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Welcome to CorpActions 2011

Europe's Premier Corporate Actions Event

Michele De Boe, Head of Asset Servicing, SWIFT



Welcome to CorpActions 2011. SWIFT is delighted to continue its association with this important annual corporate actions event, as our industry continues its journey towards achieving higher levels of STP for this vital asset servicing activity.

This year, a packed conference agenda and busy exhibition promise once again to provide a highly stimulating environment in which to debate the key issues affecting the corporate actions business - to foster real progress towards addressing those issues and achieving our corporate actions efficiency goals.

We will explore how the changing regulatory landscape is impacting corporate actions, and how you should respond. We will examine why after so many years of diligent effort the industry has not yet put in place true STP for corporate actions. What is holding us up, and how can these barriers be overcome? We will look at the role of reference data in improving corporate actions STP and we will ask how new and emerging technologies might help us achieve our risk and efficiency targets faster. Of course, we will examine the latest state of play with the standardised messaging that is fundamental to achieving end to end corporate actions STP. And we will focus on how to successfully integrate issuers into the industry's STP efforts.

We will also try to set out a reasonable plan of action industry-wide to close the gaps and ensure we make great strides in the next 12 months towards eliminating risk and inefficiency in the corporate actions process once and for all.

I look forward to meeting you at CorpActions 2011, and I wish you an informative and productive day!



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CorpActions Europe 2011: Taking asset servicing & corporate actions efficiency to the next level

08:50 Chairman's introduction

State of the nation update. A review of the current situation and an outline regarding how the day of panels, presentations and breakouts can add real value.

Justin Chapman, Senior Vice President, Global Head of Industry Management, Operations and Technology, Northern Trust

09:00 Keynote presentation: Regulation: a necessary evil?

What impact will the current range of regulatory change have on the corporate actions business?
Is regulation having a positive or negative impact on firms' efforts to improve asset servicing efficiency?
Is there enough regulatory focus on corporate actions processing and related activities?
Without explicit regulation mandating change, will we ever reach our corporate actions efficiency goals?
Systemic risk and Corporate Actions – do they belong in the same sentence ?
Without a regulatory stick – what are the corporate action carrots?

Gert Raeves, Research Director, Capital Markets, Tower Group

09:30 Panel 1: Is the front office waking up to corporate actions?

What impact do corporate actions have on the activities of the front office?
Is this impact increasing in light of intensified focus on risk management and growth in automated trading?
Is the front office getting what it needs in terms of corporate actions information in today's environment?
What else needs to be done to give the front office the insights it needs?
Is increased front office interest in corporate actions helping or hindering industry progress towards STP?

Moderator:

Chris Hall, Editor, The Trade

Panel:

Joseph Haddock, CFA, Bloomberg
Gert Raeves, Research Director, Capital Markets, Tower Group
Additional speaker(s) TBC

10:15 Presentation: Target2Securities (T2S)

Charting its impact on corporate actions
T2S: what is it and why is it happening?
What will it do for corporate actions?
What will it not do for corporate actions?
What threats and opportunities does it create?

Hugh Simpson, Senior Adviser to the European Central Bank, Bourse Consult

10:45 Refreshment Break

11:15 Panel 2: Are we nearly there yet? Why we still haven't achieved STP for corporate actions?

The industry has been focusing on improving corporate actions efficiency for over 10 years – so why is there still so much work to do?

How far have we got – really?
Where are the gaps, and why are they still there?
What needs to happen to fill them?
Are the tools for the job available – or are others needed?

Moderator:

Adam Stern, Managing Director, IBACAS Consultancy Limited

Panel:

Colin Webb, Senior Manager, Corporate Actions, FIL Investments International

Mark Davies, Head of Investors and Intermediaries, Standard Chartered Bank

John Kirkpatrick, Managing Director - Global Asset Servicing Citi Global Transaction Services

Harry S. Rana, Senior Business Analyst, XSP

Simon Bennett, Independent Consultant and Program Manager, HSBC Investment Bank

12:00 Breakout sessions [running in parallel]

BI: Standards and market practice (including XBRL) – how far have we got and what's next?

XBRL Taxonomy for Corporate Actions has been released – what is the potential for EU markets?
How is XBRL being implemented for Depository Receipts – status of the Pilot?
What is XBRL's relationship with ISO 20022? With ISO 15022?
How is SMPG market practice injected into XBRL?
How does an XBRL tagging tool support the issuer?
How can the result be consumed by the industry? How does this help the investment side?

This is an interactive information session looking at advancements in consistency, quality, and efficiency applying standards and market practice definition and compliance. The advent mandatory XBRL for company tax filings (e.g. UK), financial reporting (e.g. NL, US, JP), and bank/securities/insurance institutional reporting (e.g. EU) means a new technology is at issuers' fingertips. There is now a potential for leveraging this widespread XBRL investment to generate improvements in securities information from the source such as corporate actions and proxy announcements.

Session led by:

Max Mansur, Global Program Manager - XBRL, SWIFT

B2: New Frontiers & Future Technologies – eg cloud computing, mobile. What impact will they have on asset servicing?

How are the latest technology developments – cloud, mobile et cetera – impacting corporate actions?
Are they relevant and where can they really help?
What needs to be done to build really useful solutions using these technologies?

Session is led by SWIFT's Innotribe with contributions from both the business and the vendor perspectives and a series of short demonstrations, including from XSP.

The 'new technologies' session is hosted by Innotribe, SWIFT's initiative to enable collaborative innovation in

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Innotribe events are built around an energising mix of education, new perspectives, collaboration and facilitation. Participants in this session will be able to learn from each others' opinions, ideas and business models through interactive discussions about the potential application of technologies such as mobile and cloud in the area of corporate actions processing.

Participants include:

Harry S. Rana, Senior Business Analyst, XSP

Gary Thompson, Co-Founder and President, CLOUD Inc

Peter Vander Auwera, Innovation, SWIFT

Elena Migliore Market Manager, Asset Servicing

12:45 Networking Lunch

13:45 Panel 3: Corporate governance: impact of transparency in proxy voting:

Regulatory pressure to improve corporate governance is intensifying

What does this mean for the proxy voting process?

Are efficiency goals being met, or are there still challenges to be addressed?

What tools are needed to improve proxy voting efficiency – do we have what we need, and do we know how we're going to implement?

Moderator:

Bob Currie, Editorial Director, fsr Financial Services Research

Panel:

Helena Mahoney, Hermes Equity Ownership Services, Head of Client Relations, Hermes Fund Managers

Donald W Cassidy, Director, Corporate Governance Research, Fidelity International

Les Turner, Head of Operations, Global Proxy Distribution, ISS Governance

John Kernan, Senior Expert, Clearstream

Bruce A. Babcock, President, ICS International, Broadridge

Jai Baker, Senior Relationship Manager, Capita Registrars

14:30 Panel 4: Issuer panel

The asset servicing industry believes it has a clear proposition to draw issuers into STP efforts – but the issuers still don't think we're talking their language

What are we going to do about this?

How are we going to bring the issuers on board?

What is the problem – business case, available tools?

Can we develop the solutions, and who is going to do it?

Moderator:

Tine Thoresen, Editor, Inside Reference Data

Panel:

John Clayton, Director, Product Management, Euroclear

Naz Sarkar, CEO UCIA, Computershare Investor Services PLC

Pierre Colladon, Senior Advisor for Strategy for Market Infrastructures, Societe Generale Securities Services

Peter Swabey, Company Secretary and Industry Leadership Director, Equiniti

15:15 Refreshment break

15:45 Panel 5: Reference Data – a utility approach for corporate actions

Reaching a compromise: how can the industry and regulators come together to define reference data standards for systemic analysis?

What will the costs be?

How can we learn from the failures of big infrastructures: past, present and future?

How does the area of corporate actions fit into the picture?

Are the ideal solutions commercial or utility-based?

Moderator:

Virginie O'Shea, Managing Editor, A-Team Group Panel

Christopher Bannocks, Managing Director - Global Head of Enterprise Data Management, Nomura International

PJ Di Giammarino, CEO, JWG

Hugh Stewart, Sales Director, DClear, Smartstream

Max Mansur, Global Program Manager – XBRL, SWIFT

16:30 Panel 6 Looking towards CorpActions Europe 2012:

The imperative to reach asset servicing and corporate actions efficiency goals is as clear as it ever was – so how are we going to bridge the gaps we've identified to make a real difference within the next 12 months?

Are our STP goals achievable – or do we need to move the goalposts?

What are the priority actions?

Who is going to take them?

Can we do this in time, and will the picture look any different by 2012?

Moderator:

Paul Bodart, Executive Vice President, CEO of BNY Mellon SA/NV, Head of EMEA Global Operations, Bank of New York Mellon

Panel:

Nick Scott, MD, Global Head - Global Asset Services, Deutsche Bank AG

Devesh Gupta, Global Product Head, Tata Consultancy Services,

L.A. Orloff, Product Manager, Asset Services, The Depository Trust and Clearing Corporation

Annette Brandt, Director, Product Management, Euroclear

Ulrich Stritzke, Head of Securities and Asset Services Operations, Credit Suisse AG

17:15 Chairman's closing remarks:

A summation and a call to arms based on the key findings of the day.

Justin Chapman, Senior Vice President, Global Head of Industry Management, Operations and Technology, Northern Trust

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Virginie O'Shea, Managing Editor, A-Team Group
Virginie is Managing Editor of A-Team Insight, A-Team's flagship title which covers financial technology from the front to back office, including trading technology, market data, low latency, risk management, regulatory impacts on IT and reference data.



Paul Bodart, Executive VP, CEO of BNY Mellon SA/NV, Head of EMEA Global Operations, Bank of New York Mellon
Paul Bodart has joined The Bank of New York on January 1, 1996 as a Senior Vice President to become the General Manager of the Brussels Branch of the Bank. He was responsible for all Global Custody operations. He was promoted Executive Vice President on January 1, 2003.



Joseph Haddock, CFA, Bloomberg
Joseph joined Bloomberg in 1998. He currently manages Corporate Actions, Mergers & Acquisitions, Equity Issuance, Dividend Forecasting and Equity Index products with Global Data at Bloomberg. He founded the Bloomberg Dividend Forecasting (BDVD) product



Jai Baker, Senior Relationship Manager, Capita Registrars
Jai's career is focussed within the securities industry with over 20 years specifically within the Share Registration arena. With experience ranging from vote processes, including proxy and poll management, through to Corporate Actions, Shareholder Communications and Project Management, Jai consults with issuers and advisors



John Kernan, Senior Expert, Clearstream
John works in Clearstream Banking's Product Development and Business Strategy Department and is the senior product manager responsible for corporate actions, income and tax. As well as the maintenance of these core products, John works on a number of business development initiatives, including most recently Clearstream's proxy voting service offering.



John Kirkpatrick, Managing Director - Global Asset Servicing, Citi Global Transaction Services
John has direct responsibility for the teams in London and is the Asset Servicing Lead for SFS Globally. In this role John is responsible for the strategic direction of Asset Servicing and has responsibility for enhancing Corporate Actions, Income and Tax across all products, driving best practices, consistency and robust controls globally.



Naz Sarkar, ACIS, CEO, UCIA, Computershare Investor Services PLC
Naz has responsibility for all business lines across the United Kingdom, Channel Islands, Irish and African regions as well as the European proxy solicitation operations of Georgeson.



Ulrich Stritzke, Managing Director, Head of Securities and Asset Services Operations, Credit Suisse AG
Ulrich Stritzke is Managing Director at Credit Suisse, Zürich and leads the Securities & Asset Servicing department covering all securities driven activities channelled through the central processing hub in Zürich.



Nick Scott, Managing Director, Global Head - Global Asset Services, Deutsche Bank AG
Nick is responsible for leading and managing the service delivery framework for the Asset Services function in GBS, through to the Prime Finance, Custody, Cash Equity & Fixed Income end clients of Global Markets and the Global Transaction Bank.



L.A. Orloff, Product Manager, Asset Services, The Depository Trust and Clearing Corporation
Lyubov is Product Manager, Asset Services, DTCC, Corporate Action Re Engineering Project. In this capacity she was one of the principle designers for ISO 20022 solution for Corporate Actions in the US at DTCC, and is now the go-to business and technical expert during the markets migration.



Peter Swabey, Company Secretary & Industry Leadership Director, Equiniti
Peter is the external face of Equiniti, and is responsible for the development and support of all the share registration and corporate governance services offered by Equiniti to clients and their shareholders, including our engagement with market, government and regulatory contacts; representing registrar and issuer interests on industry bodies and managing our responses to formal and informal consultations.



Annette Brandt, Head of Asset Services, Euroclear SA/NV
Annette Brandt, Director, is the Product Manager heading up Euroclear's Asset Servicing team. She is also the Product Manager for international securities (Eurobonds) at Euroclear Bank. Ms. Brandt is involved with the harmonisation and standardisation of market practices across Euroclear's markets.



John Clayton, Director, Product Management, Euroclear
John Clayton, is part of the team at Euroclear SA/NV responsible for maintaining and developing the asset-servicing capabilities across the Euroclear Group. Mr. Clayton is currently tasked with delivering asset-servicing enhancements for Irish and UK markets



Hugh Simpson, Senior Adviser, European Central Bank
Hugh is a Senior Advisor to the European Central Bank on the T2S securities settlement infrastructure project. He is an expert on financial market infrastructure and has co-authored two City of London research papers, "The Future of Clearing and Settlement in Europe" (published in December 2005) and "The Post-Trade Infrastructure for Carbon Emissions Trading" (published in July 2010).



Donald W Cassidy, Director, Corporate Governance Research, Fidelity International
Since 2003, Donald W Cassidy has been the Director of Corporate Governance Research for Fidelity International Ltd (FIL) in London. The group is responsible for FIL's corporate governance policy development and votes the equity holdings of FIL's mutual funds and institutional client portfolios, currently valued at \$200 billion, in approximately 60 markets worldwide.



Colin Webb, Senior Manager, Corporate Actions, Fidelity Investments International
Colin Webb is the Senior Manager responsible for Corporate Actions at FIL Investments International. Before joining Fidelity in 2001, Colin had worked in Operations groups at both a Global Custodian and an Investment Manager, specialising in Corporate Actions.




Bob Currie, Editorial Director, Financial Services Research
Bob Currie is Editorial Director and co-founder of Financial Services Research, a quarterly journal that reports on investment performance, risk and operational efficiency in the financial services industry.



Helena Mahoney, Head of Client Relations, Hermes Equity Ownership Services Limited, Hermes
Helena Mahoney manages the Equity Ownership Services' client relations programme and marketing projects as part of the ongoing development of the business.



Simon Bennett, Independent Consultant & Program Manager at HSBC Investment Bank
Simon is an independent consultant focused on delivering large scale change in the post-execution space in Capital Markets. Simon has 25+ years industry experience across buy side, sell side, market infrastructure and consulting domains, both onshore and offshore.



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BNP Paribas Securities Services (BNP Paribas) is the leading European provider of securities services for fund managers, financial institutions and businesses. To keep pace with the ever-changing sector, BNP Paribas required real-time information on corporate actions. It needed a solution that would facilitate the management of all kinds of corporate events and, moreover, automate reporting of the same. Tata Consultancy Services (TCS) implemented the Corporate Actions Solution from TCS BQNCs, an integrated product suite for financial services, to consolidate the global and local custody operations onto a single IT platform. As one of the world's fastest growing technology and business solutions providers, TCS enabled a high degree of standardization to upgrade business processes to support higher volumes, and facilitate the processing of 150,000 corporate action events in a year. Pushing STP further with accurate client reporting and to scale up the business. And of course, enabling BNP Paribas to experience certainty.

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Adam Stern, Managing Director, IBACAS Consultancy Limited

Adam is the Managing Director of IBACAS Consultancy Limited, the leading independent Asset Services specific consultancy firm. Adam has been involved in Asset Services since 1988, working for Citigroup, Morgan Stanley and ABN Amro in processing, line management and change management roles; as well as representing these firms on numerous industry committees, including the UK Market Practice Group and ISITC WG11.



Tine Thoresen, Editor, Inside Reference Data

Tine Thoresen has been the editor of Inside Reference Data since March 2007. She previously worked in Incisive Media's alternative assets division, editing the private equity and venture capital title Nordic unquote". She holds a degree in journalism from Edinburgh's Napier University and was awarded a university medal when graduating.



Les Turner, Head of Operations, Global Proxy Distribution, ISS Governance

Joining Morgan Grenfell / Deutsche Bank in the early 1990's, Les spent 11 years building and leading the Global Corporate Actions team within their growing Global Custody Business.



Andrew Palmer, Vice President, Transfer Agency Product, Worldwide Securities Services, JP Morgan Europe

Andrew is the Product Architect for JP Morgan's Transfer Agency business within the EMEA region. He has over 20 years experience in transfer agency and has spent the last 11 years within Product Management and Development roles where he has had involvement in various STP initiatives such as ISO20022 message set definition and settlement automation within the UK.



PJ Di Giammarino, CEO, JWG

PJ Di Giammarino is the founder and CEO of JWG and was formerly COO IT at Barclays Capital. Prior to setting up the independent think-tank, he co-chaired the IT Subject Group of the MiFID Joint Working Group. In this capacity he collaborated with banks, the European Commission, CESR, FSA, HM Treasury and their counterparts across Europe.



Christopher Bannocks, Global Head of Enterprise Data Management, Nomura International

Chris is a Managing Director at Nomura International plc and the Global Head of Enterprise Data Management, recently joining in September 2010. Chris is responsible for the global reference and pricing data group and transformational programme of work associated with this data set.



Justin Chapman, Senior Vice President, Global Head of Industry Management, Operations and Technology, Northern Trust

Justin is a member of the chief operating officers executive management team reporting to the organisations COO and is responsible for strategic implementation/process/change management for Industry engagement across operations and technology globally.



Hugh Stewart, Sales Director, DClear, Smartstream

Hugh joined SmartStream at the beginning of 2011 having been involved in IT for more than 30 years and in Financial Services for more than 20. A specialist in Trading, Risk Management, Analytics and Data Management, Hugh has worked as a Sales Director and Managing Director for Banks, Software Houses and Consultancies including Bankers Trust, Arab Banking Corporation, Siemens, SunGard, Misys, Algorithmics, Quic Financial and GoldenSource.



Pierre Colladon, Senior Advisor for Strategy for Market Infrastructures, Societe Generale Securities Services

With more than 20 years experience in Front and Back Office activities, including Cash and Securities, Pierre Colladon is a Senior Advisor with the Strategy for Market Infrastructures Department at Societe Generale Securities Services. He is specifically responsible for Clearing, Custody and Issuer Services issues.



Mark Davies, Head of Investors and Intermediaries, Standard Chartered Bank

Mark joined Standard Chartered Bank as Head of Investors & Intermediaries, Transaction Banking, UK/Europe in May 2008. He and his team are responsible for Standard Chartered's Securities Services clients who are based in Europe.



Max Mansur, Global Program Manager - XBRL Securities & Treasury Markets, SWIFT

Max is a senior manager at SWIFT currently focusing on XBRL for Corporate Actions and exploring new opportunities for XBRL in securities and capital markets. XBRL is a key part of SWIFT's 2015 and Asset Servicing strategies to improve efficiency, reduce risk, and create value for custodians and securities market infrastructures as well as broker/dealers, investment and funds managers, exchanges, issuers/offers of securities and their agents.



Devesh Gupta, Global Product Head Corporate Action, Tata Consultancy Services

Devesh is a seasoned technology leader with strong expertise in the Capital Markets segment of Financial Services. He has over 18 years of IT Industry experience with top IT Organizations.



Gert Raeves, Research Director, Capital Markets, TowerGroup

Gert has over 15 years of experience in financial services, he covers strategic issues facing buy-side and sell-side firms globally and advises clients on strategy, regulation, technology, and product development in the area of post-trade business and technology trends for institutional capital markets.



Chris Hall, Editor, The Trade

Chris is editor of The Trade and also editor of The Trade Asia, thetradenews.com and managing editor of The Trade Growth Markets. He was previously the editor of Automated Trader, a quarterly journal focused on the use of automated and algorithmic trading techniques in the financial markets.



Harry S. Rana, Senior Business Analyst, XSP

Harry Rana is Senior Business Analyst at XSP responsible for supporting the EMEA sales programme for the XSP® v5 Corporate Actions software solution in a pre-sales and business analysis capacity. His prior first-hand experience and knowledge of our flagship solution provides invaluable benefits and insights to our current and future clients.



Bruce Andrew Babcock, President, ICS International, Broadridge Solutions

Bruce is President, ICS International, Broadridge Financial Solutions Ltd., based in London. He joined ADP/Broadridge in March 2003, and stayed with Broadridge after it was spun off from ADP in 2007. He has focused his efforts on introducing electronic voting systems around the world, most notably founding and continuing to manage ICJ in Japan. He is currently working on introducing electronic voting systems for retail and institutional shareholders in several European countries through an alliance with Euroclear.

Corporate Actions Trends

By Richard Newbury, Market Development Manager, SIX Telekurs U.K. Ltd



OUR CUSTOMERS AND panel hosts often ask similar questions around corporate actions. "What do you see as the future of Corporate Actions?" is a favourite. From a data management point of view the same answers can be given for all sorts of different types of data: Volume, Speed of publication, accuracy and regulation/industry initiatives. Corporate actions are no different in this respect as all four of those headings

has an impact on the processing of corporate actions, although there are complexities – such as taxation, differing relevant dates in different geographies, currency conversions etc. – that are not always applicable to other areas of data.

The good news is that the industry is aware of the issues and the even better news is that corporate actions processing has reached the line of sight of law makers, regulators and even issuers.

Comparing the 12 month period to 1 June 2011 to the previous 12 months, SIX Telekurs issued information on 4% more corporate actions. This might sound like a small amount, but in absolute terms that has meant processing just under a quarter of a million more corporate actions announcements. Keeping pace with such an increase every year can only be achieved by optimisation of manual processes and the expansion of automation wherever possible. Our own STP rate has increased because of software investments which can process paper or email announcements more easily and because of the move towards standards from issuer banks.

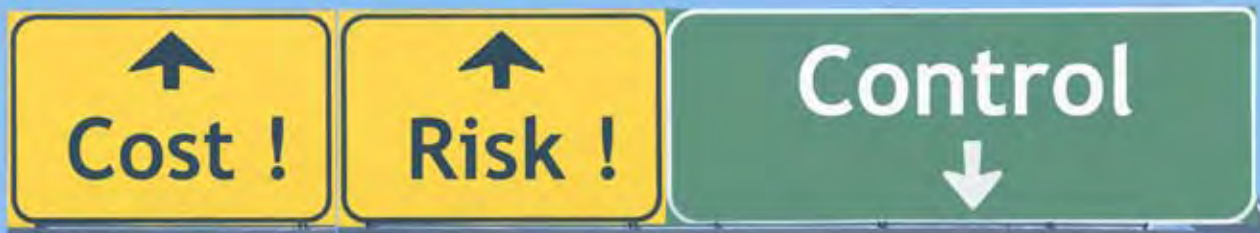
Why has speed become so important? One of the requirements that we are seeing is for trade support to have access to corporate actions data on ex or effective date, rather than waiting for overnight processes to make these available in in-house systems. This reduces the risk of making a trade without knowing a corporate action has taken place. With tighter budgets for implementation, the front office has been looking for easy-to-implement formats whilst still expecting high quality information and an increase in value for money.

Getting the information right is sometimes more difficult than might be imagined. A simple dividend announcement can be hidden within hundreds of pages of text. Capturing every detail correctly is a mammoth task for the volumes we process. If issuers would issue in a standard format across the globe with the same rules for population of a template, then accuracy and STP rates would be enormously improved.

In some ways this is beginning to happen. SIX Group in Switzerland has launched a product called Connexor. The Connexor Distributions module allows issuers of Structured Products to input corporate actions into an interface, have them announced by SIX Swiss Exchange and made available to issuer banks, depositories, custodians, asset managers and data vendors with the same information that the issuer intended to be received – removing one of the biggest difficulties on corporate actions; interpretation. How can this be extended to the rest of the world? Well, any company is welcome to sign-up Connexor, but not everyone will want a solution from a single commercial entity. Standards are the other way of achieving the same goal. XBRL and ISO standards 15022 and 20022 are gaining traction. Around 20% of banks are now receiving ISO 15022 format messages with others maybe holding off until the wider ISO 20022 standard is finalised and becomes available. These standards only help in the processing chain though. What about the issuers? Well, XBRL seeks to address this issue by way of providing a "tagging scheme" for corporate actions to be announced. XBRL allows a text document to have a coded framework beneath it which is populated by data. In the US, the SEC allows XBRL submissions of reports through EDGAR. In the UK Corporate Tax returns must now be made using XBRL (since April 2011). XBRL US in June finalised the 2011 corporate actions taxonomy and XBRL Europe is also active in this area. The beauty of this solution is that once entered in a taxonomy, the data can be translated to ISO standards, vendor proprietary standards or even banks internal standards with the minimum of human intervention, meaning higher rates of STP, improved risk management and lower risk of human error.

The final difficulty in a global operating environment is national differences in corporate actions. While tax harmonisation for beneficial owners is unlikely – meaning paying agents will always have to apply myriad rules to a single corporate action – at least there is convergence on issue conditions. The Giovannini Barriers, identified in a 2001 European Union report, included elements of corporate actions disparities between European countries. Since then various industry and governmental groups have been working to eliminate those barriers. Notable successes so far have been the harmonisation of relevant dates and treatment of corporate actions identified as issues under Barrier 3. Taxation and ownership barriers are still being addressed. This however only addresses Europe.

With most areas of finance shifting focus to the east, the questions will surely follow about issuers in the Asia Pacific region. Given the innovation and growth shown there, adoption of international standards would appear to be more assured, . . . but don't quote me on that.



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The search for a standard

By Paul Phillips, Business Development Consultant, SmartStream



THE NOTION OF standards for corporate actions processing has always been something of a conundrum. A standard will only develop and improve the more people use it but how do you make firms follow them? And which standard should be followed in the first place?

While ISO 15022 has clearly resulted in benefits for the industry, it has been at a cost and still has limita-

tions that have hampered its adoption. Recognising these issues, the Securities Market Practice Group (SMPG) has made headway in its efforts to 'standardise' ISO 15022 through, for example, the Equivalency Matrix to support harmonisation of Option Type associated with different event types. The publication of Option Types is a central element of ISO 15022 messaging and it has traditionally been a barrier to automation. With a better understanding of expected Option Types, each event type is providing greater standardisation when generating notifications and helping to reduce risk.

Furthermore, over the last 18 months there seems to have been a concerted effort from various industry bodies to push firms towards greater standards adoption to overcome this. In the US, the SEC issued a requirement for corporations to report in XBRL, and the XBRL US organisation has announced a project with the DTCC and SWIFT to tie the standard into ISO 20022, all of which could optimistically see true corporate actions automation from issuer to investor.

Globally, however, the picture has been further blurred by confusion around how ISO 20022 improves on ISO 15022. The work around Proxy voting and shareholder meetings is certainly a step forward but so far the market reaction suggests it lacks a compelling reason to move from the previous standard.

Indeed, despite all the positive noises from the industry as a whole, ISO20022 and XBRL may not deliver on their promise for a number of reasons. In the case of XBRL it still doesn't remove the need to multi-source and review the corporate action announcement. It will reduce the risks of misinterpretation of an event and that is a persuasive argument for adoption today.

Unfortunately we are already seeing the usual issues of inconsistency even within a pre-defined standard and different rates of adoption based on geography. There is also the cost implication of

moving from ISO 15022 to ISO20022 when some firms are suggesting they see little additional value in the newer standard.

The one significant flaw of ISO20022 is that it does not prevent or remove the use of narrative within messages, which is a significant hurdle to greater automation. The narrative field serves a useful purpose given the complex nature of certain corporate action events or local market factors that need to be taken into consideration. However, its open nature has left it exposed to abuse as a hold all for information that could and should be provided through standardised fields, formats and tags.

The problem we have now as an industry is a lack of impetus behind ISO 20022 from an institutional perspective. The real benefits of ISO 20022 have not been communicated so practitioners rightly question the real value of going through another painful and costly standards implementation that may only deliver incremental improvements at a time when budgets are still under severe pressure.

It is likely be an uphill battle to convince the industry to make the move, and only external pressures, in the form of a mandated compliance date, will help drive the migration to the new standard. But with none forthcoming it is up to the likes of SWIFT to clearly articulate and communicate the business case for ISO 20022. Only then can institutions already overburdened with fighting fires, find the budget and manage the technical and operational challenge that it will take to implement it. In the short-term that represents a significant challenge but mid to long-term could deliver new levels of efficiency to all market participants.



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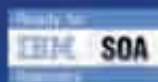
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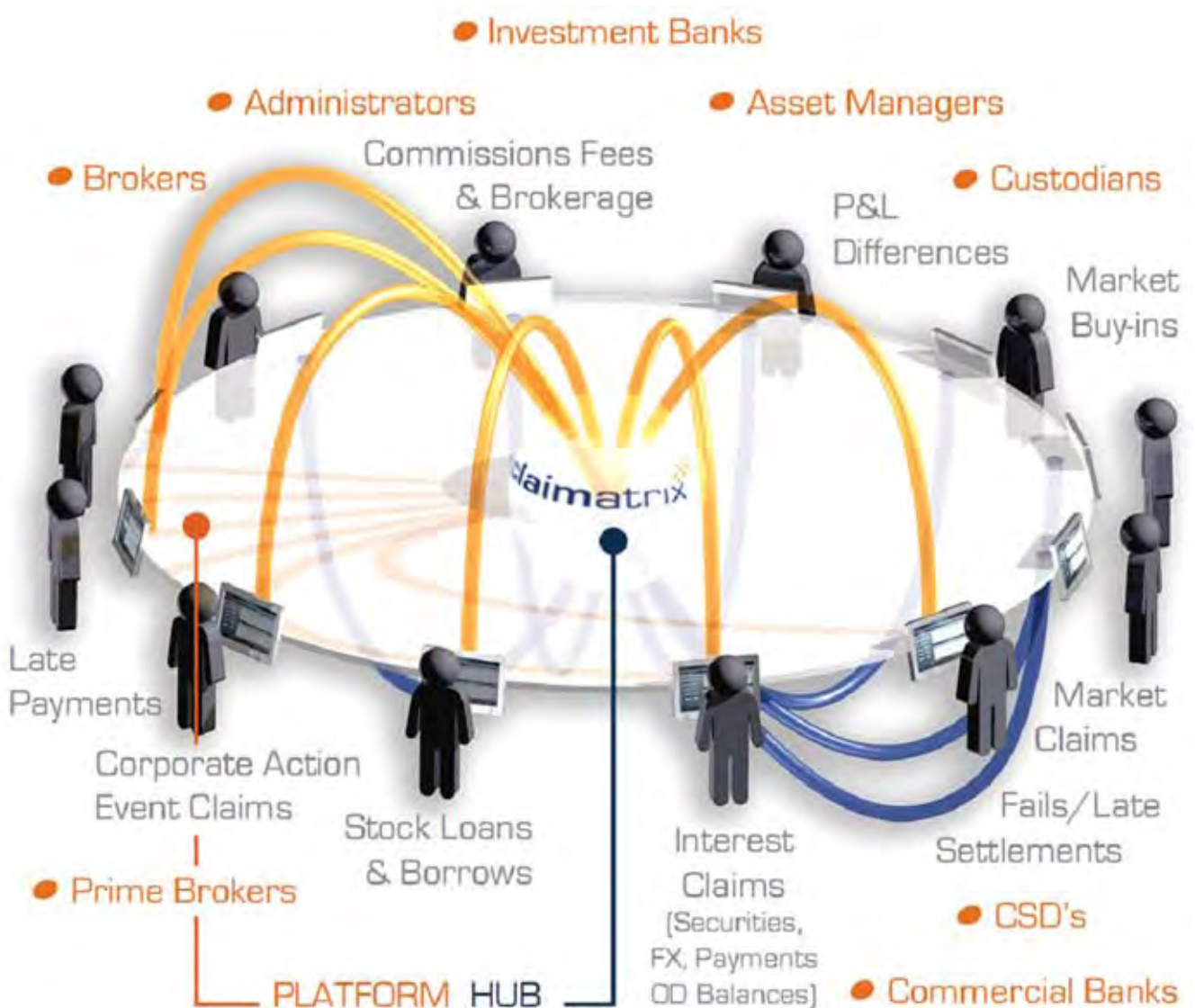


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