

## SECURITIES MESSAGING STANDARDS

**“Instead of getting different formats from custodians, [investment managers] will get a standard layout from the custodians, in Excel format.”**

**A new standard for re-allocation instruction messages is part of ISITC’s effort to completely automate securities lending transactions.**

## ISITC Plans New Protocols for Settlement Instructions

NEW YORK — New protocols being recommended for standard settlement instructions and re-allocation instruction messages aim to better structure trading data and improve the efficiency of trade processing, according to Genevieve Dimitrion, Chair of industry trade group ISITC, an acronym for International Securities Association for Institutional Trade Communication.

“Standing Settlement Instructions are very manually intensive for our constituency, which includes investment managers, brokers and custodians — there was previously no standard or structure for the data, so when the investment managers were getting the data from the global custodians, it wasn’t necessarily in a consistent format, nor were all the necessary details provided to them,” she says. ISITC’s Reference Data Working Group’s recommendations for standard settlement instructions (SSIs) are aligned with key industry standards such as ISO 15022, she adds. “Instead of getting different formats from custodians, [investment managers] will get a standard layout from the custodians, in Excel format,” says Dimitrion. “They will get consistent data using consistent values that they can upload into their own internal SSI databases or any external SSI databases they’re using. The recommendation provides the better structure that our members need.”

The Reference Data Working Group will look at how to implement the new standards for SSIs at ISITC’s 15th Annual Vendor Forum and Vendor Show, March 22-25 in Boston. The group’s SSI proposal sets minimum required content standards for the instructions, and includes sample formats. ISITC’s Securities Lending Working Group also developed the recommendation for re-allocation instructions intended to increase straight-through processing of trades and reduce trade failure, according to Dimitrion. Re-allocation instruction messages are sent by third-party lending agents to custodians to alter loan assignments to funds. “We’ve enhanced the standard to incorporate more data elements, to identify if it is not just a lending-related transaction but a loan reallocation, [for example],” she says. “Rather than having to recall the shares from the lender and do a whole new loan, they just reallocate it between accounts.” Re-allocation instruction messages can be used for all types of instruments eligible for securities lending, including corporate bonds, equities and government securities. The new standard for the instruction messages is part of ISITC’s effort to completely automate lending transactions. □