

# SSI Task Force Interim Report

OMG Conference  
8th October 2009



# Focus of the previous task force

## Considerations of the SSI task force based on:

- Review of the best practices  
Review of *ACI Model Code of Conduct*, *Bank of England Non-Investment Products Code*, *Management of Operational Risk in Foreign Exchange* in respect of payment and settlement instructions
- Assessment of commercial SSI databases  
Assessment in respect of transactions covered, customer base, available fields, update frequency, cost etc.
- Key details to be covered in SSIs  
Range of transactions, counterparty details (agent name, account number etc.)



# Focus of the present task force

Present task force included the recommendations of the previous task force (*presented April 2005*) in their action plan. It was decided to focus on two issues:

- MT298 vs Swift broadcast message  
a) Evaluate the possibility to establish a new authenticated Swift message type for SSIs or b) agree to accept Swift broadcast message as valid mean to exchange SSIs
  
- SSIs standards  
Define exact details to be exchanged for SSIs on a per instrument/per product basis to reduce operational risk



# Activities of the task force

- Establishment of the present task force

*Feb 2008, Fortis Bank - Carine Vandebosch / Nordea – Antti Tainio / Dresdner Bank – Heiko Kröber*

- Agreement of future focus

*SSI task force finished decision process on future focus and presented results to OMG May 2008. The importance to continue the work on accuracy and transparency of SSI exchange is justified by constantly increasing volumes and less manual intervention in the settlement process. Operational risk often accompanied with costly errors still has to be reduced.*

- Omgeo & Swift presentation

*May 2008, both Omgeo and Swift presented their current operating model and possible future developments regarding SSIs. Task force started to work together especially with Swift and Swift Advisory Group.*



## Activities of the task force

- SSI database

*Feb 2009*, task force reported status that Swift considers creation of SSI database which could replace banks own data maintenance. Swift traffic could be leveraged to enrich static data and to build a central data base. The OMG view was that banks still need to control and update their own data and be responsible of it. Task force recommendation, using new Swift type (MT298) or reconsider acceptance of broadcast message as valid mean.

*Feb 2009*, Swift Advisory Board discussed database initiative and the recommended message format MT 298. The idea of the central data base was not support and therefore taken out of the Executive Report for the board meeting.



## Activities of the task force

- MT298 standard

*March 2009*, Swift continued with to investigate the feasibility of multilateral authenticated messages that could be used to broadcast SSI changes. MT298 was considered as a possible long term solution together with agreed SSI standards.

*June - Sept 2009*, conference call with Swift to present work of the SSI task force and to follow-up the latest developments by Swift. Swift was preparing the business case, creating the requirements document and kept in close contact with FX members to ensure buy side support. Based on the latest news, Swift board approved the MT298 request. This has now been submitted for country voiting and final permission.

- SSI standards

Swift Advisory Group has also agreed on the content of FX SSIs (effective date, currency, receiving agent, account no., etc.). But these are not yet communicated. With the usage of product codes, the MT298 SSI standards could be adopted by other asset classes (money markets, derivatives).



# Outlook

- The SSI task force could contribute to the further harmonisation of pre-settlement activities. When message type MT298 is established one of the main goals of the SSI task force is achieved. It is still important to follow the implementation process and afterwards the acceptance in the market. Establishment of MT298 will also partly solve the need to harmonise the content of SSI messages. In future SSI task force could follow this development. But this could also be done by the individual OMG members.
- The emphasis of the task force was to improve quality of pre-settlement processes. The recommendation as the way forward is to be focused on handling of post-settlement events (investigations, interest claim settlement).

