



Country or Liaison Report to ISO TC68

Date of Report:

Date received by Secretariat:

ISO/TC 68 N

National Body or Liaison Organization:

**ANNA (Association of National
Numbering Agencies)**

Head of Delegation:

Dan Kuhnel, ANNA Chairman

General Information on National Financial Service Activity and the linkage to potential or existing ISO work programs– (attach additional sheet if needed)

Historical Background

ANNA was formed under Belgian law as an 'scl' Association in 1992 with 22 National Numbering Agencies as the original founding members. ANNA acts in the capacity as the appointed Registration Authority for ISO 6166 and ISO 10962. Today, ANNA has 76 National Numbering Agencies with full membership rights and an additional 21 associate members (ANNA partners) thus representing a membership of 109 countries (some NNAs cover multiple jurisdictions). As a direct result of the current number of ANNA members; the worldwide coverage of ISIN assignment (in accordance with the ISO 6166 standard) is in excess of 200 countries. The vast coverage versus the actual number of members is due to establishment of substitute numbering agencies to assist in ensuring wider market adoption and the promotion of the ISO 6166 standard. Substitute agencies have been designated to assign ISIN numbers in jurisdictions where no National Numbering Agency exists or the appointed NNA is not able to act on a particular security for one reason or another – hence the assurances of ISIN assignment coverage.

The ANNA Service Bureau ("ASB") (operated with direct oversight by ANNA) has been in production since July 2001. It is due to the efforts and commitment of the ANNA members as a whole, to ensure availability of ISINs via the ASB, that as of the end of July 2008, the ASB had in excess of 7.31 million ISINs in its' database. Of this number, in excess of 5.12 million ISINs were 'live' issuances trading in one or more global financial markets.

The database requires an initial bulk ISIN/CFI master file from the ANNA members which is periodically re-submitted to ensure coverage, availability and accuracy. Where ANNA has not achieved ISIN coverage or where an ISO 6166 compliance issue exists with a specific NNA, the ASB Advisory Board in conjunction with the ANNA Board of Directors analyses the specific case and determine the appropriate course of action and implements a sequence of preventative measures to rectify the situation.

Participation by Country/Liaison in other Financial Services Industry standards bodies

ANNA representation and the views of its' members has been directly involved and provided input in the following areas:

- revision of ISO 6166 through active participation in the SC4/WG1 forum;
- update and revision of ISIN Guidelines – under the responsibility of ANNA WG2;
- cooperation with SWIFT on ensuring timely and accurate updates of ISO 10383 (MIC) as per market changes advised by the NNAs;
- promotion, assistance and thus increased assignment/coverage and usage of ISO 10962 (CFI);
- promotion, assistance and thus increased assignment/coverage and usage of ISO 6166 (ISIN);
- continued assessment and development of the IBEI standard;
- ISO 18773 (Abbreviations) and ISO 18774 (Financial Instrument Short Name);
- CESAME discussions on Barrier 8 re: ISIN allocation timeliness

National Adoptions of Financial Service ISO standards or Implementation by Liaisons – (list key standards)

- see above

Major changes in financial services since last report and expected in next two years

It is important to note the impact that an order of the Russian Federal Financial Markets Service Authority (No. 07-105/pz-n of October 2007) had on the global financial markets and the National Numbering Agencies that service them in relation to CFI allocation and thus compliance with foreign financial instruments legislation.

The new Russian directive is linking the authorization for sales/trading of foreign financial instruments to the existence of a CFI code allocated by the responsible NNA according to ISO 10962 and to the ANNA regulations. According to this directive, banks trading in such securities must provide a CFI for new securities as of February 1st, 2008 and for existing securities effective July 1st, 2008. To comply, the banks must provide evidence of official ISINs and CFI codes supplied by the responsible NNA according to the ISO standards as well as the ANNA rules.

Several problems were encountered with respect to compliance – outlined below.

A. The national numbering agencies do not provide a 100% coverage of CFI codes. Many of them did not implement ISO 10962 yet. Knowing that dealing in a security without providing evidence of an official CFI is prohibited, the consequences for the banks were significant.

B. The directive does not recognize all CFI codes. For instance, the "M" value in the first (category) and the 2nd digit (group) will be rejected. Some Numbering Agencies have already removed such values, replacing them by a more specific one (for instance "B", "C" or "Y" within the debt category) in order to avoid users being blocked by the regulation.

C. There is no regulation about derivatives yet in Russia, with the consequence that the directive ignores the CFI categories

- R (Entitlements, including the groups "Rights" and "Warrants",
- O (Options)
- F (Futures)

A meeting was held with members of the FFMS (Federal Financial Markets Service Authority) on 31 March 2008, attended by the SC4 Chair, National Depository Center in Russia (NDC) representatives and the ANNA Chair.

FFMS showed significant interest in solving existing problems and emphasized their readiness to closely cooperate with ANNA and ISO to reach that objective. The first meeting was with Mr Milovidov, head of FFMS. That meeting was followed by a second with his deputy, Mrs Kuritzina, and other managers from FFMS. It was agreed that:

- NDC will act as the central hub for any ISIN and CFI issues in Russia. Hence, rather than addressing many other NNAs outside of Russia, banks dealing with foreign financial instruments on the Russian market.
- The principle of "substitute agency" was agreed by FFMS, meaning that banks may provide evidence of an existing ISIN/CFI from the substitute agency, provided one or more substitute agencies are officially confirmed by ANNA. Item has been addressed within the ANNA Board.
- The new version of ISO 10962 (DIS status) will be distributed to FFMS in order to anticipate on a potential adaptation of their directives.
- FFMS is potentially interested in getting Russia represented at the ISOTC68/SC4 level.
- Some consistency aspects with ISO 10962 relating to the CFI codes for GDRs and ADRs will be discussed with the US NNA to seek required amendments. These have been successfully addressed.

Although the passing of the Russian Legislation did present challenges to those NNAs that were not yet assigning CFI codes, due to compliance related matters and associated user demand, the legislation did succeed in overcoming internal development obstacles faced by some of the larger NNAs and hence, greatly expanded the level of coverage of the CFI code on a global basis.

Technology Developments in Financial Services that may have potential impact on domestic/international standards

Country/Liaison issues with current ISO TC 68 or SC Developments**Other**

Key additional activities undertaken within ANNA during the course of 2008.

A main focus of ANNA over the last 12 months included the following:

- Creation of an ANNA Newsletter. Publication is made available twice per year for the main purpose of providing the ANNA members with a marketing document to outline key developments within ANNA and items of interest to the National Numbering Agencies e.g. Developments in other NNA countries, ANNA representation in external forums and key ISO Standard changes that may have an impact on NNA activities
- The ANNA Board undertook a comprehensive review of the legal documents governing ANNA. The need for such a revision was driven by discussions that were undertaken in SC4/WG1 activities. The Board noted that the previous governing documents did not accurately reflect the relationship between ANNA and ISO today as well as the relationship between ANNA and the NNA members. The final stage of this exercise was completed in September 2008. Linked to this review was the objective to establish clear roles and responsibilities guidelines for substitute numbering agencies – with the drafting of a formal bilateral agreement between these entities and ANNA.
- The ANNA Board continues to promote the adoption of ISIN in a global context. One area of focus has been to continue lobbying for ISIN to be used as a means of identifying Options and Futures. Since the introduction and adoption of the Alternative Instrument Identifier (AII) by many of the Futures Exchanges, ANNA has continued to lobby appropriate international and domestic forums to promote the benefits of using ISINs. Although there has been limited measured success on a wider scope, Germany for example seeks to have ISINs assigned and used in parallel to the AII.
- A key focus of the ANNA Board has been to formalize its' role as the appointed Registration Authority for ISO 6166. This has also assisted in greatly improving the interaction and overall relationship between ANNA and ISO. Many of the proposed clauses suggested by ISO for inclusion have been discussed and suggested compromises made, allowing the negotiation process to proceed in a very positive manner. The ANNA Board is optimistic the Registration Authority Agreement between ANNA and ISO can be agreed and executed in the near future.
- The ANNA Board continues to put a high level of priority on addressing ISIN allocation consistency and assignment related matters. Each case raised/encountered is assessed in detail by the Board and appropriate actions put in place to address the issue. Recent events and actions taken have promoted external parties to comment directly about the positive impact these actions are having on ensuring harmonized application of the ISO 6166 standard.
- Significant effort is being put into the ANNA WG2 agenda items (under the converynorship of Mr Nourredine Yous) – particularly discussion items are focused on ISIN assignment for CFDs, ISIN assignment for Structured Products and ensuring the ANNA ISIN Guidelines accurately reflect the rules of assignment and coverage necessary to be in synch with financial instrument evolution on a global basis.