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Market Infrastructure
Australian Securities and Investments Commission
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By email: otcd@asic.gov.au

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Dear Mr. McBurnie:

We fully support ASIC's goal to simplify the current Derivative Transaction Rules (Reporting) and ASIC's intention to implement, as part of the derivatives reporting rules revision, the international standards for entity, transaction, and product identifiers together with the international harmonisation work around critical data elements (CDE). Furthermore, we welcome the various detailed consultations on the topic of derivatives reporting. Changing the existing reporting framework is costly and changes therefore must be considered very carefully. We do support the process and changes proposed in the consultation which will go a long way in achieving better data quality and facilitating data aggregation on a global level. The ability to monitor systemic risk was, after all, a primary G20 objective when reporting for derivatives was mandated in 2009 following the financial crisis.

SWIFT is a neutral, global member owned cooperative and the world's leading provider of secure financial messaging services. Today, SWIFT's messaging services are trusted and used by more than 11,000 financial institutions in more than 200 countries and territories around the world. Providing reliable, secure, and efficient messaging services to our community of users, SWIFT is the backbone of global financial communication.

The SWIFT network is also used globally for regulatory and OTC derivatives trade reporting by trade repositories like DTCC's GTR, Regis-TR and HKMA's trade repository; as well as by reporting entities in Europe for meeting EMIR, SFTR and MiFID II/MiFIR requirements. Closer to home in Australia, SWIFT has over 130 connected customers covering banks, critical market infrastructures and capital markets players. Hence, we are pleased to see the current proposal to move to more harmonized and standardized reporting.

SWIFT understands the value and importance of standards both for usage on the SWIFT network and beyond, with a focus on facilitating efficiencies in the global financial world. It is in this latter context that SWIFT acts as Registration Authority for ISO 20022, supporting the financial industry in reaching further standardisation. We fully endorse leveraging ISO 20022 for regulatory reporting.

The ISO 20022 methodology; repository and data dictionary; and the governance process distinguish ISO 20022 from other financial standards and make the standard uniquely suited for global regulatory reporting:

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- 1) **Methodology:** ISO 20022 is a methodology to develop a standard. It defines three levels or layers: the top layer provides the business processes and concepts. The middle layer defines the logical data models and flows, and the bottom layer the syntax, which is the physical representation of the logical model. Different syntaxes can be used linking back to the same business model. For regulatory reporting the XML representation is used. The modular approach, among other things, allows the standard to evolve with changing technical requirements.
- 2) **Repository:** ISO 20022 content is stored in a common repository. The repository contains a data dictionary that describes all the components and sub-components, their structure and dependencies, and how they should be interpreted and used. The data dictionary for example contains all the CDE definitions.
- 3) **International Governance Framework:** ISO 20022 has a strong and well-established governance framework that leverages ISO's seventy plus years of knowledge and expertise in building global standards.

For more information, see www.ISO20022.org

Harmonising standards and derivatives transaction reporting requirements in Australia with other European/US rules and regulations like EMIR, MiFIR, SFTR and Dodd-Frank requirements, will also be beneficial for global reporting entities. In Australia, the ISO 20022 format has already been adopted by market infrastructures like ASX's CHES replacement, the high-value clearing system (HVCS) and the New Payments Platform (NPP); and a common standard across payments, securities and derivatives segments would be ideal.

UTI and SWIFT's smarter securities initiative

Leveraging our unique position as a neutral, global cooperative, SWIFT has been working to deliver better post-trade transparency at an industry level and developed a roadmap for industry-wide adoption of a unique transaction identifier (UTI). The implementation of a shared reference within the securities settlement lifecycle helps drive capital markets goals of harmonisation and efficiency, reduces fragmentation, and improves the quality of data exchanges. A UTI with secure sharing of mutual data can provide value in the following areas:

- 1) **Improved STP and overall settlement efficiency:**
The post trade process UTI will facilitate detection of issues, determination of cause and speed up the resolution. This way the UTI will have a direct and near-term positive impact on the efficiencies for settlement operations. Better metrics and root cause analysis internally and across counterparties will further support permanent process improvements withing settlement firms and for their customers.



- 2) Better interoperability between systems and counterparties:
The UTI provides the mechanism to improve linkage between internal applications and workflow processes. The UTI also enables connectivity with external parties for machine to machine, user to user, and machine/user exchanges.
- 3) Consensus between parties:
The UTI enables parties on both sides to know if something is pending or being done on the other side. This allows for better decision making on whether an action is required and next steps to ensure settlement. The UTI gives a mutual historical view on transactions for all settlement parties.

SWIFT is engaged and collaborating across industry segments with market infrastructures, service providers, industry bodies and other organisations involved in the post-trade securities lifecycle to ensure a harmonised and consistent approach for UTI adoption within the wider digital transformation agenda across the financial services sector.

Regulatory reporting is one part of those post trade processes and while the UTI will be valuable solely for reporting and reporting reconciliation purposes, for the industry to truly gain value from a UTI that is used across the whole post trade lifecycle, its usage in post trade needs to align with its use for reporting purposes. Harmonised use of a UTI beyond regulatory reporting in other parts of post trade processing will have a positive impact on the quality of the UTI.

We thank you for the opportunity provided to comment on ASIC's proposed changes to the Derivatives Transaction Rules (Reporting). We are available to provide any additional information as needed regarding UTI and ISO 20022. Do not hesitate to contact
[redacted], SWIFT's Head of Oceania or myself with any questions.

Yours Sincerely,

Global Head of Public Affairs
SWIFT