

Working Group Terms of Reference

DATE	11/2/2004	INITIATOR NAME	Edward Casey Iman Szeto
Title	ISITC/UII Working Group		
Description	This working group reviews and recommends a best practise of applying the scheme for unique identification for related to all securities processing. Covering the full financial/securities processing lifecycle, focusing only on INSTRUMENT identification issues wherever the problems exist(s), including within position keeping, risk, accounting, settlement, corporate actions, etc.		
Objectives	<p>To define the scope & document instrument identification issues associated with securities processing by asset class and function.</p> <p>To assess how these issues could be resolved by applying the UII scheme for unique identification. Where possible, define the best practise/recommendations at message level, e.g. including, but not exclusively, ISO15022.</p> <p>To carry out a high level benefit analysis of the impact across the industry, to assist in the prioritisation of the implementation of the recommended solutions.</p> <p>To publish the comprehensive problem statement and roadmap by end June 2004, identifying those firms & individuals that have committed to take respective actions forward.</p>		
Benefits	<p>Global co-ordination to simplify processing and move toward STP by solving the problems caused by instrument identification issues.</p> <p>Provide recommendations at Operations level to achieve a global best practise.</p>		
Deliverables	<p>By Function and Asset Class, document all securities processing errors caused by instrument identification issues.</p> <p>Classify and assess the UII related issues. If feasible, define the best practise/recommendations of applying and communicating the scheme for unique identification (including at the message level, ISO15022).</p> <p>Conduct a comprehensive and representative user survey of the frequency and impact of STP errors associated with these issues. Carry out, at a high level, a cost/benefit analysis of implementing the best practise across the industry.</p>		
Scope	<p>Commonly traded securities for all exchange or OTC traded asset classes, need to refine the scope with the working group. If needed, split the deliverables into phases by asset class or exchange.</p> <p>Trade processing cycle covers the entire financial lifecycle as it relates to UII</p>		
Dependencies/ Constraints	<p>Working Group requires a balanced representation of trade settlement participants from Buy & Sell Side Firms, Exchanges, Depositories and Global Custodians.</p> <p>Working Group's availability and global co-ordination of conference call meetings.</p>		
Risk Assessment	Recognition of individual firm's specific processing issues can be different to industry wide issues. Need to focus on the latter. No bias, nor endorsement of specific solutions.		

Issues & Assumptions	General understanding of the UII model and the definition of OPOL.
Participants	Royal Bank of Canada (+ISITC Europe), The Northern Trust, London Stock Exchange, FISD (+REDAC), Clearstream (+DESSUG), Merrill Lynch, State Street Bank, CSFB, Morgan Stanley, SWIFT (+SMPG), The ANNA Service Bureau, Commerzbank, Standard & Poor's Corporation, Deutsche Bank, State Street Global Advisors