

Following up on Giovannini Barrier 1

Presentation to CESAME
16th June 2008

Richard Young
Securities Markets
SWIFT



Giovannini Barrier 1 Protocol: Recent Activity

- File Transfer Rulebook published (on swift.com)
 - Defines generic rules for Giovannini file transfer content and operations
- Standards Gap Analysis completed in March 2008 on schedule – ongoing work to fill standards gaps,
- Assessment of Standards availability and completeness – but existing standards coverage is already good



Giovannini Barrier 1 Protocol: Recent Activity (contd) – Assessment of Protocol and Standards Availability

| Business areas | Importance of activity in removing barrier 1 | % Completeness of the activity | Overall result % |
|---|--|--------------------------------|------------------|
| 1) Definition of Protocol | 30 | 100% | 30 |
| | | | |
| 2) Completion of gap analysis (standards vs prod | 30 | 100% | 30 |
| | | | |
| 3) Standards availability | | | |
| Settlement and Reconciliation | 10 | 90% | 9 |
| Corporate actions | 10 | 90% | 9 |
| Collateral management | 4 | 80% | 3.2 |
| Cash management | 5 | 80% | 4 |
| Clearing | 8 | 60% | 4.8 |
| Other business processes (eg, proxy, ref data) | 3 | 60% | 1.8 |
| Sub Total Standards availability | 40 | | 31.8 |
| | 100 | | |
| Giovannini Indicator Protocol & Standards | | | 91.8 |

Giovannini Barrier 1 Protocol Recent Activity (Contd) - SWIFT/ISSA Survey

- SWIFT/ISSA Implementation Monitoring
 - Survey (prepared and distributed Q4 07/Q1 08)
 - Results Analysis Q2 08
 - Follow up and implementation roadmap Q2 08/Q3 08
- Survey was sent to 50+ ISSA members
- Survey methodology developed with Global Custodian Magazine

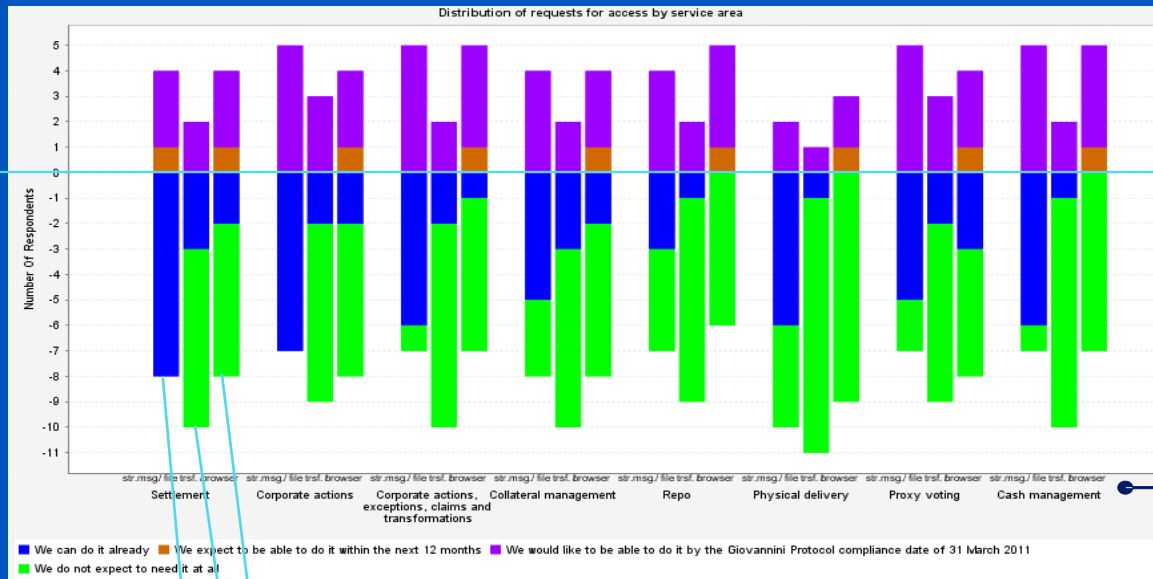


Giovannini Barrier 1 Protocol: SWIFT/ISSA Survey

- Responses received from 26 entities representing a cross section of the **users** of European CSDs/CCPs
- Survey results covered 29 CSDs/ICSDs and 9 CCPs
- For each entity we have produced two graphical representations of the results as shown in the following slides



Giovannini Barrier 1 Protocol: SWIFT/ISSA Survey -Methodology



Bars above this line indicate responses requesting access Via Giovannini Protocol

Bars below this line indicate respondents who already believe this capability to exist (blue) or who do not expect to need it at all (green).

Each set of 3 bars refers to a business process, which is manifested as ISO messages

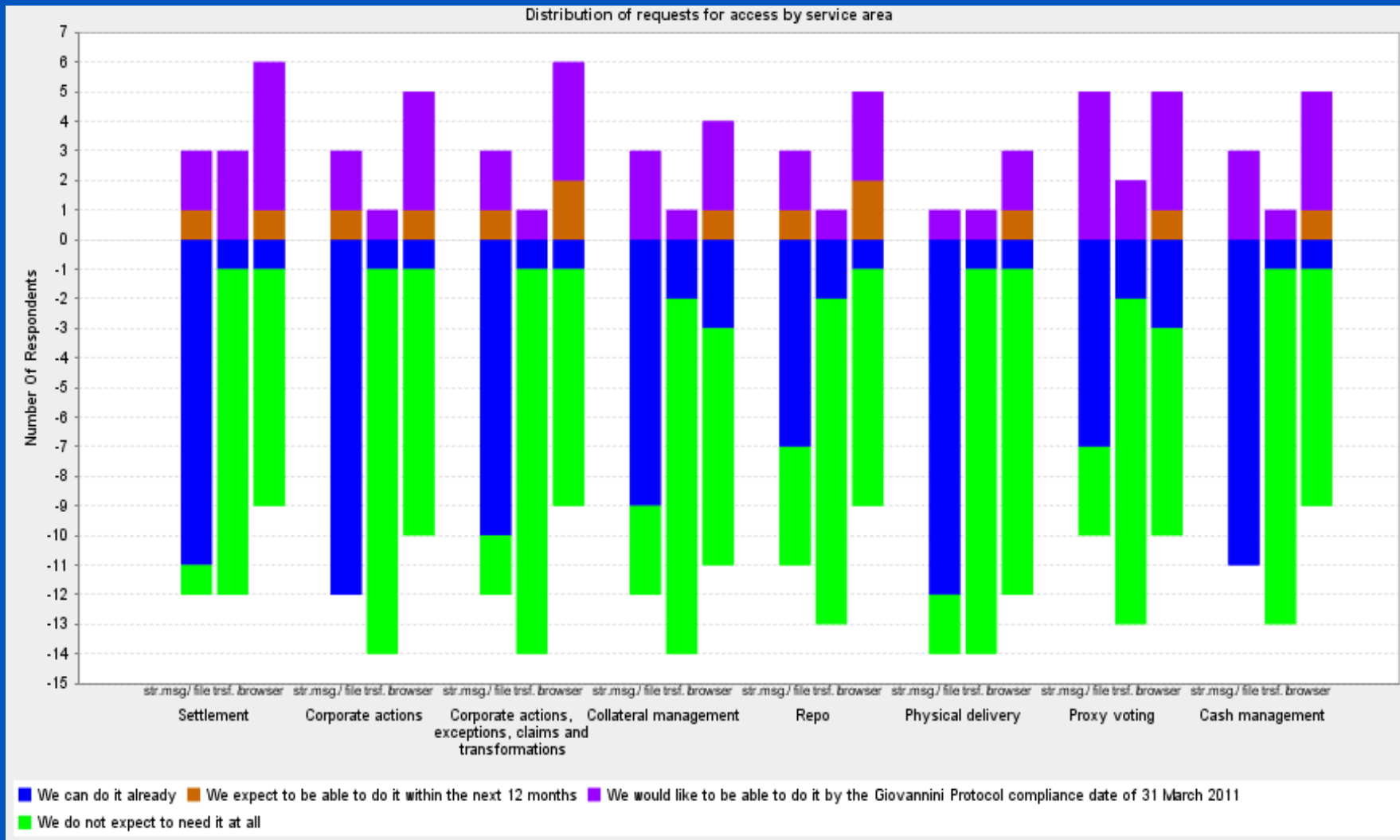
Each of the 3 bars in a set refers to a specific Giovannini Protocol Channel

Browser

File Transfer

Structured Messaging

Giovannini Barrier 1 Protocol: SWIFT/ISSA Survey – Methodology (contd.)



Giovannini Barrier 1 Protocol: SWIFT/ISSA Survey –Methodology (contd.)

The list of all respondents and their preferences of access to Austria OeKB, by service area

| Type | Respondent | Responded | Settlement | Corporate actions | Corporate actions, exceptions, claims and transformations | Collateral management | Repo | Physical delivery | Proxy voting | Cash management |
|-------------------------------|--|-----------|------------|-------------------|---|-----------------------|------------|-------------------|--------------|-----------------|
| Broker-Dealer/Investment Bank | ABN AMRO | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly |
| Broker-Dealer/Investment Bank | Dresdner Kleinwort Investment Bank | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly |
| Broker-Dealer/Investment Bank | Nomura Securities | ✗ | | | | | | | | |
| Broker-Dealer/Investment Bank | SEB | ✗ | | | | | | | | |
| Broker-Dealer/Investment Bank | UBS AG Investment Bank | ✗ | | | | | | | | |
| Custodian/Global Custodian | Bank of Ireland Securities Services | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | n/a |
| Custodian/Global Custodian | BNP Paribas Securities Services | ✗ | | | | | | | | |
| Custodian/Global Custodian | Brown Brothers Harriman & Co. | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly |
| Custodian/Global Custodian | CACEIS | ✗ | | | | | | | | |
| Custodian/Global Custodian | Citi | ✓ | Directly | Directly | Directly | Directly | Directly | Directly | Directly | Directly |
| Custodian/Global Custodian | Credit Suisse | ✗ | | | | | | | | |
| Custodian/Global Custodian | Deutsche Bank AG | ✓ | Directly | Directly | Directly | Directly | Directly | Directly | Directly | Directly |
| Custodian/Global Custodian | Fortis Bank NL | ✓ | Directly | Directly | Directly | Indirectly | Directly | Indirectly | Indirectly | Directly |
| Custodian/Global Custodian | HSBC Securities Services | ✗ | | | | | | | | |
| Custodian/Global Custodian | ING Securities Services NL | ✗ | | | | | | | | |
| Custodian/Global Custodian | JPMorgan Chase | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly |
| Custodian/Global Custodian | KAS BANK N.V. | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly |
| Custodian/Global Custodian | Nordea Bank | ✗ | | | | | | | | |
| Custodian/Global Custodian | RBC Dexia Investor Services | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly |
| Custodian/Global Custodian | State Street Bank and Trust Company | ✗ | | | | | | | | |
| Custodian/Global Custodian | The Bank of New York Mellon | ✓ | Directly | Directly | Directly | Directly | Directly | Directly | Directly | Directly |
| Custodian/Global Custodian | UBS AG (Global Wealth Management & Business Banking) | ✓ | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly | Indirectly |
| ICSD | Clearstream International | ✓ | Indirectly | Indirectly | Indirectly | Directly | n/a | Indirectly | Indirectly | Indirectly |
| ICSD | Euroclear Bank | ✓ | Directly | Directly | Directly | Indirectly | Directly | Directly | Directly | Indirectly |
| ICSD | SIS SegalInterSettle AG | ✓ | Directly | Directly | Directly | Directly | Directly | Directly | Directly | Directly |



Giovannini Barrier 1 Protocol: SWIFT/ISSA Survey - Results

- Across all the infrastructures surveyed there was a mixed result i.e. in no cases were all the responses on one side of the line (which would have indicated that a an institution was either totally Giovannini compliant or non compliant)
- For each CSD/CCP there were client responses indicating a requirement for Giovannini communications not used today



Giovannini Barrier 1 Protocol: SWIFT/ISSA Survey – Next Steps

- The survey was an important first assessment but the results are mixed
- SWIFT is contacting each infrastructure surveyed to inform them of the results and kick off a follow up discussion - **Aim:** *to determine the infrastructures plans for full Giovannini compliance.*
- SWIFT will work with infrastructures and representative bodies to push protocol implementation and build a picture of compliance on a market by market basis.



Contact:

richard.young@swift.com

+44 207 762 2029

