



SWIFT Strategy

Supporting the payments and securities businesses of financial institutions through instant and frictionless transactions



SWIFT Securities Business today

The majority of
SWIFT traffic

65%

Of total SWIFT daily
Average FIN and IA traffic

>30%

Contribution to
SWIFT FIN Payments
traffic

Top driver for
traffic growth

+18%

FIN Securities traffic
year to date growth

+85%

Securities contribution
to total traffic growth

Large global
community

6,000+

Securities users, including all
major (I) CSDs, Asset Managers,
Brokers and Custodians

150+

SMLs , including
93 (I) CSDs and 56 CCPs



SWIFT Strategy

Builds on our foundation as an industry co-operative with unrivalled security standards to innovate rapidly at scale, with the right levels of risk and control

Frictionless payments

Instant and frictionless transactions from account to account anywhere in the world, building on and extending gpi

Smarter securities

Smarter securities services for greater simplicity and efficiency

Rich data

End-to-end integrity and rich data services enabled by ISO 20022, to help our users innovate and grow

Open state-of-the art platform

State-of-the art digital platform that enables messaging and transaction services with effortless customer experience

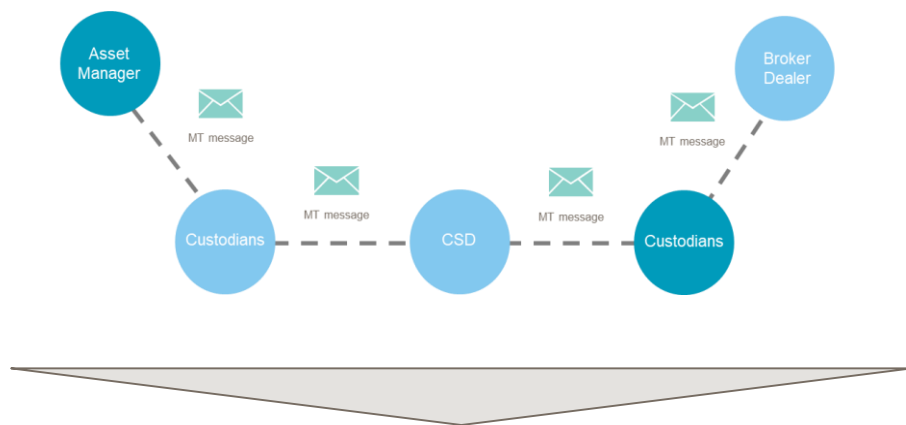
Smarter

Faster

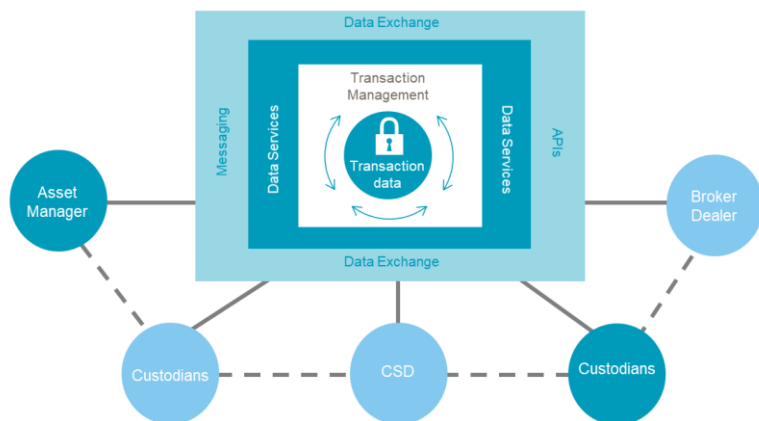
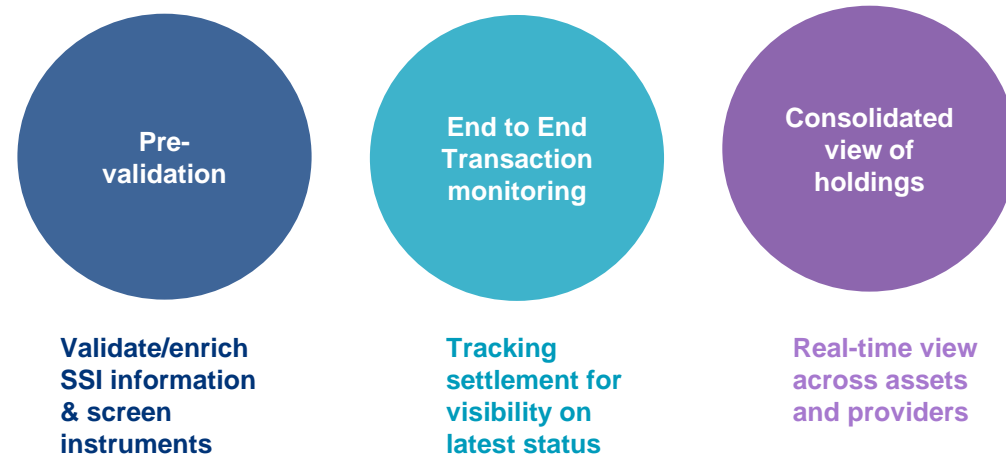
Better



Securities Vision: from sequential messaging... to transaction management



Building blocks towards the platform vision



Strategy 2022: creates additional value for Securities players

Strategy for 2020: Focus on enabling ISO 20022, API and gpi

Enabling ISO 20022

- Customers can now send ISO 20022 for SRD II in many-to-many (as opposed to a CUG).
- Supports co-existence and evolution of new messages

gpi for Financial Institution Transfers (MT 202)

- Service went live in August 2020, good traction and ramp up: over 200 BICs are now live; rulebook now developed for Nov release

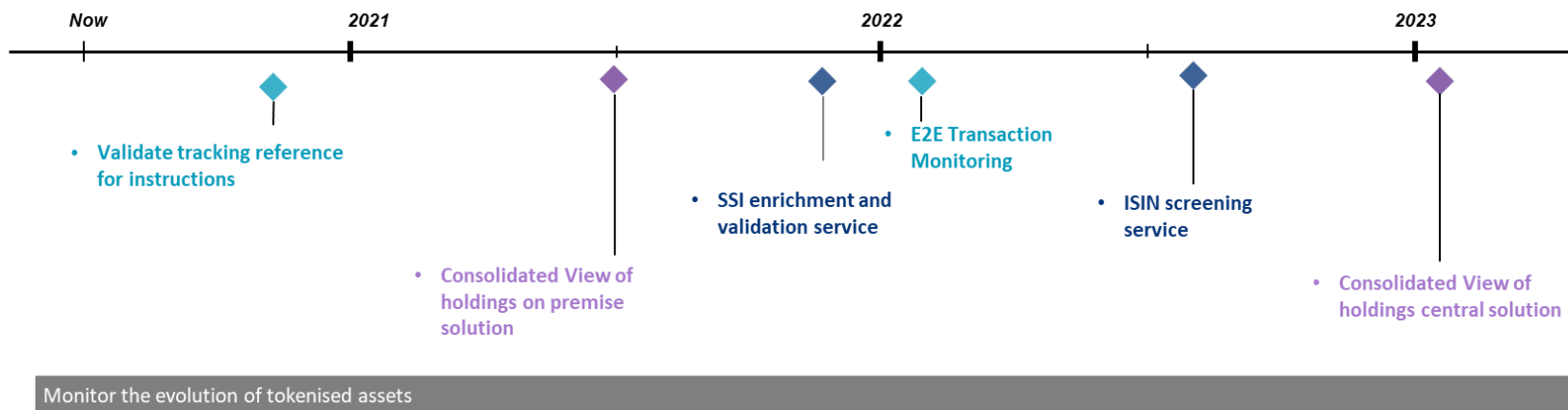
API

- Community designed APIs to support Strategy 2022

Strategy 2022:

Focus on (pre)-validation (ISIN/SSI), E2E and Consolidated View while also exploring tokenised assets

- In Q2 2020, we landed on a **detailed roadmap**
- Engaging with **selective FinTechs** to explore how they can help us **accelerate** our strategy.
- We are focused on **co-creation to deliver MVPs** for each of the prioritized initiatives by 2021



Key areas of strategic focus for Securities



Pre-validation

To reduce risk and settlement failure, in particular due to incorrect or incomplete SSI information and sanctioned instruments.



End to End Transaction monitoring

To track and provide visibility on the latest status in near real-time of a settlement transaction to relevant parties in the chain.



Consolidated view of holdings

Obtaining a consolidated and real-time view on holdings across providers is a need that remains unaddressed in the industry.

With accelerated market engagement with customers & industry associations on tokenised assets post-trade business

Key areas of strategic focus: recap and challenges

SSIs and ISIN

High-level Scope

Pre-validate SSIs notify users in case of incorrect data and enrich SSIs when data is incomplete

- *Validate or enrich securities settlement instructions with up-to-date, verified SSIs.*
- *Guarantee the integrity of SSI data during the instruction lifecycle*

Checks if an ISIN belongs to issuer sanctioned by one of the main global regulatory authorities, and alerts the user so that they can take remedial action.

Aim to allow screening of transactions, portfolios / account positions, or both.



Customer Benefits

Obtain higher certainty on trade execution by detecting, correcting or directly enriching reference data

Eliminate settlement failure and costs caused by incorrect counterparty SSIs

Get direct access to trusted SSI databases for each settlement instruction

Greater certainty that SSIs have not been changed during the settlement cycle

ISIN - one-stop-shop solution to screen payments and securities transactions with configuration flexibility (e.g. alert-only or alert-and-block instruction). For smaller users, cost and complexity mutualization of maintaining ISIN lists and screening engine.

Challenges & Key Questions

Obtain a clear understanding of how SSIs are managed today and how they are populated in messages

For SSIs, will users have to be a member of a “matching platform” ? Which partners should we work with for SSIs?

For SSIs - what is most valuable –validation, enrichment or both?

Over time, will growing use of UTI mean SSI's are no longer needed?

Where would the ISIN service bring the most value and what is market appetite?

Should we screen ISINs in transactions, holdings or both?

How to take into account results of front-end screening by asset servicers' underlying clients, especially in different jurisdictions.

Key areas of strategic focus: recap and challenges

E2E Transaction Monitoring

High-level Scope

Uniquely identify a securities settlement transaction throughout the chain in order to provide earlier visibility on transaction status.

We will start with MT messages for securities settlement – Other business areas and syntaxes will be covered later on.

Customer Benefits

Early visibility of status of instructions means exceptions can be fixed earlier

Improved operational and risk controls through near real-time transaction tracking

Ability to provide your own clients with more accurate up to date settlement information

Ability to track and take action on critical transactions in near real time

Reduces operational costs – fewer settlement fails, fines and penalties (e.g. CSDR)

Challenges & Key Questions

Is the UTI the right reference?
How could we encourage adoption?

What data should we carry?

Which parties should have access to this data?

How would you want to access information?

Key areas of strategic focus: recap and challenges

Consolidated View

High-level Scope

Provide a real-time consolidated view of their account balances globally across

1. Securities holdings
2. Cash and FX positions

as managed by external account servicers.

Customer Benefits

Improved cash flow and greater visibility and control of short-term liquidity

Reduced operational risk and settlement failures, avoids settlement penalties.

Precise and consolidated financial forecasting and revenue predictions

Maximised investment returns and reduced costs linked to over-collateralisation

Reduced use of expensive credit lines or last-minute buy-in/repurchase of shares to cover fails.

Challenges & Key Questions

Where is the most value?

How should we build the positions?

What external sources of data should we also consider?

What formats should we consider – MT, MX, API's?

Legal Notices

Copyright

SWIFT © 2020. All rights reserved.

Disclaimer

The information in this document is subject to change without notice and should not be construed as a commitment by SWIFT. SWIFT assumes no liability for any errors, inaccuracies or incompleteness contained this document.

Confidentiality

SWIFT's business activities are competitive. We view our insights, approaches, plans as proprietary and/or highly confidential, and look to you to protect SWIFT's rights and interests in any information, data and material you may obtain in connection with our consultation about SWIFT's future strategy (the "**Purpose**"), including but not limited to this presentation. Please access, use or share it on a strict need-to-know basis for the Purpose only and, in all cases, do not disclose it outside your group organisation without the prior written consent of SWIFT. By accessing, using or sharing it you will be deemed to have accepted to protect it as per SWIFT customer confidentiality obligations as set out in the SWIFT General Terms and Conditions (available on SWIFT's website).

Assumptions

By providing any information, feedback, comment or material in connection with the Purpose, you will be deemed to confirm that (i) SWIFT has the right to use it as SWIFT thinks fit in connection with the Purpose without payment to any party; and (ii) any intellectual property rights created by or for SWIFT as a result or which subsist in it shall vest in SWIFT absolutely. Also, please ensure it is free from any competitively sensitive information.

Trademarks

SWIFT is the trade name of S.W.I.F.T. SC. The following are registered trademarks of SWIFT: 3SKey, Innotribe, MyStandards, Sibos, SWIFT, SWIFTNet, SWIFT Institute, the Standards Forum logo, the SWIFT logo and UETR. Other product, service, or company names in this publication are trade names, trademarks, or registered trademarks of their respective owners.





www.swift.com