



**OMG meeting 6 May 2009:
Standard Settlement Instructions (SSI) task force**

**SSI task force
Milan
May 2009**

- **SWIFT** is working with initiatives to improve the quality of reference data (SSIs, IBAN/BIC conversion).
- Regarding SSIs SWIFT would like to establish/build SSI database which could replace banks own SSI data bases and SSI data bases maintained by data vendors. SWIFT SSI database would be established via utilizing already available SSI information without contacting individual banks to get the information (i.e. taking/extracting information needed from FIN messages).
- This initiative aims to improve the quality of SSI and also reduce costs (less errors, no need to main other SSI database etc.) but creates also some questions and concern as:
 - how banks can be sure that SWIFT does not use the information for other purposes
 - what will happen if the information is not correct (e.g. SWIFT has recorded based on the messages a wrong correspondent bank) or not up to date (e.g. correspondent bank has been changed) or not accurate? Who is responsible of the possible disputes - SWIFT or bank?
 - and is it SWIFT allowed to collect this data (National law, data protection etc.)
- **SWIFT's FX Advisory Group will discuss the SWIFT SSI database initiative and a MT298 recommended message format for notification of new SSI's late February and the plan is that OMG SSI task force will be in contact with SWIFT's FX Advisory Group after their meeting.**

SSI status (6 May)

- **SWIFT's FX Advisory Group** has discussed of SWIFT SSI database initiative and a MT298 recommended message format for notification of new SSI's in the meeting **26 Feb** and following conclusions were made:
 - SSI Database:
 - a SWIFT discussion paper DP161 ("Message data analysis policy and framework") described ways in which the information contained in SWIFT traffic could be leveraged to the advantage of the members. One of the areas was "to enrich reference data" - which included building a central database for the SSI. *The community did not support this area, and therefore this part was taken out of the Executive Report (ER 1062) to the Board Meeting in SWIFT 11th March, 2009. Banks' main concern are (as mentioned also in our meeting in Frankfurt):*
 - how banks can be sure that SWIFT does not use the information for other purposes
 - what will happen if the information is not correct (e.g. SWIFT has recorded based on the messages a wrong correspondent bank) or not up to date (e.g. correspondent bank has been changed) or not accurate? - who is responsible of the possible disputes - SWIFT or bank?
 - and is it SWIFT allowed to collect this data (National law, data protection etc.)
 - (and the Board Meeting this Report was withdrawn with the following comments: "While there was generally supportive feedback received from the community ahead of the Board meeting, there was also a sense that ER 1062 was too broadly focused and need to provide more specifics on the exact offering that SWIFT would provide".
 - SWIFT points out, that there are many different SSI-database providers - and members have invested in these providers, and SWIFT have the focus on "information carrier".)



SSI status (6 May)

- MT298/SSI standards

- Swift continues the work with a core group of members to investigate the feasibility of sending a multilateral authenticated message that could be used to broadcast SSI updates. MT298 would ideally be used to populate the SSI reference data providers in the market.
- This could be seen as the "long term solution" - with the agreed MT298/SSI standards.

- SWIFT & Defining the exact details to be exchanged for SSIs

- SWIFT's FX Advisory Group has also agreed the framework, content and details (e.g. reference of SSI, market, effective date, currency, receiving agent, receiving agent bank clearing code, account number to be credited and account owner) of FX SSIs but SWIFT has not communicated them yet
- Only SWIFT sector has been in scope
- Using product codes other products (e.g. money markets, commercial payments, derivatives) can be added
- And via using the agreed MT298/SSI standards, the quality will increase, and it will make it possible to automate the updating of SSI's in local systems

SSI task force's activities

1. Be in to contact with SWIFT's FX Advisory Group after their meeting later in May to follow the discussion on using the authenticated SWIFT message type MT298 to communicate SSI updates on a multilateral basis.
2. Contact also Omgeo to check the latest development within their organisation
3. Discuss and agree how the work to define the exact details to be exchanged for SSIs on a per instrument/product should be started (consultation/co-operation with third parties on best practices regarding SSIs including SWIFT, other Operations Groups, ACI Committee for Professionalism and Corporate Treasurers Associations.
 - Regarding SWIFT it would be beneficial to go through SWIFT's FX Advisory Group work of FX SSIs' framework, content and details and discuss how well it meets views and expectations of OMG

SSI task force's view:

OMG SSI task force view is:

- we see that the bank still needs to control and update their own data and be responsible of it
- best way to exchange SSI would be:
 - a) using MT298 as an authenticated SWIFT message type for notification of SSIs on multilateral basis or
 - b) reconsider the possible acceptance of SWIFT broadcast as a valid means in exchanging SSIs
- our aim is to promote the alternative "a" also in SWIFT FX Advisory Group
- define the exact details to be exchanged for SSIs on a per instrument/ product and agree on a market practice