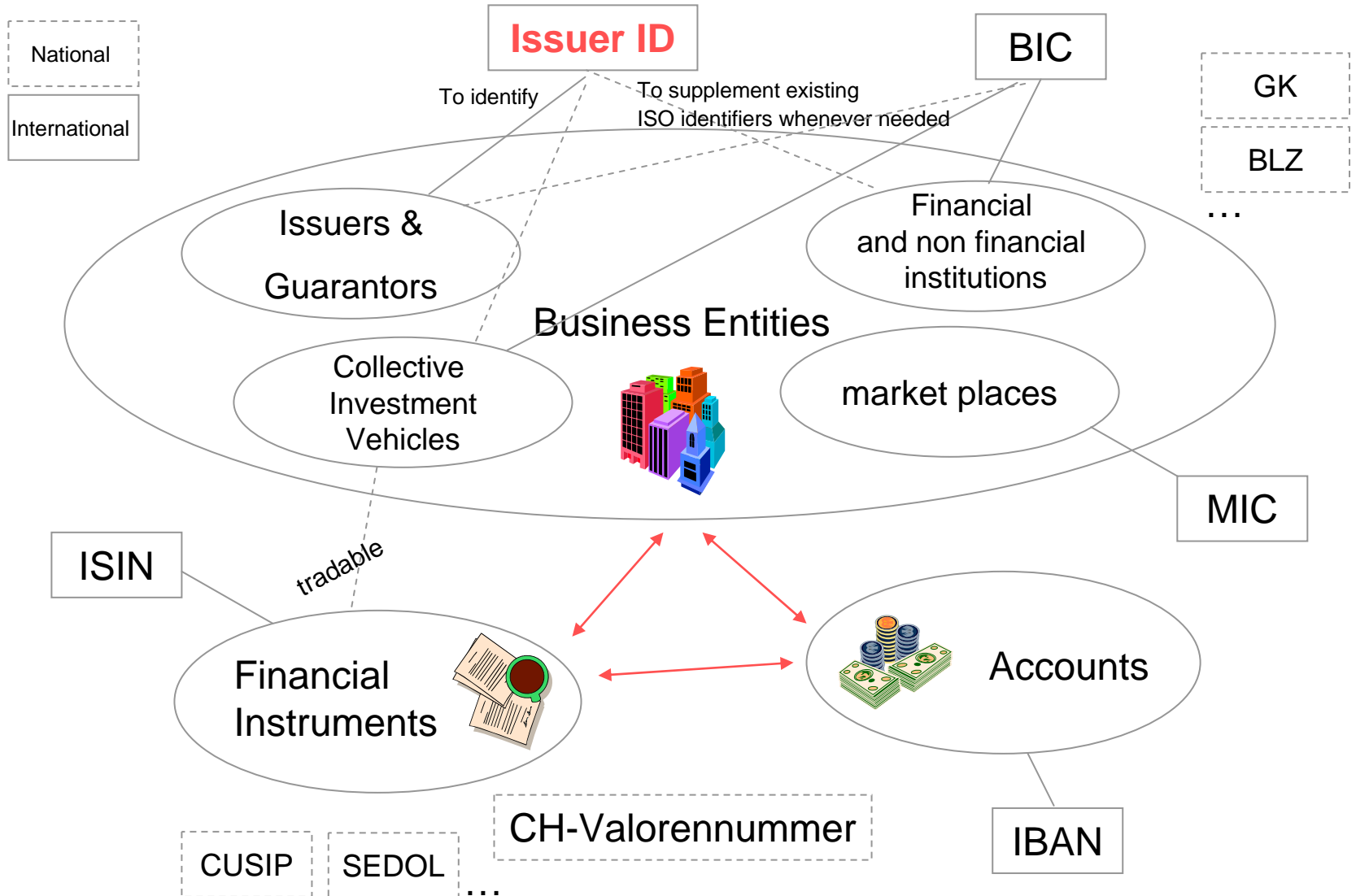
\* In its capacity as a party to a transaction (eg. Investor)

IMPORTANT: A business entity can have more than one identification code



# Position of the Issuer ID in the financial market

(Inter)national identification numbers in the financial market:



A business entity can have more than one identification scheme

## Reasons for an international standardized ID for issuers entities:

- ◆ Risk management
  - perform easier risk management across portfolio
- ◆ Efficiency
  - reduce costs in securities processing
  - maintenance of static data for business entities
  - reduce processing risk
  - reduce administration

## Success factors for the Issuer ID would be:

- ◆ Encourage the following institutions to carry Issuer IDs in their databases:
  - Issuers and guarantors
  - Market data providers (e.g. Telekurs, Reuters, Bloomberg)
  - Financial institutions (e.g. investment firms, banks, brokers, insurance companies)
- ◆ Link Issuer IDs with corresponding identifiers (BICs, ISIN, IBAN, national codes, etc.).



QUESTIONS?