

The Authority on Reference Data

Swift Picks Avox for BIC1 Cleanup; First Step in Broader BIC/CIVIC Plan

Swift has signed a deal with Deutsche Boerse-owned counterparty data specialist Avox to help it with the process of cleansing its BIC1 code database of so-called 'unconnected BICs'. The agreement appears to mark the first step in a broad Swift initiative to extend the coverage of its BIC directory and creating BIC-like codes to identify funds (collective investment vehicle identification codes, or CIVICs) in response to the market's call for an alternative to the ISO's International Business Entity Identifier (IBEI) code, which remains in incubation.

As reported in *Reference Data Review* in March 2007, Swift has been engaged in the process of evaluating potential partners for this activity for some time, with players such as CounterpartyLink and Dun & Bradstreet having been in the frame alongside Avox.

The smart money was always on Avox to secure a slice of the Swift business: it numbers among its clients Citigroup, which, due to the extent of its use of Swift, has always wielded significant influence over Swift's decision-making. Perhaps also significant is that Jeffrey Tessler, CEO of Clearstream – also owned by Deutsche Boerse – sits on the Swift board.

Insiders also point to Avox's collaborative operating model, in which client organizations participate in the data cleansing process, offering feedback and sharing efforts to normalize entity data.

Swift, meanwhile, insists that its deal with Avox is not exclusive, and that it continues to consider other suppliers, among them CounterpartyLink and Credit Dimensions, as it looks for third-party help in business identification.

Under its new contract with Swift, which is due to be announced in the coming weeks, Avox will scrub the BIC1 database – which contains BICs issued to entities that need to be identified in Swift messages but are not Swift members – as a one-off project, and will provide maintenance on an ongoing basis.

Swift itself freely admits that it has not maintained the BIC1 codes in the directory particularly well historically, in part due to the fact that it has no client relationship with many of these firms. BIC1s are used within financial messaging and are so-called because a "1" is always placed in the eighth position of a BIC1 to distinguish it from a BIC.

Avox hopes that its selection for the BIC1 project stands it in good stead as Swift looks to award contracts for its broader initiatives in the area, says Avox CEO Ken Price.

Indeed, Chuck Wiley, senior product marketing manager at Swift, says: "The relationship could be extended, as from early 2008 Swift will be assigning CIVICs as a unique identification code available to all collective investment vehicles (CIVs). Swift expects that the identification of these CIVs will require a significant degree of collaboration within the indus-

try and intends to leverage both Avox's collaborative data collection methodology and its user community to help in the identification of entities requiring a CIVIC code."

Swift's BIC/CIVIC activities are related to its plans for a Common Reference Data Management Platform, slated to go live early next year (*Reference Data Review*, September 2006). Among the first deliverables will be the CIVIC directory, which Swift has undertaken in response to customers' needs to identify funds within Swift messages.

Since the Committee of European Securities Regulators (CESR) has named the BIC as the code that should be used for transaction reporting under MiFID, Swift has also been under pressure to improve both coverage and cleanliness of data within its BIC directory. In parallel to its creation of message formats for transaction reporting under MiFID (*Reference Data Review*, April 2007), Swift has been co-operating with the regulators to fill in the gaps in BIC coverage for reporting, it says, with a commitment to ensure that all institutions that need to be will be identifiable by BICs or CIVICs.

As a number of the respondents to CESR's call for feedback on its proposals for use of standard reference data codes in MiFID transaction reporting were quick to point out (*Reference Data Review*, April 2007), the problem of missing BICs and conversely entities with multiple BICs has been significant, making the cleansing

exercise required to ensure uniqueness of identification no small task.

It is the size of the task – and the pressure of a tight timeframe, especially for the MiFID-related component of the work but also for the CIVICs due to be available from early next year – that makes third-party support essential for Swift in the areas of gathering, validating, cross-checking and supplementing this counterparty data.

Though Swift has improved its per-

formance in BIC production significantly in recent months – moving from quarterly to monthly delivery – it has historically struggled to keep up with demand for BICs, and is rumoured to have explored a number of options to address this challenge in the past, including an apparent approach of reference data specialist CB.Net as a possible acquisition target.

What it perceives to be the size of the undertaking is also the primary reason for Swift's reluctance to become the reg-

istration authority for the ISO's IBEI – a task many observers suggest it should be willing to undertake (*Reference Data Review*, January 2007). Swift has demonstrated no appetite for taking on the IBEI, however, since it would involve creating identifiers for potentially millions of corporate entities – entities with which in many cases Swift has no existing business relationship. It remains to be seen whether, with Avox as a partner, Swift reconsiders its position on IBEI.