

Standard for Sharing of Standard Settlement Instructions (SSIs)

FINAL

Introduction

The Financial Markets Standards Board

The Financial Markets Standards Board (FMSB) was established in 2015 in response to the Fair and Effective Markets Review (FEMR) in the UK with an original mandate to issue clear and practical guidance designed to improve conduct and raise standards in the wholesale fixed income, currencies and commodities (FICC) markets. FMSB is building a body of Standards and Statements of Good Practice (SoGPs) over time, prioritising those areas where FMSB member firms (Member Firms) consider there is a lack of clarity in the standards of behaviour expected of market participants, or a lack of understanding of the issues relevant to a product or transaction type, or evidence of poor conduct.

Applicability of FMSB Standards

Each FMSB Member Firm is expected to confirm annually that it is committed to conduct its market activities (its 'Activities') in a manner consistent with the Core Principles contained in FMSB Standards, and to have internal policies, procedures and controls reasonably designed to give effect to those Core Principles where they are applicable to its Activities, in a manner that is commensurate with the nature of its Activities in the relevant entity or jurisdiction. That confirmation is expected to apply to all FMSB Standards issued in final form in the calendar year prior to the year in which the confirmation is made.

The details of FMSB Member Firms are available at fmsb.com.

Standards are published on FMSB's website and non-member firms and their affiliates are encouraged to consider them. In this way, Standards are also made available to users of wholesale financial markets (e.g. corporates, investors and other end-users) so that they may be made aware of their existence and FMSB's expectation of market conduct.

FMSB will, as part of its normal course of business, periodically review the applicability of its published Standards to ensure they are relevant and up to date for market conditions.

Relationship with law and regulation

FMSB Standards and SoGPs do not impose legal or regulatory obligations on Member Firms, nor do they take the place of regulation. In the event of any inconsistency, applicable law, rules and regulation will prevail. In developing Standards and SoGPs, certain regulators may have commented on their drafting, alongside Member Firms and other bodies, such that the Standards and SoGPs, once finalised and published, are intended to represent an authoritative statement of global good practices and processes. However, they are not normally endorsed by regulators. Where they are endorsed by a regulator, this will be made clear on the face of the Standard or SoGP in question.

Relationship with other codes

Other Codes already exist in relation to certain FICC markets, such as the LBMA Precious Metals Code, while others are in the process of being produced. There will be some overlap between FMSB's work and such other bodies and FMSB will seek to ensure it adopts a consistent approach in cases of overlap wherever possible, and will seek to avoid issuing a Standard or SoGP where the subject matter is already covered adequately by existing regulation or a Code issued by another body. It may draw attention to Member Firms of an existing code and request that Member Firms consider its applicability and act in a manner consistent with it, where appropriate.

I. Explanation

1. Standard Settlement Instructions (SSIs)

Standard Settlement Instructions (SSIs) specify the “where” of delivery/settlement after the execution of any financial transaction. SSIs are akin to the address of the account, and their management is frequently outsourced, for example, to custodians and prime brokers. Additions, amendments, and deletions are communicated by the account owners or their agents to their counterparties, who then maintain this data on internal reference databases.

The volume of SSIs, the non-standard format, non-frequent nature of SSI exchanges, as well as the high percentage of manual SSI exchanges combine to create a significant problem for market participants. The most significant cause of fails at the settlement stage, after lack of inventory, is incorrect or missing SSIs¹. Manual intervention is necessary to resolve exceptions prior to settlement, such as remediating incorrect SSIs. Manual SSI exchanges, aside from being more prone to errors from transposition, also create inefficiencies due the human intervention required to ingest, and to verify the details through call-backs to ensure that irreversible transfers are not made to the incorrect accounts.

In *Charting the Future of Post Trade* (April 2022), the Post Trade Task Force² proposed high-level recommendations to address procedural inefficiencies in the exchange of Non-Economic Trade Data, including the greater use of automation for sharing SSIs. FMSB’s Member firms agreed to the Post Trade Task Force’s request to take forward these recommendations and create this Standard.

2. Current Status and Inefficiencies

2.1 Taxonomy:

- There are international standards for the identification of many of the data elements required in an SSI. Significant effort has been made to standardise existing national bank code systems, such as the International Bank Account Number (IBAN – ISO 13616) or the Bank Identifier Code (BIC – ISO 9362).
- However, the same data point may have different names. The BIC is also commonly referred to as the Business Identifier Code, Bank International Code, SWIFT Code and SWIFT Address, amongst others. There is even more discrepancy for data items where no widely-accepted standard exists.
- ISO 20022 is a multi-part international standard describing a common platform for the development of messages, compiling these and more. ISO 20022 has been or is in the process of being adopted by various central banks’ infrastructure (including UK CHAPS, the UK and Eurosystem real time gross settlement systems, and the US Federal Reserve’s FedNow), many major market participants, and Swift cross-border payments and reporting, but is not yet universally adopted for the sharing of SSIs.

¹ [Charting the Future of Post-Trade - Report of Task Force - April 2022 \(bankofengland.co.uk\)](https://www.bankofengland.co.uk/-/media/boe/files/2022/04/charting-the-future-of-post-trade-report-of-task-force-april-2022.pdf)

² An industry working group established in June 2020 by the Bank of England’s Post-Trade Technology Market Practitioner Panel with the aim of catalysing reform in post-trade.

2.2 Accuracy and timing of SSI data fields:

- Clearly, SSIs must be accurate and up to date. To alleviate the need for firms to submit all of their SSIs to a counterparty bilaterally when establishing or expanding a trading relationship, or changing their settlement details, industry solutions (whether platform or network based) have been developed that allow firms to input and manage their own SSIs and then simply permission select counterparties to view them. This allows their timely dissemination across the market. Nevertheless, user errors in completing the inputs still occur, and a significant subsection of mid- and smaller market participants still do not use such solutions.

2.3 Additional operational effort and authentication required when manually receiving SSIs:

- The SSI solutions mentioned above are designed to be secure – checking that individuals with the ability to add, amend, and delete SSI details are authorised to do so on behalf of the entities, and that such details cannot be modified by unauthorised parties thereafter. This ensures that the counterparty receiving the SSI data can be sure that they are legitimate instructions made by the client without further investigation.
- SSIs which are shared through “manual” channels e.g. email, phone or fax, require manual intervention by the recipient to populate their databases, increasing the opportunities for error, fraud, and reducing the efficiency of resources. In order to address the risk of mis-delivery, SSIs that are not received through authorised channels often must be confirmed through a “call back” to the counterparty, adding a further layer of cost, inefficiency, and the potential for bottlenecks where SSIs are exchanged closer to settlement date.

2.4 Non-standardisation of format when manually sharing SSIs:

- Further, manually shared SSIs lack a consistent format, meaning that automation of their ingestion into firms’ reference databases is challenging.

2.5 Global move towards accelerated settlement:

- May 2024 saw the US, Canada, and Mexico joining India and China in moving to a T+1 or faster settlement cycle. The UK and EU are expected to join the T+1 cycle in October 2027, and more markets are discussing a move to the same. Halving the settlement timeframe from 2 to 1 days has a disproportionate impact – it is estimated that the available window for actual trade processing is shortened by up to 80%³. Even though SSIs can and often are exchanged well in advance of a trade, there are many situations in which they are not and/or cannot. Further, adoption of solutions which enable automation and reduce the need for call-backs frees up resources to deal with exceptions in a more timely manner than required under T+2. This is particularly important for investment managers, who may act on behalf of a number of underlying accounts in one trade, and may only be able to allocate after their orders have been executed towards the end of the trade date.

³ [AFME_Tplus1Settlement_2022_04.pdf](#)

3. Purpose of this Standard

This Standard establishes Core Principles which set out expected practices for the sharing of SSIs between market participants.

Although the significant benefits of using pre-authenticated industry solutions mean that their use is preferred, there is recognition that for some industry participants, this may not yet be feasible. This Standard therefore also contains templates for use for manually shared SSIs for both cash and securities. The templates have been developed in conjunction with the ISITC Reference Data working group and is based on and consistent with ISO 20022 Message definitions (SSI for Securities, Payments and FX)⁴.

While the FMSB Working Group considered authentication of manual SSIs, current technology does not provide infallible security against unauthorised exploitation of vulnerabilities. Management of call backs is therefore a matter of risk tolerance for the recipient of the SSI, and not considered in this iteration of the Standard.

Defined terms used in this Standard shall have the meanings given to them in Section 3 ('Glossary') or the 'Introduction' above.

4. Interactions with Existing Regulations and Guidelines

Member Firms must ensure that they continue to meet applicable laws, regulations, and guidance. This Standard is intended to supplement such laws, regulations, and guidance and does not supersede or in any way alter existing requirements.

5. Scope and applicability

5.1 Firms should, together with any of their agents, give effect to the Core Principles and commentary contained in Section II:

- In relation to the Firm's own SSIs; and
- Where Firms manage the SSIs of non-natural person clients as part of their commercial relationship (for example where they perform custodial or prime brokerage services for clients), in relation to their clients' SSIs to the extent legally and operationally possible.

5.2 This Standard **does not apply to Firms' management of their counterparties' SSIs**. It is expected that Firms import, manage, and/or delete the SSIs of their counterparties as they best assess to minimise operational risk and manage any legal or regulatory requirements or guidance relevant to their retention. Nevertheless, Firms should consider quantitatively monitoring how they receive their counterparties' SSI instructions through internal metrics.

⁴ ISO 20022 Message Definitions | ISO20022

II. Core Principles and commentary

This Standard sets out the 9 Core Principles relevant to the sharing of SSIs.

1. Use of Industry Platforms

Core Principle 1:

When creating a new or updating an existing account, SSIs should be entered and managed using electronic solutions that allow for standardisation and pre-authentication of settlement instructions, and which facilitate Straight-Through-Processing.

2. Off-Platform

Core Principle 2:

Where the use of electronic solutions as referenced in CP1 is not operationally and/or not legally feasible, SSIs should be shared with counterparties using the manual templates contained in Annex 1.

3. Timing

Core Principle 3:

All SSIs expected to be used to settle future transactions with counterparties should be shared at the point of onboarding of the new entity or product. This should include SSIs for all products referenced in the legal agreements.

Where the settlement account cannot be identified at or prior to the point of trade, or where there is an exception, SSIs should be confirmed (where entered into industry platforms) or shared (where using a manual template) sufficiently early to allow for timely confirmation of the trade.

4. Data Fields

Core Principle 4:

For each SSI, all data fields should be completed where specified by the electronic solution or in the template to be relevant to the transactions intended.

The relevant Legal Entity Identifier (LEI) should be populated wherever possible.

Data fields should be consistent with the latest operating guidance provided by the electronic solution or the template.

5. Data Format

Core Principle 5:

Data fields should be formatted as specified by the electronic solution or in the template with no additional characters or spaces.

6. Data Validation

Core Principle 6:

Data fields should be validated using any industry standard formulae relevant to those data fields, for example, check sums, whenever entered or amended, and prior to the point of communication to counterparties.

Data fields should not be modified without re-validating.

7. Validity

Core Principle 7:

SSIs should be updated as soon as reasonably practicable upon any changes.

Where a manual template is used, all data fields should be completed for any SSI that has been changed.

SSIs which have not been used for settlement in the past 12 months or used for a trade whose settlement has failed should be reviewed and amended or deleted as appropriate.

8. Governance and Responsibility

Core Principle 8:

Firms should implement policies and procedures to govern the management, sharing, and receipt of SSIs, including:

- Defining individuals with capacity;
- Processes;
- Exception management; and
- Governance and monitoring.

9. Periodic Review

Core Principle 9:

Where Firms are unable to give effect to one or more of the Core Principles in relation to their own SSIs or those of their clients, Firms should review and seek to remedy any obstacles on a regular basis and no less frequently than annually.

Annex 1: SSI Templates

- Template 1: For creation, updating, or deletion of cash or securities SSIs (single SSI, PDF smart form). **Please download & then open the PDF in Adobe PDF reader as not all PDF readers/browsers are compatible.*



Template_1_ISITC
SSI Form V 1.1.pdf

- Template 2: For use when creating a new or updating an existing cash SSI (single or bulk SSIs, spreadsheet)



Template 2_ISITC
Cash SSI Template_C

- Template 3: For use when deleting an existing cash SSI (single or bulk SSIs, spreadsheet)



Template 3_ISITC
Cash SSI Template_E

- Template 4: For use when creating a new or updating an existing securities SSI (single or bulk SSIs, spreadsheet)



Template 4_ISITC
Securities SSI Templ:

- Template 5: For use when deleting an existing securities SSI (single or bulk SSIs, spreadsheet)



Template 5_ISITC
Securities SSI Templ:

Change requests to the templates can be made by any market participant upon approval by the FMSB working group established to maintain this Standard, and where appropriate for the underlying definitions, the ISO Standards Evaluation Group.

Requests should be raised to secretariat@fmsb.com in the first instance.