

General Meeting Roundtable on Symbology

Outline for Discussion

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All participants in the global financial marketplace are motivated – out of operating necessity – to adopt industry standards to streamline the processing of transactions from trade execution to settlement. Standardization of symbology is an important part of that discussion and is being propelled by a number of factors – but fundamentally it's about the desire for a comprehensive, unique and efficient way of precisely identifying financial instruments, processing transactions and managing accounts.

The goal of this roundtable is to put some context around the myriad of symbology-related discussions taking place within the industry. My approach is to take a half-step back and try to create a 2,000 foot view of the issues by defining and prioritizing the requirements, identifying the range of potential solutions and discussing some of the (commercial, operational, political) obstacles that need to be addressed as the industry attempts to move forward.

1. “Symbology” has become a euphemism description for a number of areas – including numbering schemes for unique instrument identification, vendor codes for information retrieval, ticker symbols for the identification of listed instruments, and recently identifiers for business entities and trading counterparties. The first task is to define and clarify the primary symbology-related challenges (front, middle and back office as well as account management) affecting the industry. For each area below – What's the problem? Do we agree that there is a problem? Who is most affected? How important is the problem? Are the problems getting more or less important?
 - Symbol assignment – both exchange traded and off exchange traded instrument – including the need for better links between equities and their derivatives
 - Symbology used for
 - a. queries and trading decisions (more consistency and normalization among multiple sources)
 - b. linking financial instruments to news and research
 - c. transactions processing (corporate actions processing, clearing and settlement)
 - d. account management, portfolio valuation, risk management and regulatory reporting

- e. better links between front office symbology and back office numbering schemes
2. There has been a lot of recent attention on numbering schemes and a suggestion that there are too many numbers, symbology approaches and identifiers in use – but none that are comprehensive for all instruments or contain all the elements required for unique identification.
 - What is the underlying problem with ISIN (the international standard) as it relates to differentiating securities in the case of multiple listings – and the practical relationship between instrument identification and automated transactions processing?
3. In recent months there has been discussion about the plans by the London Stock Exchange to extend SEDOL, indications that the ANNA Service Bureau is planning on adding additional data elements to the ISIN feed and proposals by Reuters to extend the use of RIC codes to help provide better links between front and back office applications.
 - Where are we on these proposals – and what are the timeframes for implementation?
 - Are there any significant operational or commercial challenges associated with these proposals? If so, what are they and what steps do firms have to take to accommodate these new approaches?
 - Is the fact that there are potentially multiple approaches to addressing the challenges of multiple listings a significant problem for the industry to address?
4. Let's shift back to the front office and get your opinions on the importance of resolving front office symbology conflicts (for all domain types).
 - How important is it to implement a front-office symbology that can be used by all vendors and in all internal applications on equal terms and conditions?
 - How important is it to have a uniform method of cross-referencing and linking instrument identification numbers to front office symbology?
 - What is the range of potential options available for consideration including the benefits/drawbacks of adopting an existing vendor symbology as an industry standard versus the creation of a new symbology structure/approach
5. Summary with a brief assessment of opinions on the most important symbology-related issue facing the industry and a prediction of how things might play out?