

Giovannini Barrier 1 Update

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SWIFT

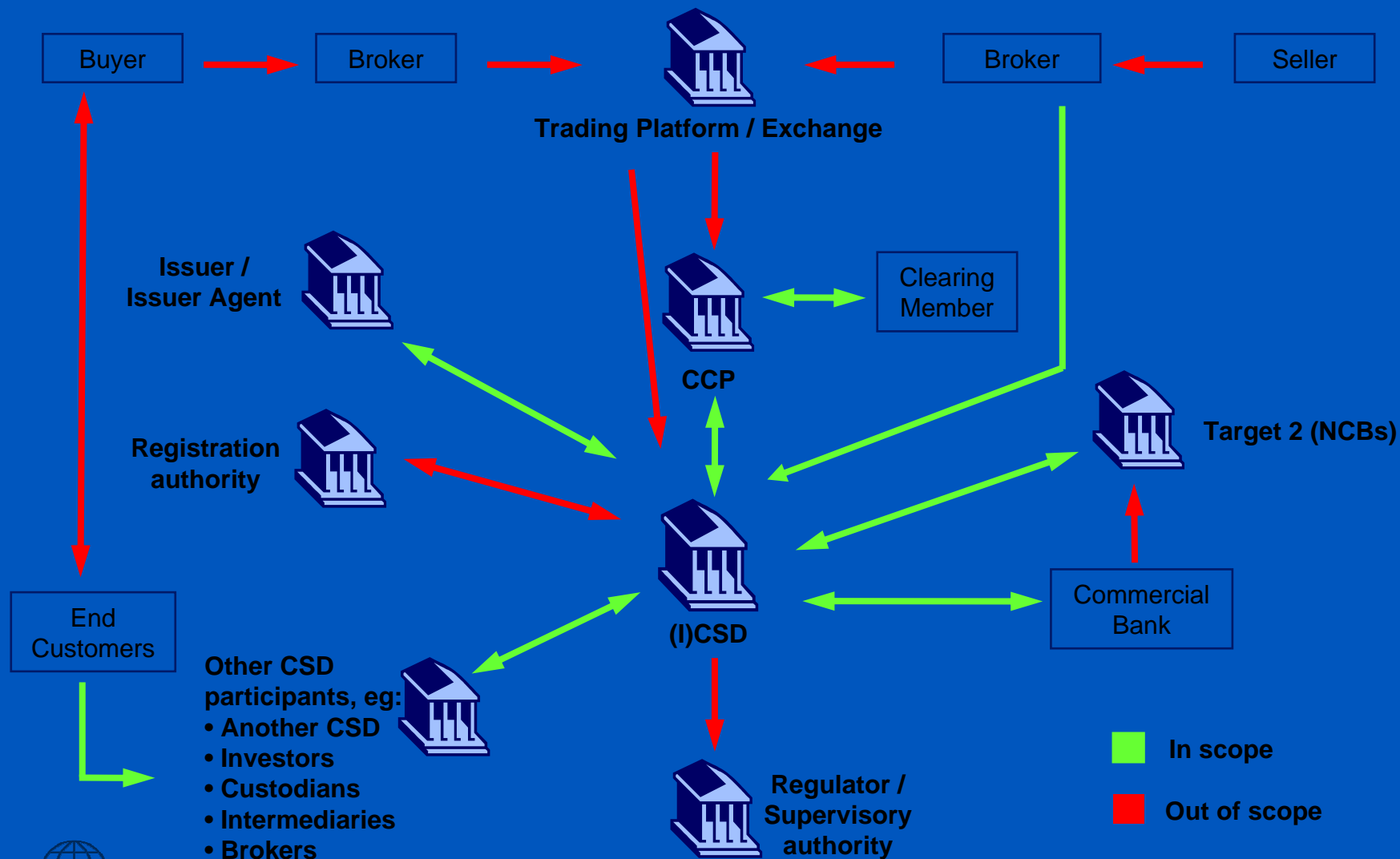


Agenda

- **Giovannini Protocol – Standards Gap Analysis**
- Implementation Roadmap
- Cost/Benefit Analysis



Reminder: What we are looking to harmonise?



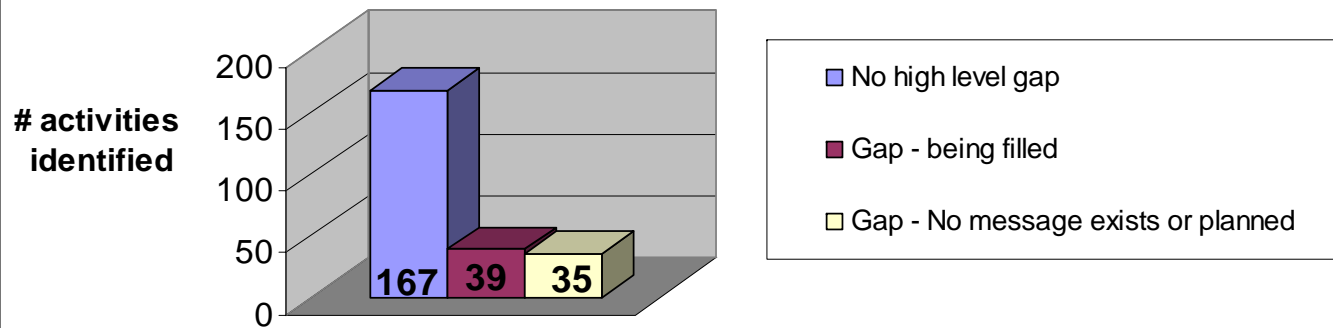
Progress

- High level – identifying processes not covered by existing ISO messages (complete by 31 Dec 2006)
 - Preliminary Report Circulated
 - Feedback and Review cycle in progress
 - Final Report due May 12th
- Detailed level – identifying enhancements to existing ISO messages to meet market infrastructure business needs
 - Initial work underway
 - Intention to produce preliminary progress report by December



Settlement activities - findings

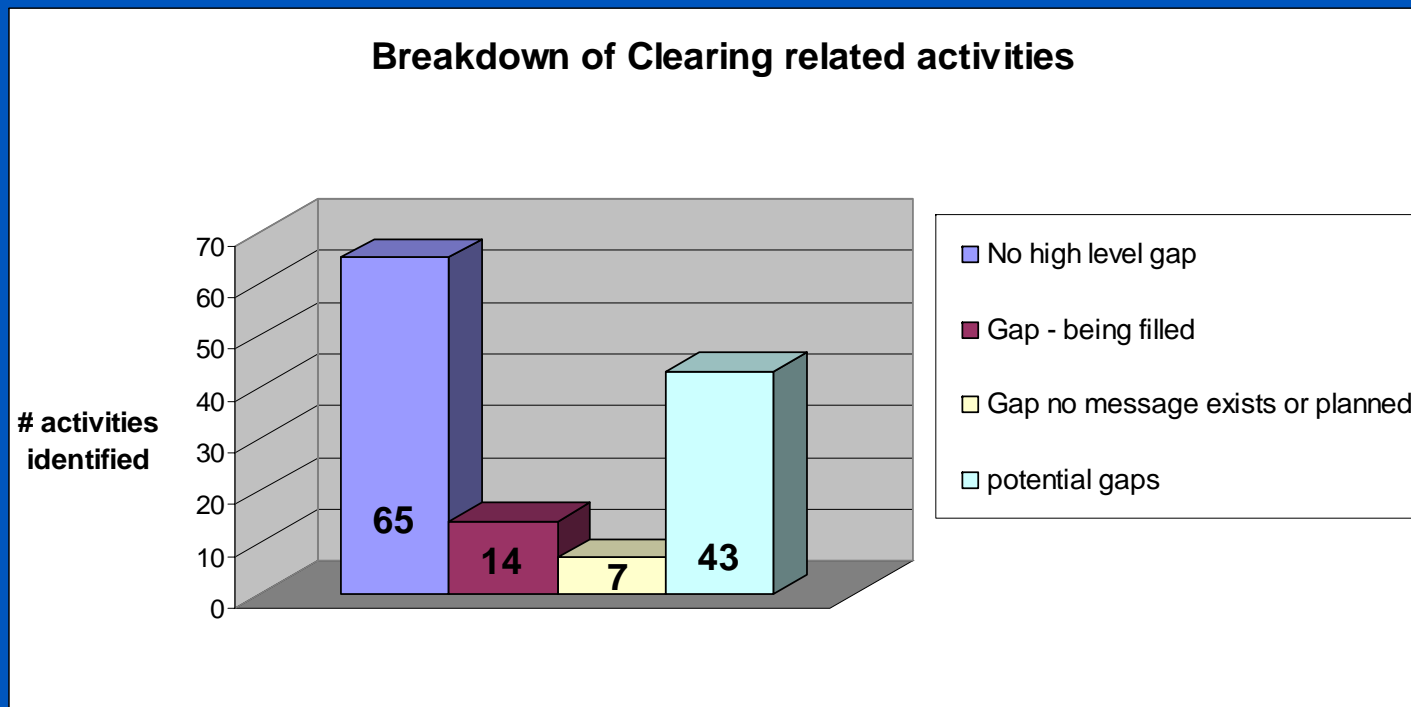
Breakdown of Settlement and Asset Servicing related activities



- Vast majority of activities already have an ISO message available.
- Detailed analysis will ensure these messages meet all the business needs of the market infrastructure community.



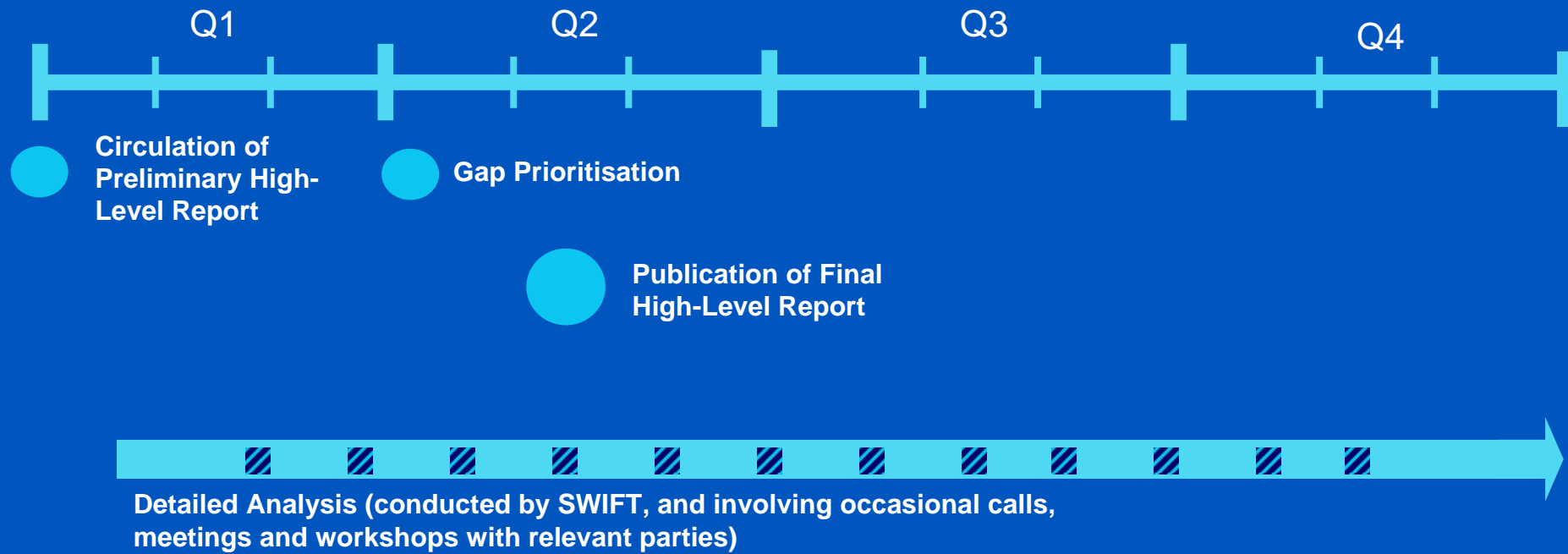
Clearing activities - findings



- Fewer gaps than were initially perceived by the community.
- Further analysis required to ensure the existing messages can be used by the CCP community.



Next Steps: Detailed Gap Analysis Activity Plan



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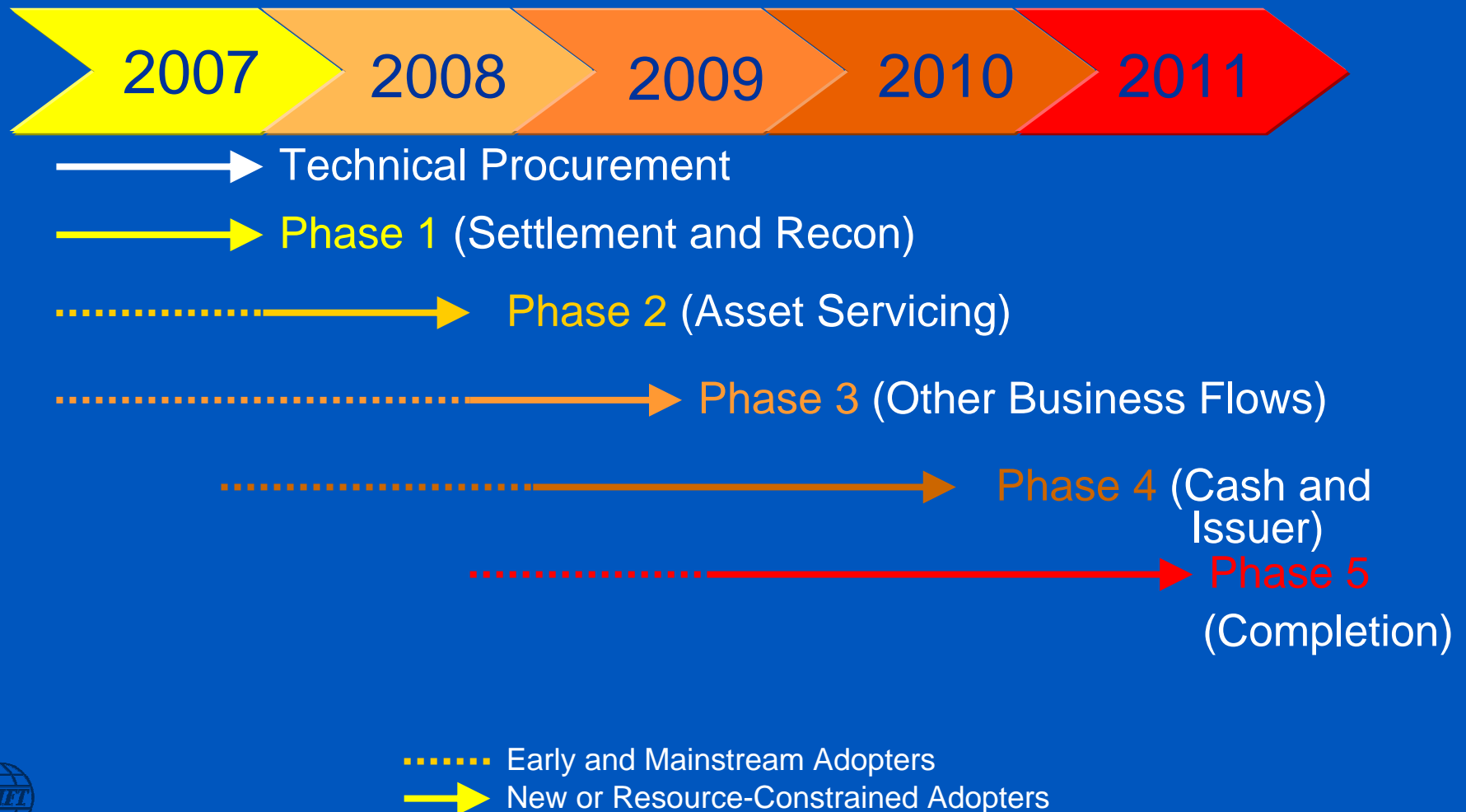
Progress

Reflecting need to promote momentum:

- Construction of “Strawman” Roadmap
- Breakdown of Protocol Implementation into logical groups of functions
- Map functions to specific ISO message types
- Demonstrate easy-start options for new ISO participants whilst servicing the more complex needs of mature ISO users



Example Implementation Timeline



Example

Phase 1 Processes: Settlement

Process Type	ISO Standard	ISO Status
Settlement Instruction	ISO15022: MT524, MT540- MT543, MT530	Ready for immediate implementation
Settlement Confirmation and Status	ISO15022: MT544-MT548 MT578, MT586	Ready for immediate implementation
Settlement Reporting	ISO15022: MT535, MT536	Ready for immediate implementation



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Progress

- Construction of “Strawman” Cost/Benefit Analysis framework
- Breakdown of overall benefits into categories
- Assign broad value ranges to each category, for each user segment
- Goal is to illustrate the value proposition of a generic Protocol implementation for use in promoting implementation



Cost Assessment Framework

Participant type:	Technical Procurement	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
CSD – ISO-Ready	Lower Cost	Lower Cost	Lower Cost	Higher Cost	Higher Cost	Higher Cost
CSD – Not yet ISO-Ready	Higher Cost	Higher Cost	Higher Cost	Higher Cost	Higher Cost	Higher Cost
ICSD	Lower Cost	Lower Cost	Lower Cost	Higher Cost	Higher Cost	Higher Cost
CCP	Higher Cost	Higher Cost	Higher Cost	Higher Cost	Higher Cost	Higher Cost
Global Custodian	Lower Cost	Lower Cost	Lower Cost	Higher Cost	Higher Cost	Higher Cost
Local Custodian	Lower Cost	Lower Cost	Higher Cost	Higher Cost	Higher Cost	Higher Cost
Broker/Dealer	Lower Cost	Lower Cost	Lower Cost	Higher Cost	Higher Cost	Higher Cost

Key:  Higher Cost
 Lower Cost



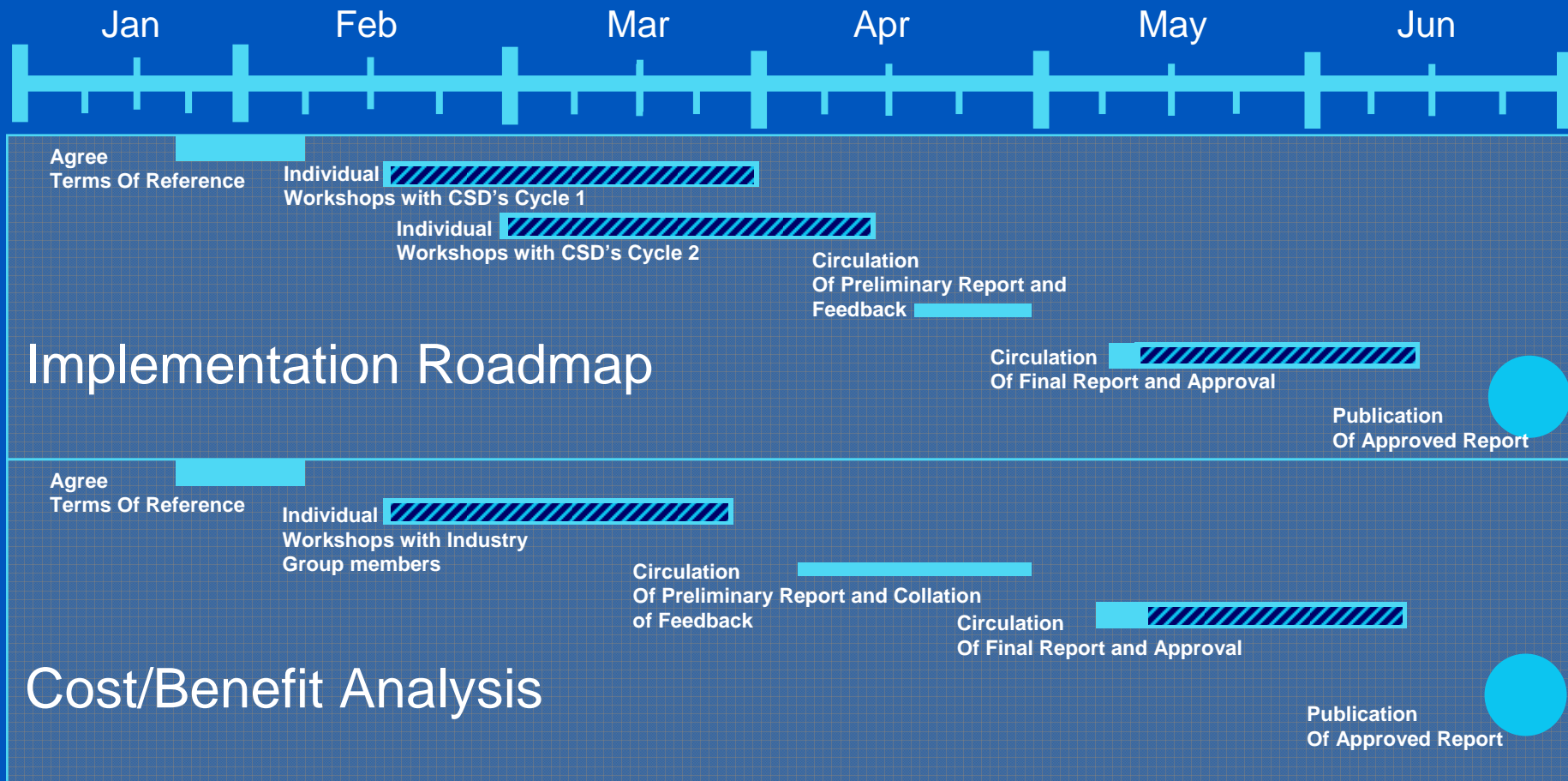
CBA: Benefit Assessment Framework

Benefits

Participant Type:	Better Automation	Reduced Risk	Competitive Advantage	Strategic Value	Retirement of old services
CSD	€/Xborder Txn	L/M/H	L/M/H	T2S prep cost €	€/Interface
ICSD	€/Xborder Txn	L/M/H	L/M/H	T2S prep cost €	€/Interface
CCP	€/Xborder Txn	L/M/H	L/M/H	T2S prep cost €	€/Interface
Global Custodian	€/Xborder Txn	L/M/H	L/M/H	T2S prep cost €	€/Interface
Local Custodian	€/Xborder Txn	L/M/H	L/M/H	T2S prep cost €	€/Interface
Broker/Dealer	€/Xborder Txn	L/M/H	L/M/H	T2S prep cost €	€/Interface



Securities Market Reform: 2007 Giovannini Activity Plan



SWIFT action
Participant action