

ISITC — BUSINESS CASE TEMPLATE

In order to streamline the input for the discussion of market practice and syntax usage, ISITC has developed a template to be used for all requests.

Description of Business Issue:

a. Origin: Company and Contact

Reference Data Co-Chair: Tony Videtto

Settlements Co-Chair: Jason Brasile

Recon Co-Chair: Ivan Djurkin

Derivatives Co-Chair: Mike Dever

b. Nature of Request

The current US Listed Derivatives MP will be converted into a global SMPG MP in the first quarter of 2010. The attached discussion item requires further clarification and validation within ISITC prior to being submitted to SMPG for consideration within the global MP document. This discussion relates to the requirement for additional security ID types for identifying different types of option identifiers.

c. Message Types:

MT540, 541, 542, 543 Settlement Messages for Listed Options Accounting only

MT535 Accounting Reconciliation Message

MT950 cash statement for identifying the listed derivative ID the cash movement is related to

The current MT950 V3.6 MP lists the appropriate security identifiers for field 61, subfield 9. Need to validate extended character requirement of proposed IDs can fit into the field 61, subfield 9 character limitation. Noted in appendix A below:

Securities Settlement Transaction Instruction SESE.023.001.01 Accounting only

Securities Balance Accounting Report SEMT.002.01.03

Bank to Customer Account Report CAMT052.001.02

d. Business Context:

The current US Market Practice for identifying Futures and Options is vague and with the proliferation of new identifiers it would seem to make sense to change the market practice to more clearly identify the identifier that is being communicated in 35B.

The current market practice states the following:

:35B:/TS/<Ticker>

With Ticker being the Exchange, Reuters, or Bloomberg Ticker agreed upon by sender and receiver using SLA.

It would seem that clearly defining the identifier type in the message would alleviate any issues with different senders sending different identifiers based on the derivative type. It would also help with any automation efforts that may help to increase the STP of these instruments whereby the consuming systems could understand the identifier being sent and route it appropriately for cross referencing to internal identifiers.

e. Examples:

IBM January 2011 \$20 Call Option

Reuters RIC Code = IBMA221102000.U

OPRA Code = VIB A2211D200000

OCC Code = VIB 110122C00020000

CUSIP = 00C05YLN5

ISIN = US00C05YLN50

Bloomberg Ticker = VIB 1 C20

Bloomberg Security Description = VIB US 01/22/11 C20

Bloomberg Unique ID = EO1008012011010182800001

Bloomberg Security Number = 399440301188

CME = Specific for Listed Swap for CCP

LCH = Specific for Listed Swap for CCP

Markit RedCode = Specific for Listed Swap for CCP

f. Proposed Solution:

Next step is maintenance request to be submitted to Standards to expand the usage rule for field 35B security id type codes when not ISIN. In addition, this business case along with the maintenance request will be presented to SMPG at the April conference for consideration to be included into the global SMPG Listed Derivatives MP. If no agreement is possible to include in the global document, the derivatives WG at ISITC will need to build an addendum doc. for listed derivatives or the reference data WG will need to determine the appropriate place to present these guidelines within current MP documentation.

ISO15022:

Possible formats options of the field 35B listed.

At the Boston, 2010 conference Reference Data WG came to agreement on recommending the following format within the field 35B: security ID types:

:35B:/OCC/ <representing the new 21 character OCC code>

:35B:/OPRA/ <representing the 17 character OPRA code> OR

:35B:/TKR/ <representing the 17 character OPRA code>

:35B:/BBG/ <representing the Bloomberg Symbol>**

:35B:/RIC/ <representing the Reuters RIC code>

:35B:/CME/ <representing the CME code for listed swaps via CCP>

:35B:/LCH/ <representing the LCH code for listed swaps via CCP>

:35B:/RCM/ <representing the Markit Red code for listed swaps via CCP>

~~OR~~

~~:35B:/TS/OCC/ <representing the new 21 character OCC code>~~

~~:35B:/TS/OPRA/ <representing the 17 character OPRA code> OR~~

~~:35B:/TS/TKR/ <representing the 17 character OPRA Code>~~

~~:35B:/TS/BBG/ <representing the Bloomberg Symbol> **~~

~~:35B:/TS/RIC/ <representing the Reuters RIC code>~~

~~:35B:/TS/CME/ <representing the CME code for listed swaps via CCP>~~

~~:35B:/TS/LCH/ <representing the LCH code for listed swaps via CCP>~~

~~:35B:/TS/RCM/ <representing the Markit Red code for listed swaps via CCP>~~

~~OR~~

~~:35B:/XX/OCC/ <representing the new 21 character OCC code>~~

~~:35B:/XX/OPRA/ <representing the 17 character OPRA code> OR~~

~~:35B:/XX/TKR/ <representing the 17 character OPRA Code>~~

~~:35B:/XX/BBG/ <representing the Bloomberg Symbol> **~~

~~:35B:/XX/RIC/ <representing the Reuters RIC code>~~

~~:35B:/XX/CME/ <representing the CME code for listed swaps via CCP>~~

~~:35B:/XX/LCH/ <representing the LCH code for listed swaps via CCP>~~

:35B:/XX/RCM/ <representing the Markit Red code for listed swaps via CCP>

- Question raised if all of the above symbols are considered industry standard tickers? The current listed derivatives MP states the underlying ID within the Seq. B1 (FIA) is only required if top level ticker was not industry standard. We need to clarify what is considered industry standard ticker?
- Also raised if we should recommend one of the above choices for the ID or if it should remain vague in the MP as currently states to populate Ticker?

WGs agreed a recommendation on which type of ID will not be stated in MPs. The full list of all types known will be included for guidance on how to format, but it will be at the sender and receivers discretion/SLA as to what ID type will be supported in their messaging.

****Still not clear on what Bloomberg symbology would be appropriate as of 2/2010**

Currently Bloomberg has four different ways to identify the Bloomberg symbol as listed above in the description. Discussions currently underway on a possible additional Bloomberg code being created by vendor to act as the ID in place of these four IDs. **Tony Videtto to follow up with Bloomberg vendor.**

ISO20022:

Separate Request to be submitted to ISO20022 Registration Authority with additional Security ID types identified beyond the scope of this business case.

Ticker:

```
<OthrId>
  <Id>12345678c</Id>           Add a valid Exchange Ticker ID sample
  <IdSrc>
    <Prtry>EXCHANGE TICKER</Prtry>      Confirm "TICKER" or "EXCHANGE TICKER"?
  </IdSrc>
```

Bloomberg Symbol

```
<OthrId>
  <Id>12345678c</Id>           Add valid Bloomberg ID sample
  <IdSrc>
    <Prtry>BBG</Prtry>           Confirm "BBG" or "BLOOMBERG SYMBOL"
  </IdSrc>
```

Reuters Symbol

```
<OthrId>
  <Id>12345678c</Id>           Add valid Reuter ID sample
  <IdSrc>
    <Prtry>RIC</Prtry>           Confirm "RIC" or REUTER "SYMBOL"?
  </IdSrc>
```

Appendix A: MT950 Field 61, subfield 9:

Subfield	Format	Name
1	6!n	Value Date (YYMMDD)
2	[4!n]	Entry Date (MMDD)
3	2a	Debit/Credit Mark
4	[1!a]	Funds Code (3rd character of the currency code, if

Subfield	Format	Name
		needed)
5	15d	Amount
6	1!a3!c	Transaction Type Identification Code
7	16x	Reference for the Account Owner
8	[//16x]	Account Servicing Institution's Reference
9	[34x]	Supplementary Details

Subfield 9 Supplementary Details: Mandatory

ISITC Reconciliation Working Group recommends that subfield 9 be provided on all transactions in order to specifically and uniquely identify transactions and more specifically the security involved for securities related transactions.

ISITC Reconciliation Working Group recommends that ISIN be used to properly identify securities in subfield 9 of field 61 using the code ISIN. If ISIN is not available, CUSIP, SEDOL, Ticker or proprietary security identifier should be provided as follows:

ISIN = /ISIN/

CUSIP = /US/

SEDOL = /GB/

Ticker = /TS/

Proprietary = /XX/