

swift

# Giovannini Barrier 1: Status update

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# Draft Protocol review

## 25/10/05 – 27/1/06

- 60 EU responses:
  - 16 Institutions
  - 18 CSD's
  - 2 ICSD's
  - 2 CCP.s
  - 3 Exchanges
  - 4 Regulators
  - 5 SMPG Groups
  - 5 organisations representing Financial Institutions
  - 2 organisations representing Investment Managers
  - 3 Misc (FPL, Omgeo, BT Radianz)

- 12 non-EU responses



# Responses

- Q1: Do I believe this is an appropriate solution to the elimination of Barrier 1?
  - 59 respondents answered 'Yes'
  - 1 respondent did not reply directly to this question
- Conclusion: The Market overwhelmingly agrees this solution will eliminate Barrier 1



# Responses

- Q2: Will I support the implementation of this protocol within the identified timeframes?
  - 20 unqualified 'Yes'
  - 23 'Yes' with concerns re timeframes,
  - 1 'Yes' pending output of standards gap analysis
  - 1 'Yes' but concerned re applicability of ISO to trading
  - 1 "No" due to existing commitments
  - 14 did not answer
- Conclusion: The Market overwhelmingly agrees to support the implementation of this solution but not within the identified timeframes



# Issues requiring clarification for final Protocol

## 1 of 2

- Implementation timetable
- Relationship between ISO 15022 & 20022
- ISO 15022 vs 20022 migration policy
- Cross border vs domestic applicability
- Criticality of gap analysis/speed of completion



# Issues requiring clarification for final Protocol

## 2 of 2

- ISO relevance to Clearing House activity
- Protocol focus on comms model, not business practice
- Monitoring process
- Best practices definitions, e.g. PKI, delivery once and only once etc



## Progress summary: Is this a solution to Barrier 1?

- The solution is acknowledged as directionally correct by a broad cross section of participants
  - Financial Institutions
  - Market Infrastructures
  - Regulators
  - Other Standards bodies/solution suppliers
- Futures Industry Association accepts Derivatives responsibility



## Progress summary: Will the market implement it?

- All relevant participants agree to the implementation of the protocol but responses suggest a more appropriate timeframe is 5 years, assisted by:
  - Cost/benefit analysis
  - Completion of gap analysis & provision of messages
  - Clarification of certain details
  - Strong monitoring process encouraging take up



## Question for CESAME to consider

- Is this a satisfactory conclusion?



## Progress summary: Is regulation necessary?

- Consensus is that Barrier 1 can be eliminated without the need for regulation
- Isolated views that regulation will be necessary to achieve full implementation



# Next Steps

- Complete final recommendation
- Publication anticipated March 31<sup>st</sup>
- Ongoing monitoring of implementation in conjunction with ISSA/G30
- Cost/benefit analysis, Q2 2006

