

Strategy

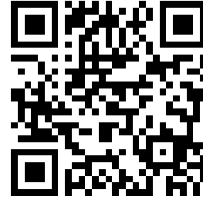
# Securities Update



SMPG Plenary  
November 2023

Confidentiality: **Restricted**

## Content



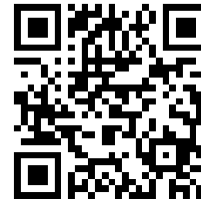
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November 2023  
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1. Key market trends
2. Swift Securities priorities
3. In the pipe

## Securities & FX post-trade trends



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Change in...

such as...

**Investor behavior**

new asset classes, private markets, ESG, investment in local infrastructures...

**Business models**

data-led initiatives, continued automation and commoditization of traditional services, digital finance...

**Operational models**

focus on settlement efficiency to facilitate accelerated settlement cycles, optimizing use of assets and liquidity...

**Communication**

channels, standards and protocols standards with APIs, ISO 15022/ISO 20022, FIX...

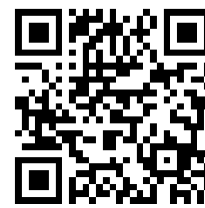
**Competitive landscape**

collaboration/co-opetition, continued investments in FinTech/RegTech...

**Regulatory environment**

more inclusive PvP mechanisms in the FX space, CMU, FASTER, Open Finance...

## Industry expectations vs reality | Swift can help



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### Expectations

#### Industry search

- consolidation
- economies of scale
- interoperability
- harmonisation
- efficiency

### Reality

#### Concerning signs of fragmentation

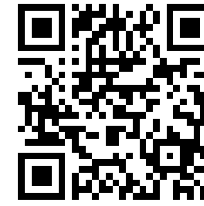
- different settlement cycles per region
- little tolerance for settlement failure
- coexistence of multiple communication options
- proliferation of private and public blockchains and tokenization platforms
- explosion of competitive solutions solve similar problems

### Swift's role

#### Enable firms

- cope with this fragmentation,
- mutualize cost and re-use investments
- speed up time to market
- trust & partner

## Content



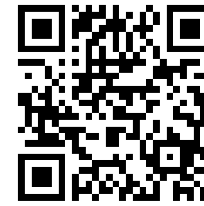
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## Current Securities and FX activities at Swift



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**Focus**

**Securities View**

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**UTI adoption**

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**Digital assets**

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**FX Action Plan**

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**Market engagement**

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**Corporate actions**

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**Funds**

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**Unstructured data**

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**Innovation**

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**Fintech watch**

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**Data**

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**AI/ESG**

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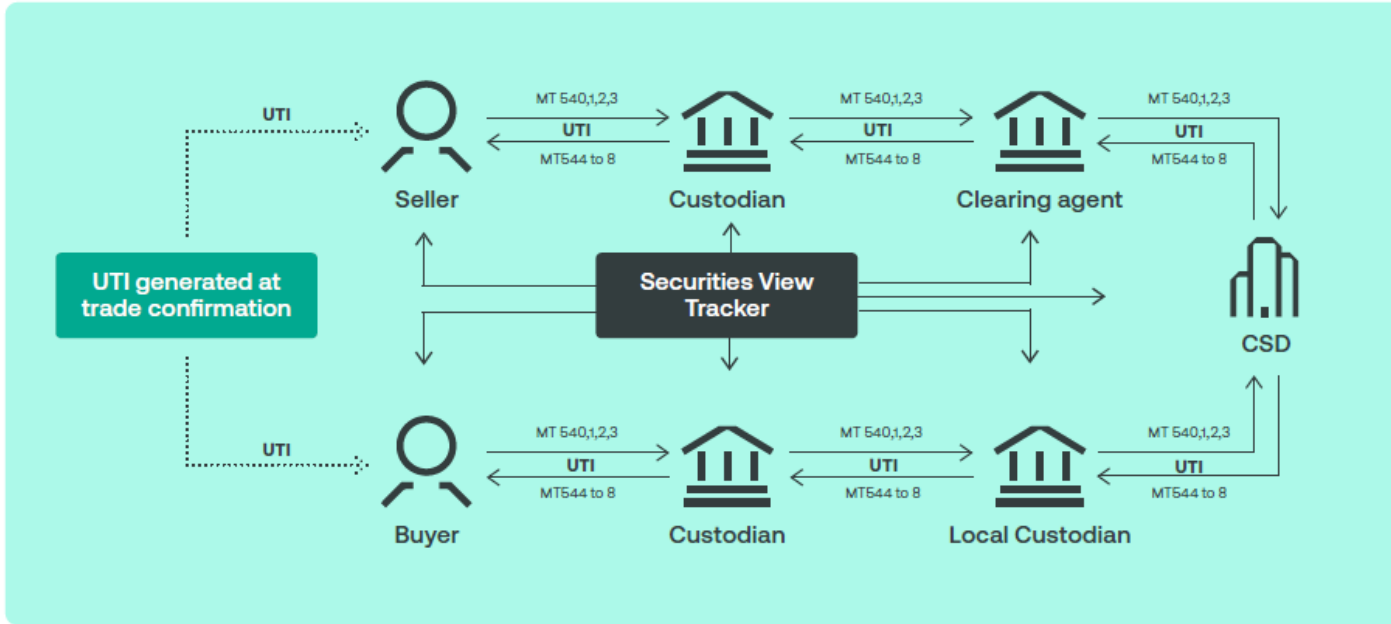
**Thought Leadership**

# Securities View: overview



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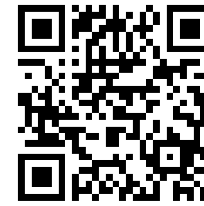


Foundation	Tracking service	Message Compare	Notification / API services
Medium-Term	Adding more flows	Expand asset class coverage	New features (automated resolution, data quality, data consumption, insights)

### Benefits at a glance

- Increases transparency
- Reduces operational risk
- Better settlement efficiency
- Reduces settlement fails and costs
- Drives digitalisation and facilitates interoperability
- Enables better and faster decision-making with data-led insights
- Flexible connectivity options, including via GUI, API and MT notifications

## Securities View and the case for UTI adoption



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80+

Firms subscribed  
and using  
**Securities View**  
since 30 January 2023

150+

Representing more  
than 150 BICs

70+

BIC's sending Swift  
messages  
with UTI through  
**Securities View**

20+

Partners with UTI  
generating &  
enabling capabilities

**Discussion paper on the case of the UTI**  
published with the support of DTCC, AFME, ISSA,  
ISDA, SIFMA, ISITC and the SMPG

Published the **UTI market guidelines  
and implementation Summary to generate  
and communicate the UTI** for securities trades  
(next iteration will include collateral, lending  
and borrowing transactions)

**Major vendors** are getting ready for the UTI

**DTCC ITP & Swift** are collaborating to support  
industry goals and are aligned with the usage and  
generation of the UTI

Swift is exploring **partnership opportunities**,  
for example, with **AccessFintech, Taskize...**



## Tokenised Assets at Swift: a timeline

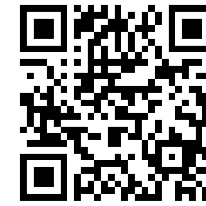
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## Priorities and next steps for tokenised assets

### Our top priorities

1. Open **indirect access or connectivity to multiple public and private blockchains**, registries or tokenisation platforms and provide **orchestration of flows to allow for secure and fast DVP** settlement with multiple cash leg options.
2. Providing a common experience to **track, settle and reconcile both traditional and tokenised assets** including multiple payment options.
3. **Enabling secondary trading and post-trade flows** (today most implementations focus on primary distribution)



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### Road to product

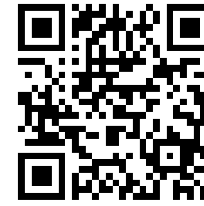
#### Workstream 1: Market analysis/ Engagement

Market structure and regulation  
by assets to open secondary markets

#### Workstream 2: Experiment / Productization

Provide access to digital assets on various ledgers and cash

## Content



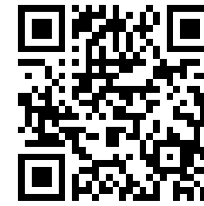
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## Spotlight on Corporate actions and Funds



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### Securities View

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UTI adoption

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Thought Leadership

## Corporate actions | Highlights from recent consultations



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### Some figures

Sources: *Swift Watch, The Value Exchange, Industry reports*

**>40%**

Estimated amount of global events data published and received manually, driving unnecessary risk and expenses to organisations

**100**

Swift network activity shows that an asset manager can receive corporate actions (CA) notifications from 100 sources for the same event

**3-5**

Losses caused by corporate action errors are costing each market participant between USD 3 to 5 million every year at a business unit level

**>50%**

Of the overall cost of a corporate action is linked to data sourcing

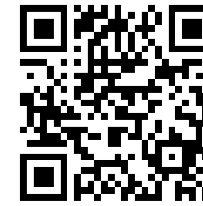
**3%**

At least 3% of all MT 599s sent are related to a CA activity

### Highlights from recent consultations

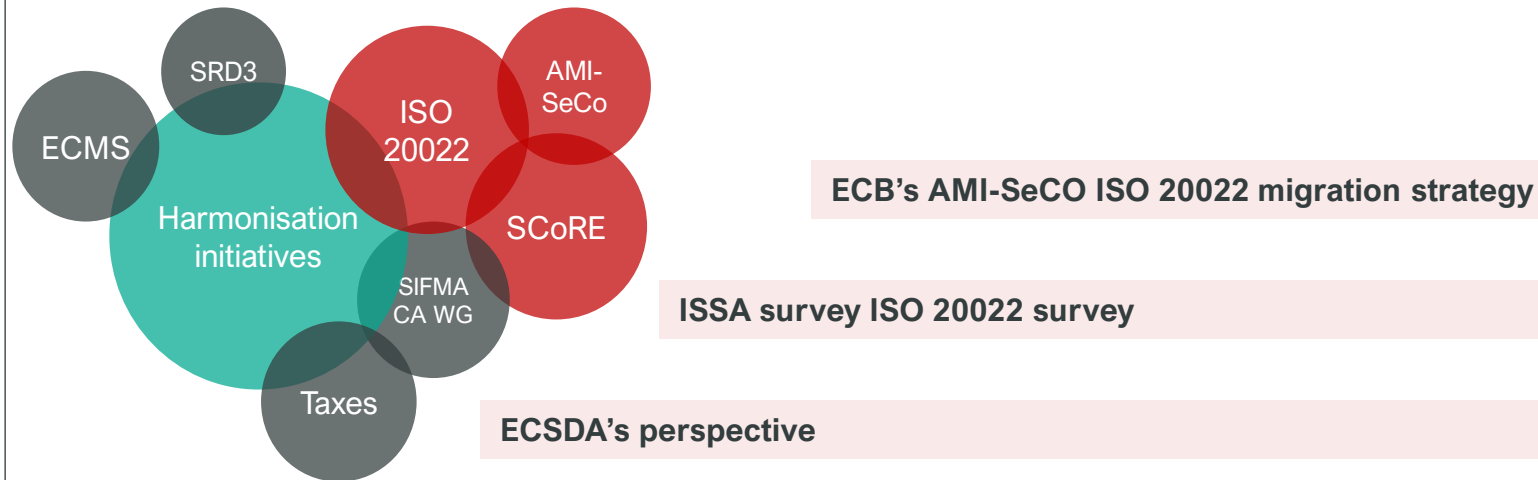
1. **Asset managers report critical differences** in the information received from multiple securities servicing firms for the same event.
2. **Data sourcing costs more than data processing.** Only *single-source-markets like* Australia, Hong Kong or India show savings in costs of processing thanks to a decrease in data sourcing costs.
3. **Little change over the past decade** despite tech advancement (APIs, RPA, AI/ML, DLT and smart contracts).
4. **Important increase in corporate actions volumes** but not on budgets: team's sizes, processing or sourcing solutions.
5. **Previous attempts at solving problems have had limited success** with many individual solutions failing to achieve industry-wide effect and some exiting the space.
6. **Corporate actions will be an area of focus** for the design and development of **all tokenised assets solutions.**

## Corporate actions | ISO 20022 on the horizon



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### Swift's position

1. To date, there is no appetite to set a global migration date for securities traffic over our network, including for corporate actions, therefore we will **continue to offer a choice of ISO 15022 and ISO 20022 for the foreseeable future.**
2. However, we remain **committed to the use of the ISO 20022 Standard and its data model and will continue to work with the industry** to support its adoption, including through the registration of ISO 20022 aligned APIs, as a complement to existing messaging.
3. Over the next months, we will **continue to take part in all relevant industry groups**, including ISSA, ECSDA and the AMI-SeCo taskforce, **to share the perspective of the global Swift community.**
4. Swift will also **continue to work with our users to solve the fundamental problems in the post-trade space**, encouraging the use of UTI and exploring new solutions to enhance data quality, allowing for better data sourcing, data sharing and an overall efficient processing of settlement, corporate actions and collateral management.

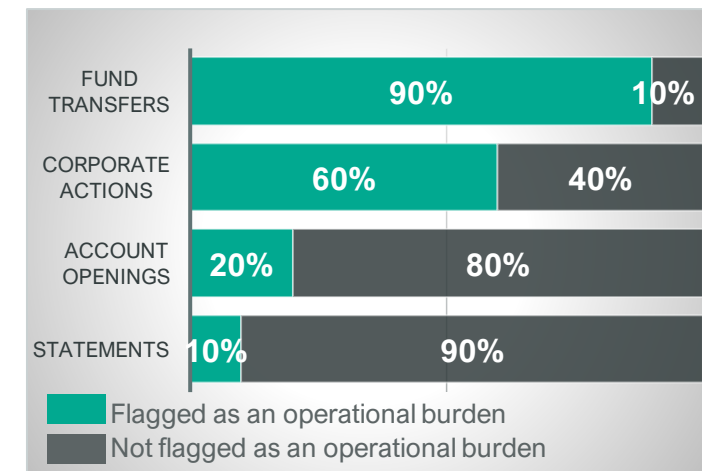
# Investment Funds at Swift

10 top-tier customers located in the EU and APAC were interviewed about their operational pain points in funds industry

## 1. Customer consultation context

- Investment funds strategic assessment
- 10 top-tier customers located in the EU and APAC interviewed
  - 2 Fund Platforms
  - 4 Transfer Agents
  - 2 Distributors
  - 2 Concentrators

## 2. Major pain points



## 3. What now for Swift?

- Size the use of the MT 54X messages for investment funds transfers
- Explore strategic directions to reduce fund transfer inefficiencies, step-by-step
- Facilitate the development of community-based solutions for the processing of corporate actions on investment funds



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