Usage of LEI for identification of “Client of the CSD Participant”

2nd AMI-SeCo meeting
4-5 July 2017

DG-Market Infrastructure and Payments
European Central Bank

Background
ISO20022 2016 Release & AG decision

- ISO20022 2016 Release adds dedicated LEI fields for party identification purposes, e.g. CSD participant, Place of Clearing, etc…, to be used as an **optional and complementary** identifier.
- With T2S Release 3.0 (June 2019), the T2S message schemas (XSDs) will be updated through CR-612 to facilitate the usage of new ISO fields in general(*). By default new fields are always pruned in T2S.
- During the AG meeting of November 2016, the following two action points were approved:

1.“Middle term solution”: To raise a T2S CR for unpruning the new field in the T2S Settlement Instruction (sese.023) message so that LEI can be used in addition to other Party 2 identifiers, e.g. BIC. And to add a validation check to ensure that whenever LEI is provided in the “Proprietary Identification” field, the value in the dedicated LEI field is the same. This CR shall be implemented as part of the T2S Release 3.0.

2.“Long-term solution”: To raise an ISO CR to move the new dedicated LEI field into the Party 2 Identification block as a long-term enhancement.

(*) there was an ISO release freeze for the whole T2S migration period

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SGMS and SMPG feedback

Move dedicated LEI field in the Identification block:

- Raise a CR at ISO level in order integrate the LEI field within the Party 2 identification.

SGMS and SMPG view:

- Does not allow to provide BIC and LEI - expected to be needed by T2S-CSDs as well as non-T2S markets/clients. Assumption is that LEI would rarely be provided.
- Change of the Deli/Rece Party block (moving LEI field) required on all party levels (P1–P5) from a standardisation perspective – huge messaging impact.
- Change to be applied to many MT ISO15022 messages to ensure backward compatibility – huge messaging impact for whole financial industry using MT54x.
- Change in the T2S matching logic required.

- **SGMS and SMPG are strictly against this proposal. It is not supported from a messaging perspective and would hamper promotion of LEI.**
- **After re-evaluating the proposal, the HSG agrees with the SGMS and SMPG view.**
- **AMI-SeCo is advised to not pursue this solution any further and accordingly not to raise an additional ISO CR.**

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Thank you for the attention!

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