

Telekurs Financial Implements IBEI Codes for European Finance Industry

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14 May 2008
Media Release no. 05/08

Zurich/Switzerland – As European countries increasingly embrace the IBEI (International Business Entity Identifier) code, Telekurs Financial has successfully promoted and implemented this unique standard for the identification of corporate entities – an important enabler of straight-through-processing (STP) in cross-border trading.

At the European general meeting of the FISD (Financial Information Services Division of the Software and Information Industry Association) in March, a panel of financial industry representatives confirmed the necessity to adopt a unique “entity identifier” to mitigate operational risk in the cross-border processing chain. The financial industry has evaluated several options, but it seems clear today that the IBEI code as implemented by various National Numbering Agencies (NNAs) is modelled in such a way that would serve this purpose on a global scale.

Background

Increasing volumes and complexity of financial data demand more efficient processing. This encourages, amongst other things, the adoption of standards as an integral element of the drive to enhance automation. In fact, standardisation of financial data has become even more important as a result of international regulations such as MiFID and Basel II. In some reference data sectors, standards are already well established. In particular, the financial industry has embraced the CFI code as an appropriate solution for the classification of financial instruments, while the ISIN code is used for the unique identification of such instruments. In the realm of business entity identification, many local identifiers exist and are in use on domestic and/or cross-border levels, even though they often lack universality (some schemes are context or system related) or accuracy (some identifiers have a one-to-many or many-to-one relationship with a business entity). These business identifiers are particularly important to effectively support reporting tasks required by international regulations. For example, MiFID stipulates that a unique code must be used to identify issuers, banks, funds and brokers at a European level. Effective observance of Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations also rely to a large degree on the unique identification of each business entity. Clearly, the industry requires a universal identifier that allows compliance with due diligence obligations, whilst making the processing of instructions and related operations easier and more straightforward.

Description of the International Business Entity Identifier

The IBEI code, as implemented by various NNAs, consists of ten characters decomposed as follows: a prefix, (the alpha-2 country code specified in ISO 3166), the basic identifier, made up of 7 random alphanumeric characters (digits and uppercase letters to the exclusion of vowels), and a check digit, computed using the modulus 10 “Double-Add-Double” formula.

One of the major advantages of the IBEI code is that it clearly identifies every participant in the processing chain of cross-border securities trading. Market participants, such as issuers, Central Security Depositories (CSDs), Regulated Markets (RMs), Brokers or Fund Managers will be attributed with an IBEI code. In addition, it identifies the CIVs (Collective Investment Vehicles) such as mutual funds, investment trusts, pension funds, etc. This considerably reduces the possibility of misinformation or input flaws in the processing of trade data. In combination with the ISIN of the security and other relevant trade data, such as price, trade time or volumes, the respective IBEI codes will serve to create a unified data set. This set will in turn help generate standardised trade reports and transaction reports as well as risk and compliance reports.

In June 2007, Telekurs Financial began strengthening cooperation with other National Numbering Agencies and industry participants in order to promote the use of the IBEI code within Europe. Today, the IBEI code covers the business entities and the CIVs of various European countries, namely Switzerland, France, Luxembourg, Liechtenstein, Belgium, Germany, Austria and Spain, where market participants can rely on the infrastructure and products of Telekurs Financial to implement the IBEI codes within their global securities operations. Telekurs Financial owns a securities database which comprises 330,000 business entities and more than 4.2 million financial instruments. All this data is intelligently linked in such a way that any changes on the corporate level, such as name changes, are immediately and consistently reflected at the instrument level. Telekurs Financial features the IBEI code in its flagship processing product Valordata Feed (VDF) as well as in its financial display Telekurs **iD**. To date, approximately 50 percent of business entities are attributed with an IBEI code. In addition, VDF contains, among others, industry standards for identifying instruments, markets and companies (CFI, ISIN, IBEI) and is thus a valuable enabler of standardisation in the global financial industry.

Nourredine Yous, Head of Data Quality & Development at Telekurs Financial and Chairman of the ISO TC68/SC4 sub-committee, says: “I am very happy that the implementation of the IBEI code in European markets is now on the right path. In the present financial industry climate, the cross-referencing of corporate and instrument descriptive data has become a key requirement, and the unique data model of Telekurs Financial allows users to retrace all the changes effected throughout the lifecycle of a corporation and its dependent financial instruments. The industry has been struggling for the last ten years to agree on an IBEI concept. Telekurs Financial believes that the scheme of the IBEI code, as implemented by various Numbering Agencies, is an important step towards helping the global financial industry standardise the securities processing chain and thereby minimise the inherent operational risks of financial transactions.”

Telekurs Financial

As a leader in its field, Telekurs Financial specialises in the procurement, processing and distribution of international financial information. Financial market specialists at Telekurs Financial gather information from all the world's major trading venues – directly and in real time. The Telekurs Financial database with its structured and encoded securities administration data for more than 4.2 million financial instruments is unique in terms of its depth of information and data coverage. With offices in 23 countries, Telekurs Financial combines the advantages of global presence and local know-how.

Telekurs Financial Information Ltd is a subsidiary of Swiss Financial Market Services Ltd. On a worldwide scale, Swiss Financial Market Services Ltd offers first-rate services in the areas of securities trading, clearing and settlement, as well as financial market information and payment transactions.

Further information is available at: www.telekurs-financial.com