



Securities world post-T2S

Challenges and opportunities

José Nunes, Senior Consultant
Lisboa, June 2017

Agenda

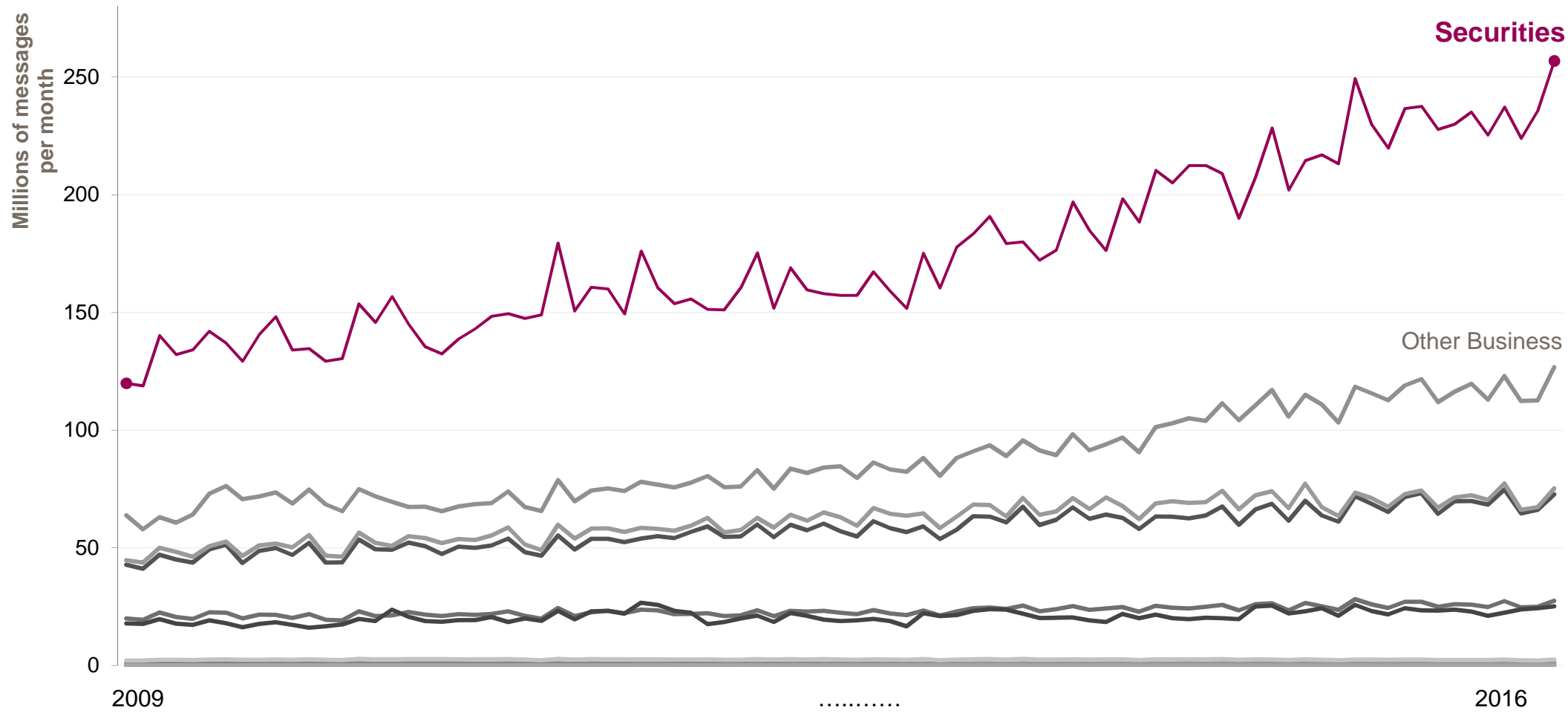
- ❑ **Overview of Portuguese Market**
- ❑ **Securities world post-T2S: landscape and game changers**
- ❑ **Key elements in SWIFT value proposition**



Overview of the Portuguese Market



SWIFT and the securities world – 100% growth in 7 years



PT Activity over SWIFT – FIN Traffic March 2017 YTD

FIN growth March 2017 YTD

SWIFT overall : 9.2%

PT traffic sent: 5.6%

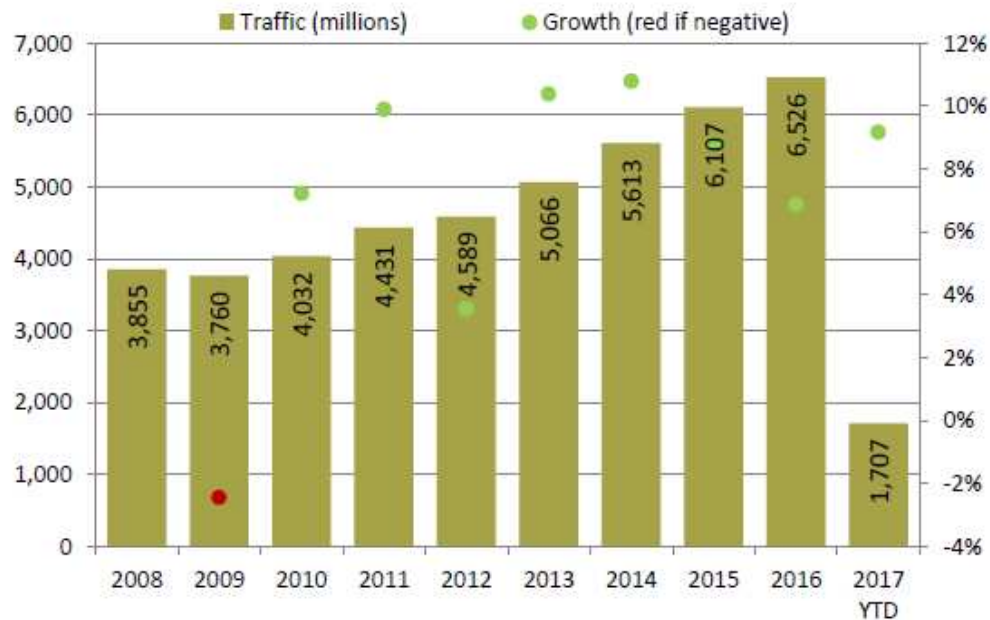
PT traffic received: -5.7%

PT SWIFT FIN Securities global ranking:

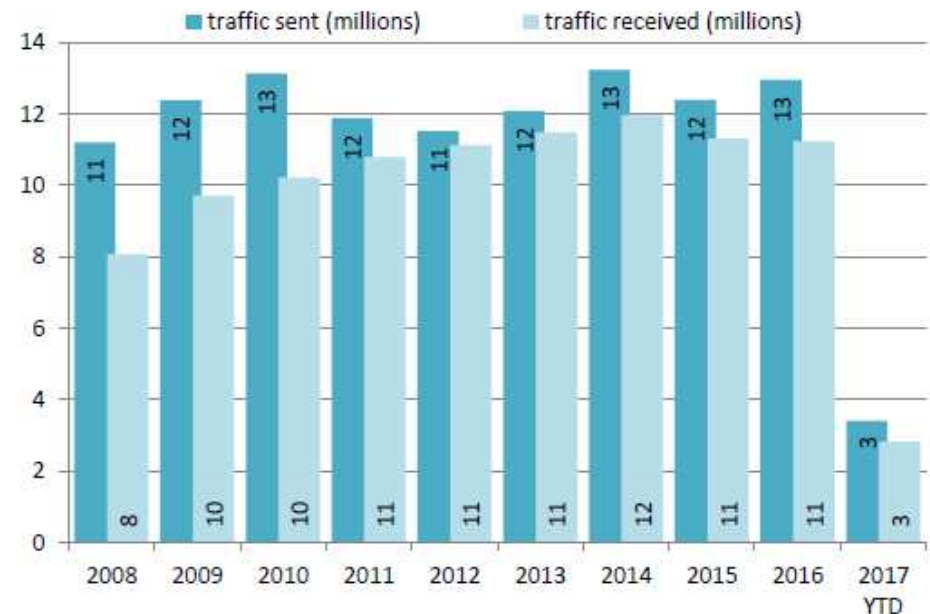
31 (traffic received) &

39 (traffic sent)

total SWIFT FIN traffic volumes

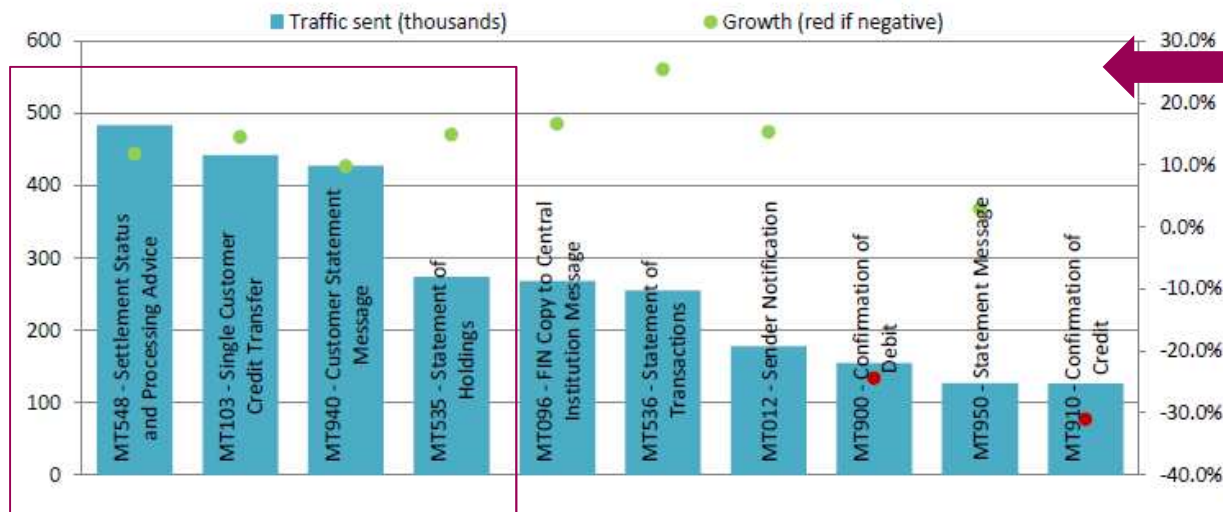


PT: FIN traffic volumes



PT Activity over SWIFT – FIN Traffic March 2017 YTD

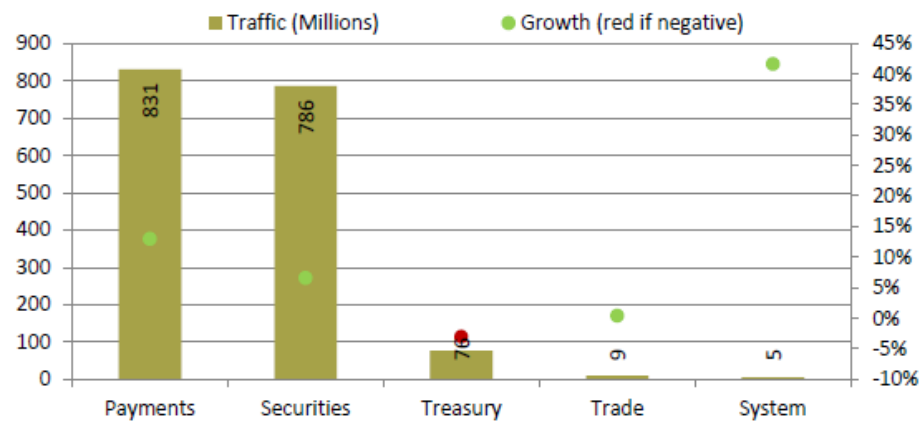
PT: FIN traffic volumes by message type top 10



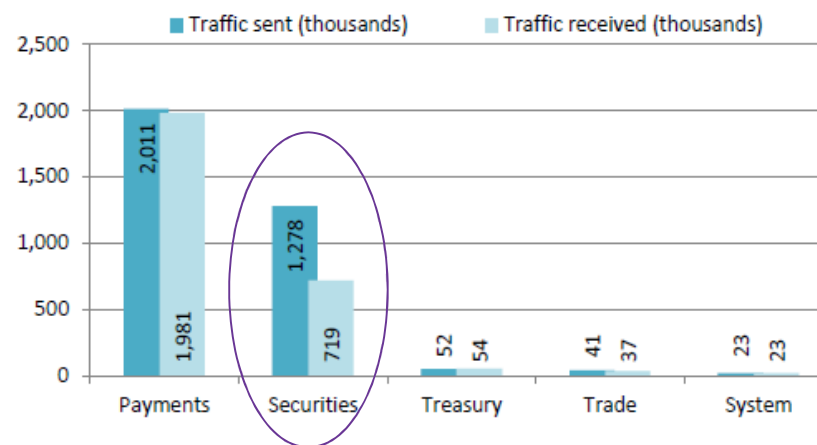
PT Top 4 most used messages are same as for SWIFT global

While Securities represent 46% of SWIFT FIN total traffic, it represents 32% in PT

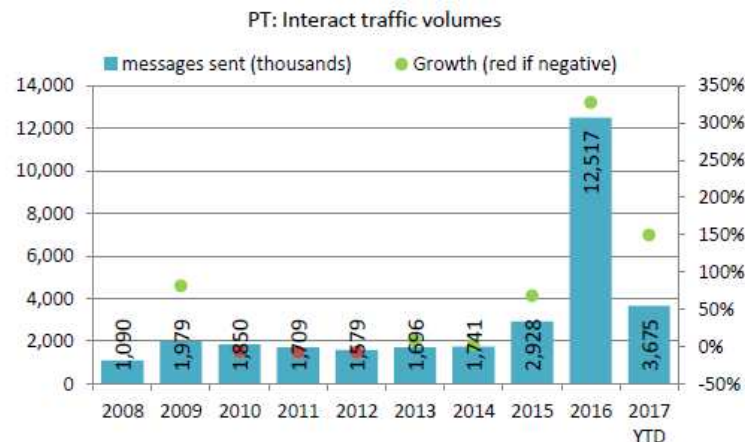
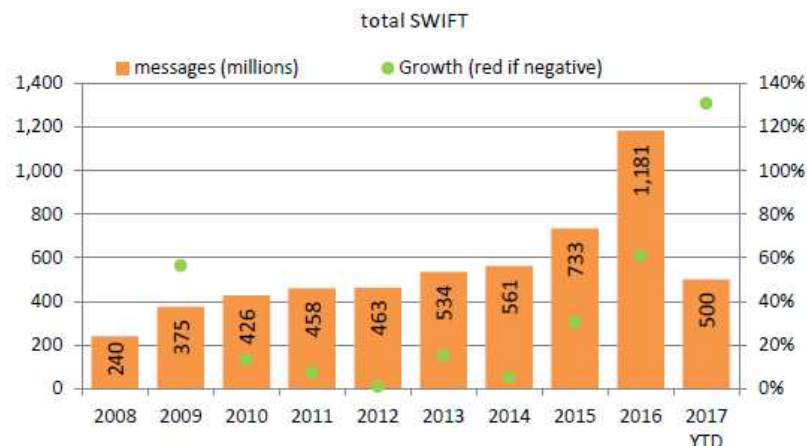
total SWIFT FIN traffic volumes by market



PT: FIN traffic volumes by market



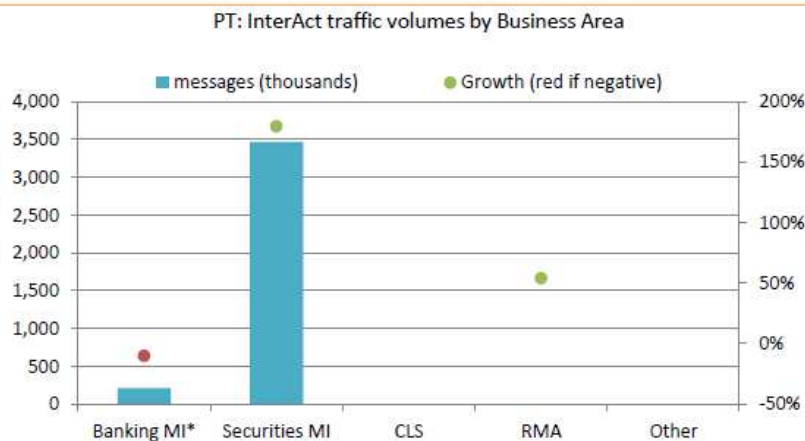
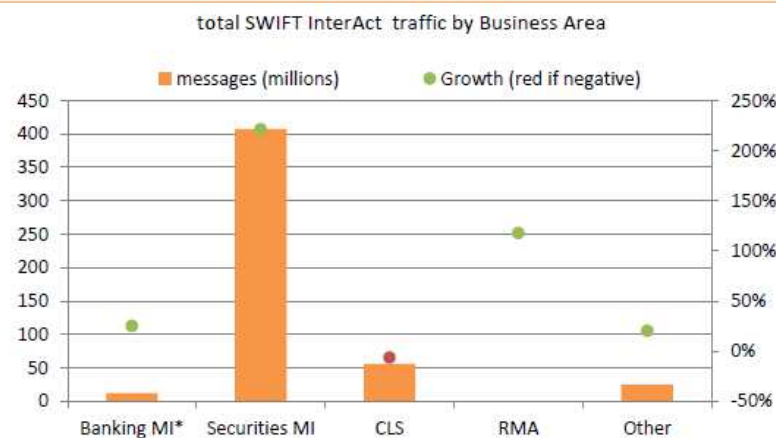
PT Activity over SWIFT – InterAct Traffic March 2017 YTD



PT SWIFT InterAct global ranking: 13

PT InterAct traffic with higher growth than SWIFT total InterAct traffic:

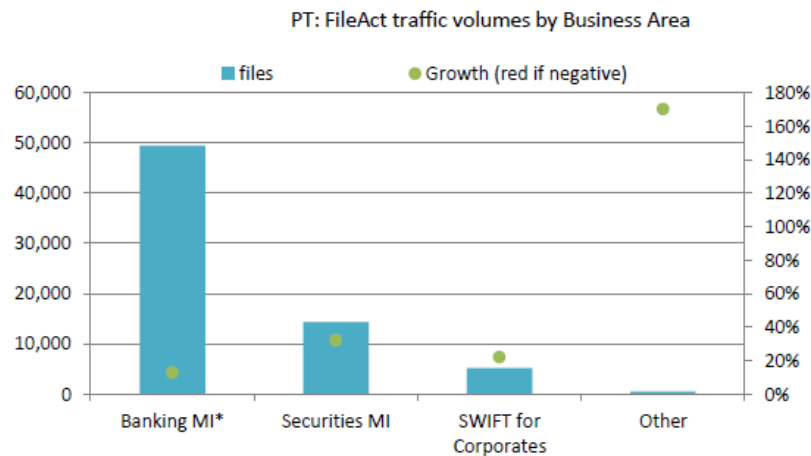
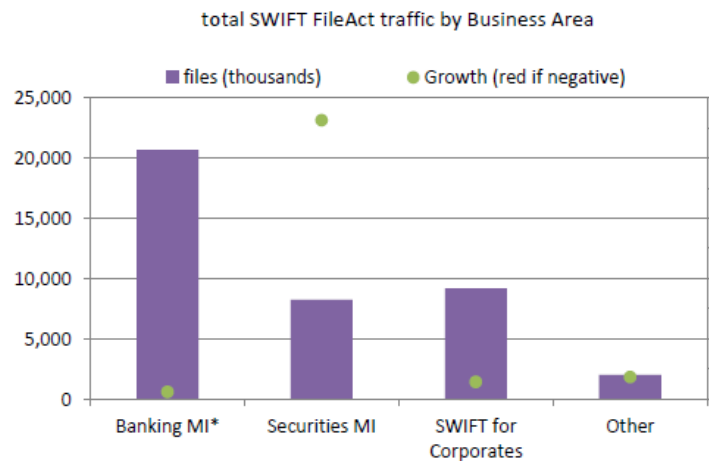
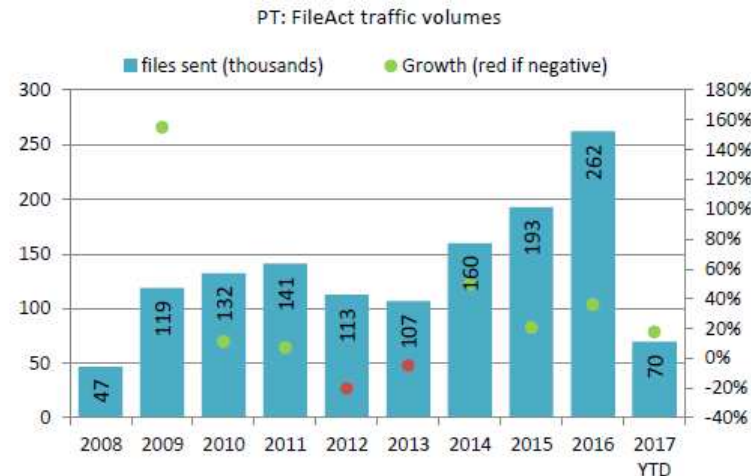
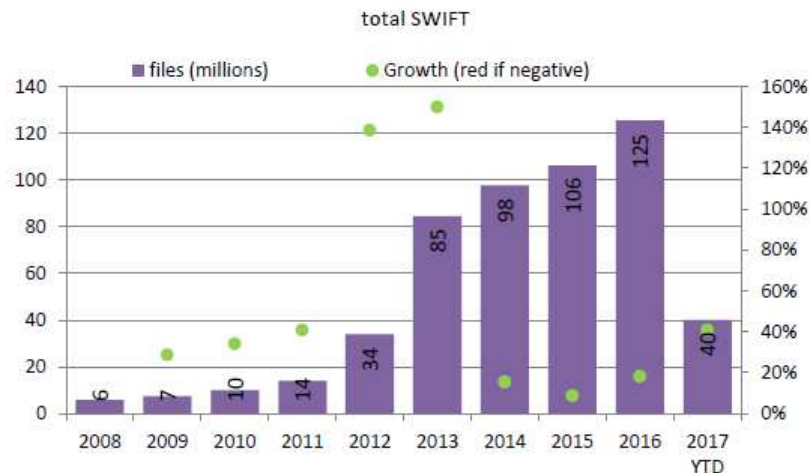
+149.6% vs 130.7%



Growth driven by Securities: +179.4% (with Securities weighting 94.3% of all PT Interact traffic)



PT Activity over SWIFT – FileAct Traffic March 2017 YTD



*PT SWIFT FileAct
global ranking: 15*

*PT FileAct traffic
with lower growth
than SWIFT total
FileAct traffic:
+17.6% vs 40.8%*

*Growth driven by
Securities still:
+32.2% (with
Securities weighting
20.5% of all PT
FileAct traffic vs
71.1% for
Payments)*

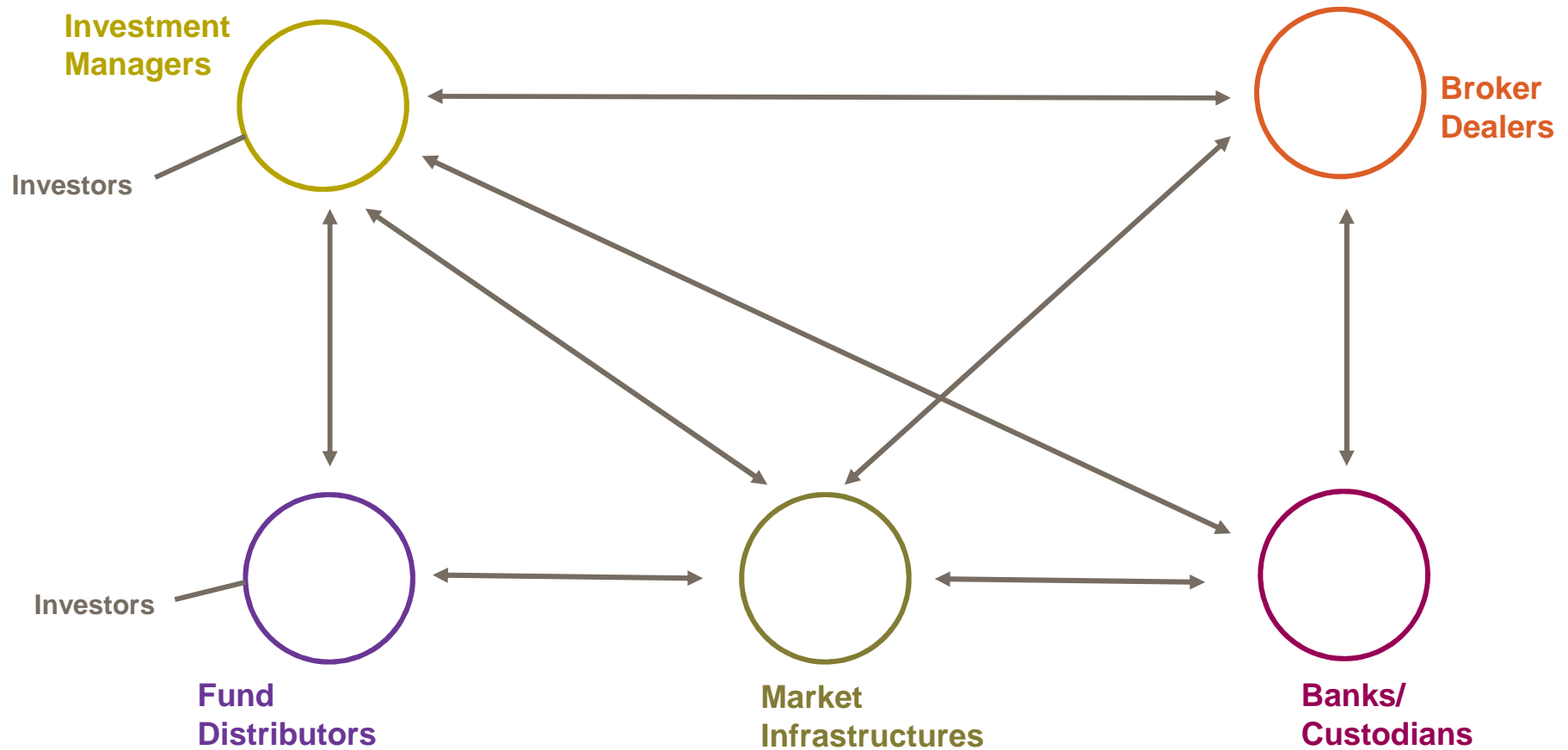


SWIFT Post-T2S update June 2017 - Interbolsa

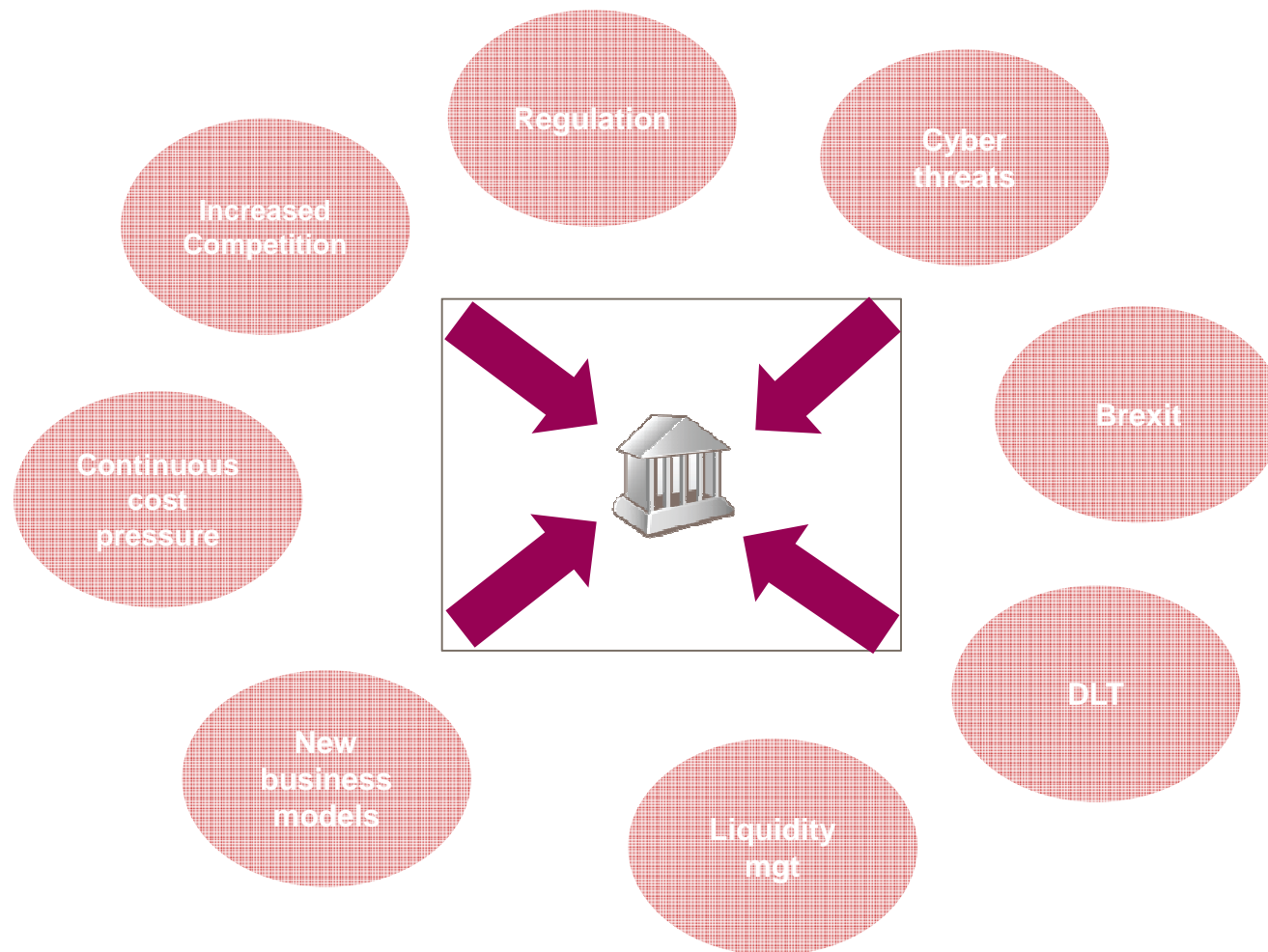
Securities world post-T2S: landscape and game changers

Emergence of new business models

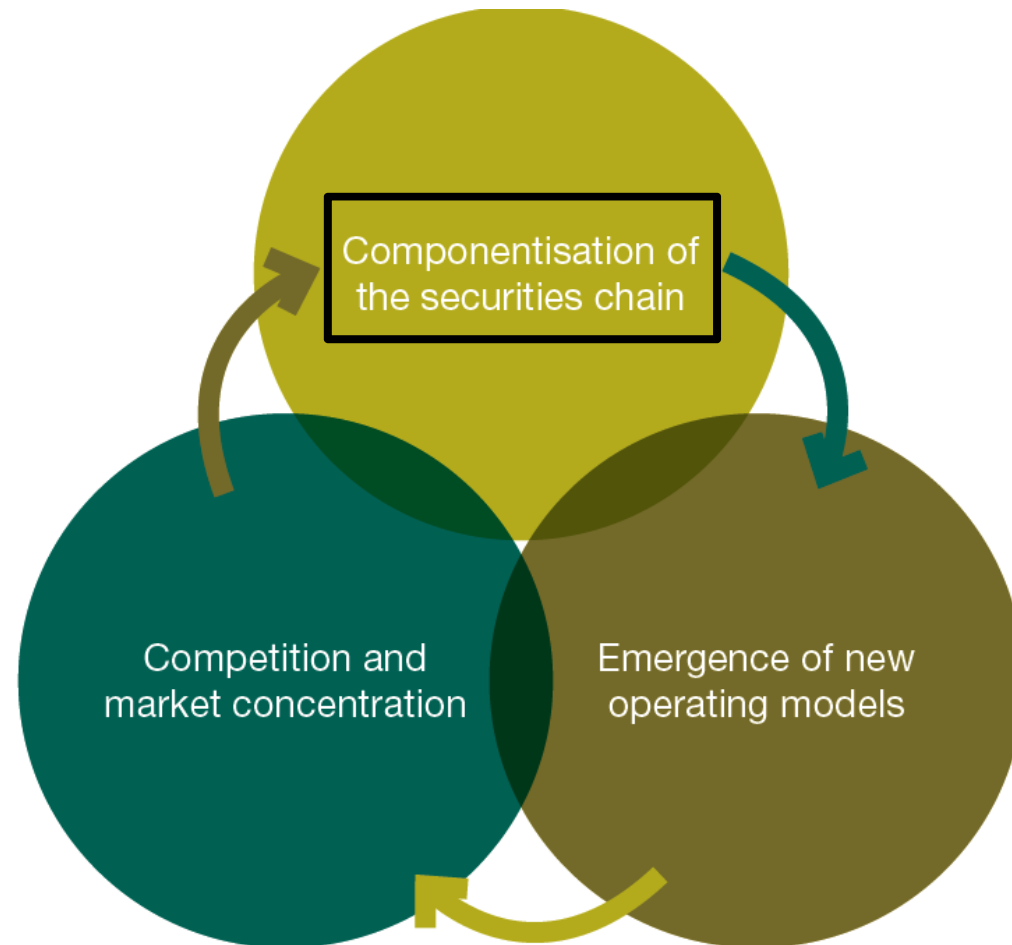




Facing disruptive events in a post-T2S world



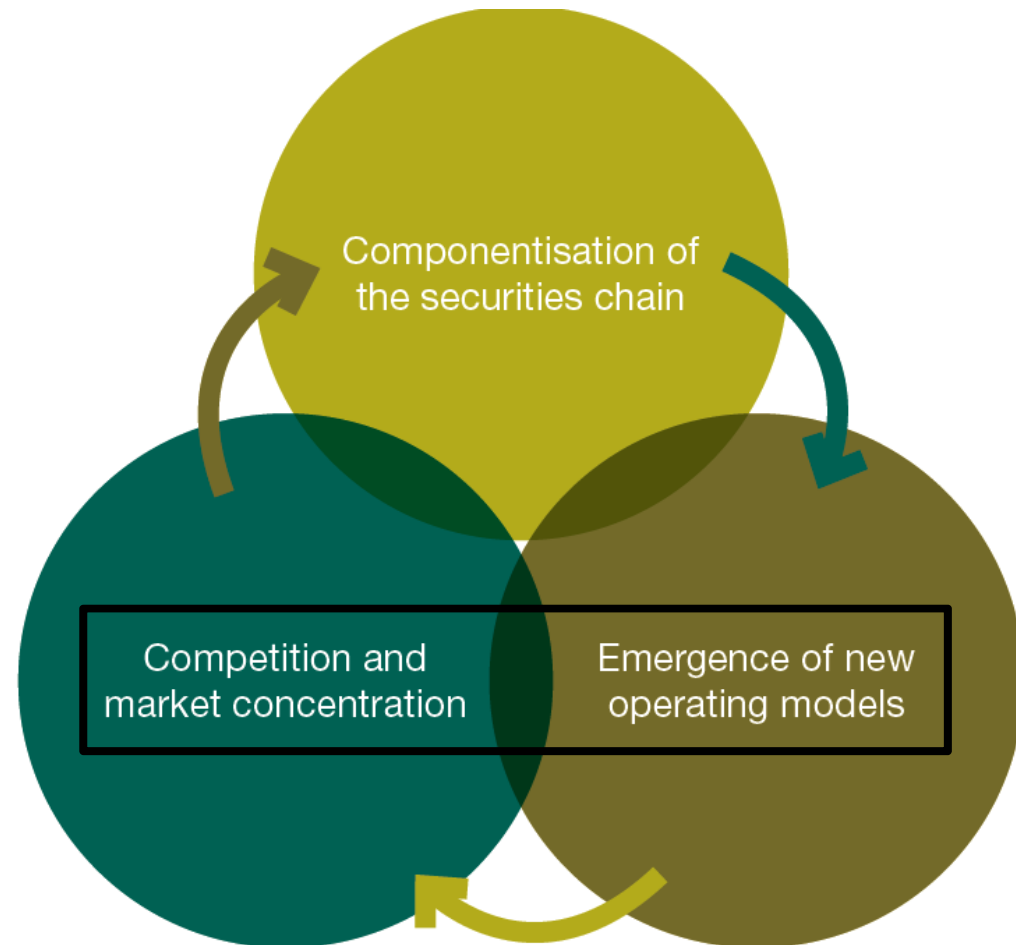
Market players evolve their value proposition and start developing new strategies taking advantage of the new environment, turning challenges into new opportunities



In practice, securities processing will evolve towards a component-based industry where service delivery can be more segregated.



Market players evolve their value proposition and start developing new strategies taking advantage of the new environment, turning challenges into new opportunities

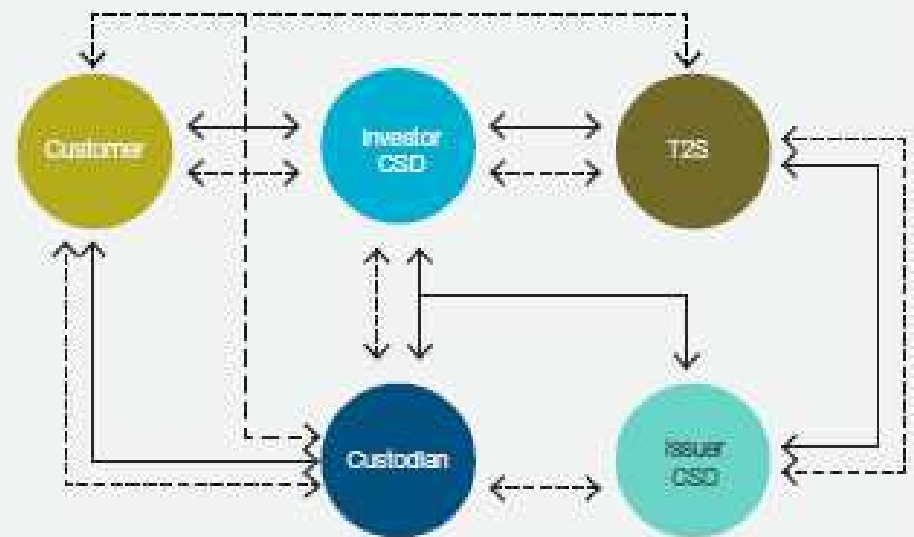


New business models will make functional and operational links diverge which will then re-wire post trade differently from today

As-Is: the classic securities processing chain



To-Be: a more complex operating model with new flows and copies

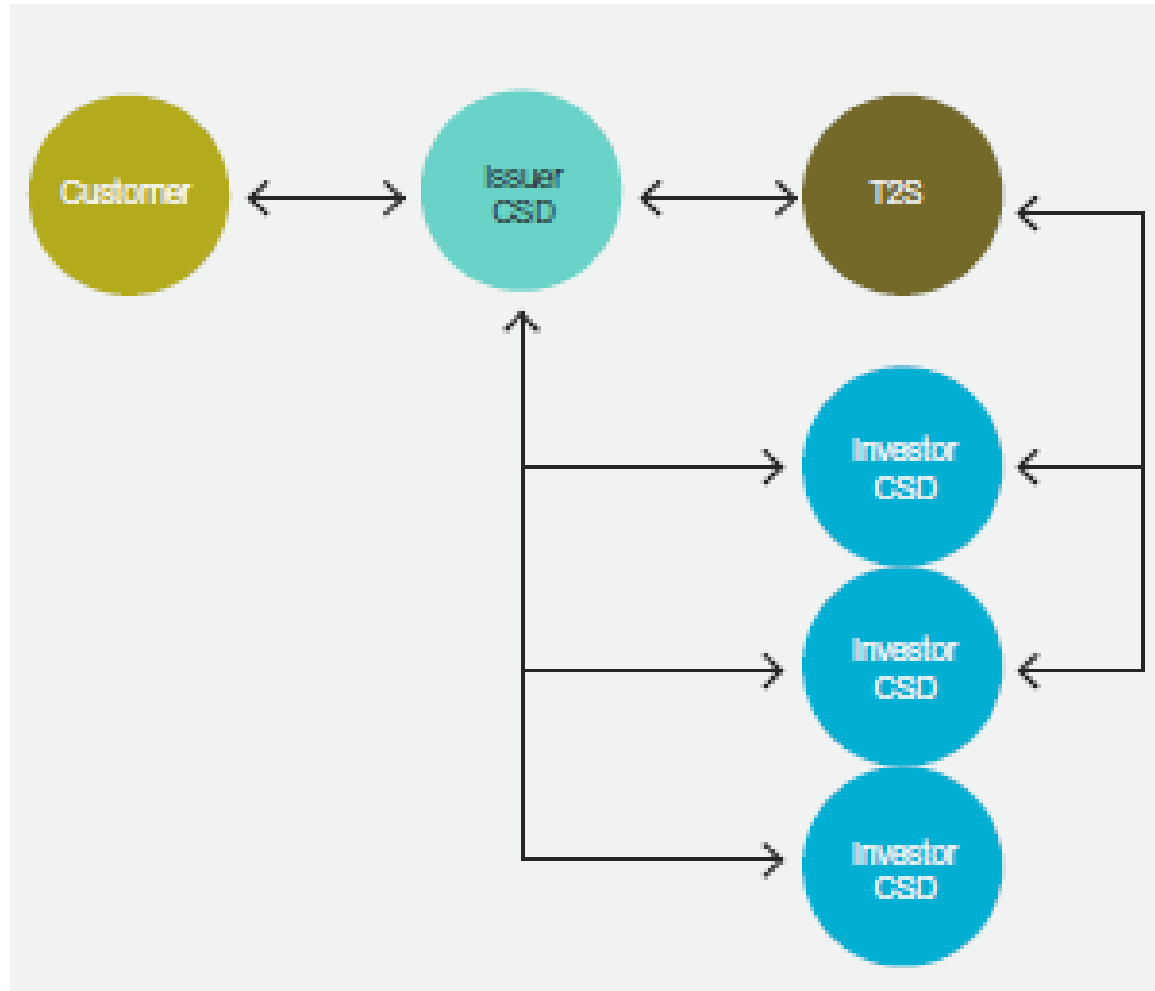


Legend

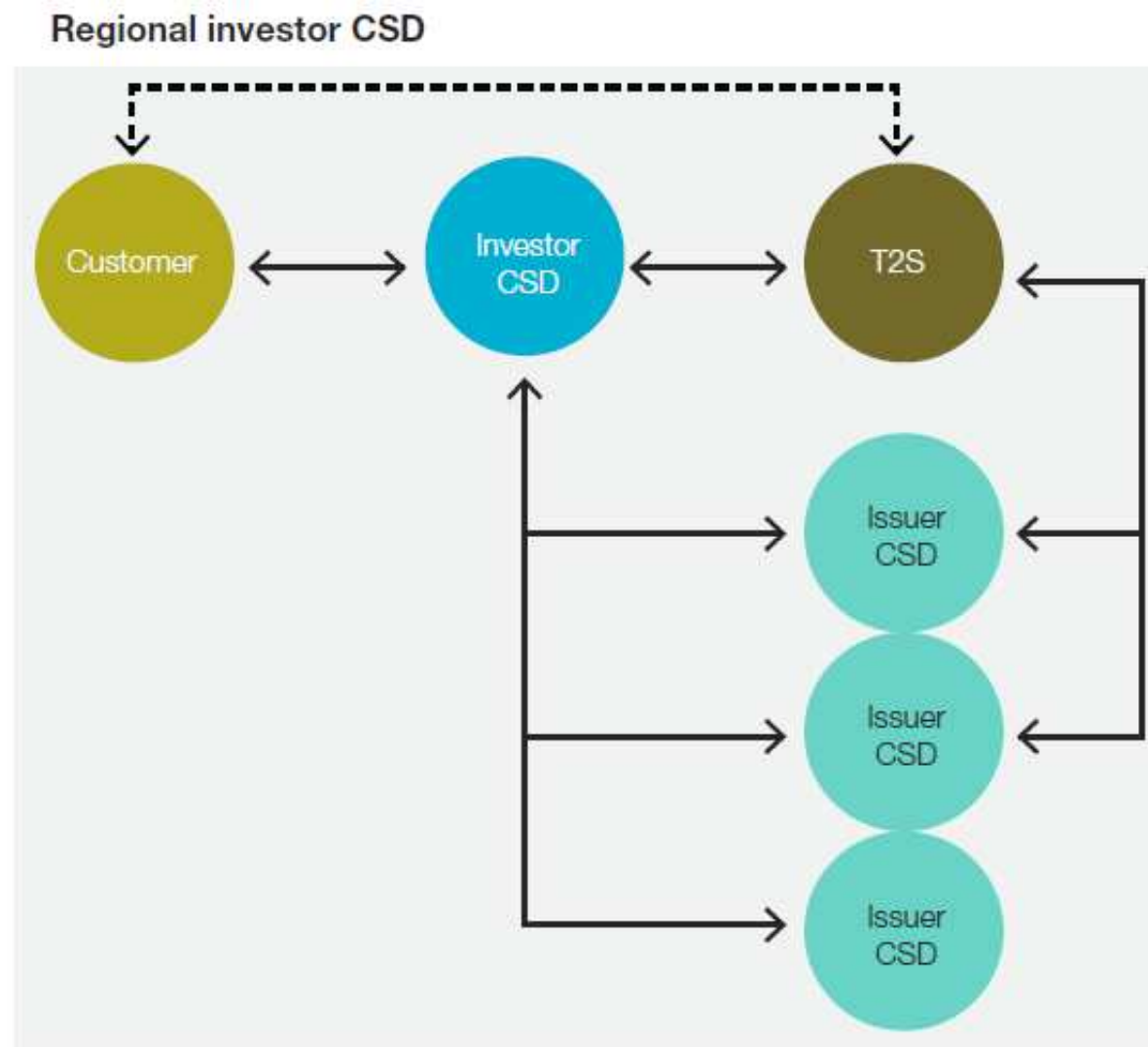
- ↔ Functional link: legal, accounts...
- ↔ Operational link: messaging and information exchange

The combination of T2S and CSD-R pushes CSDs, ICSDs and banks to combine their offering differently, creating new partnerships to serve their customers.

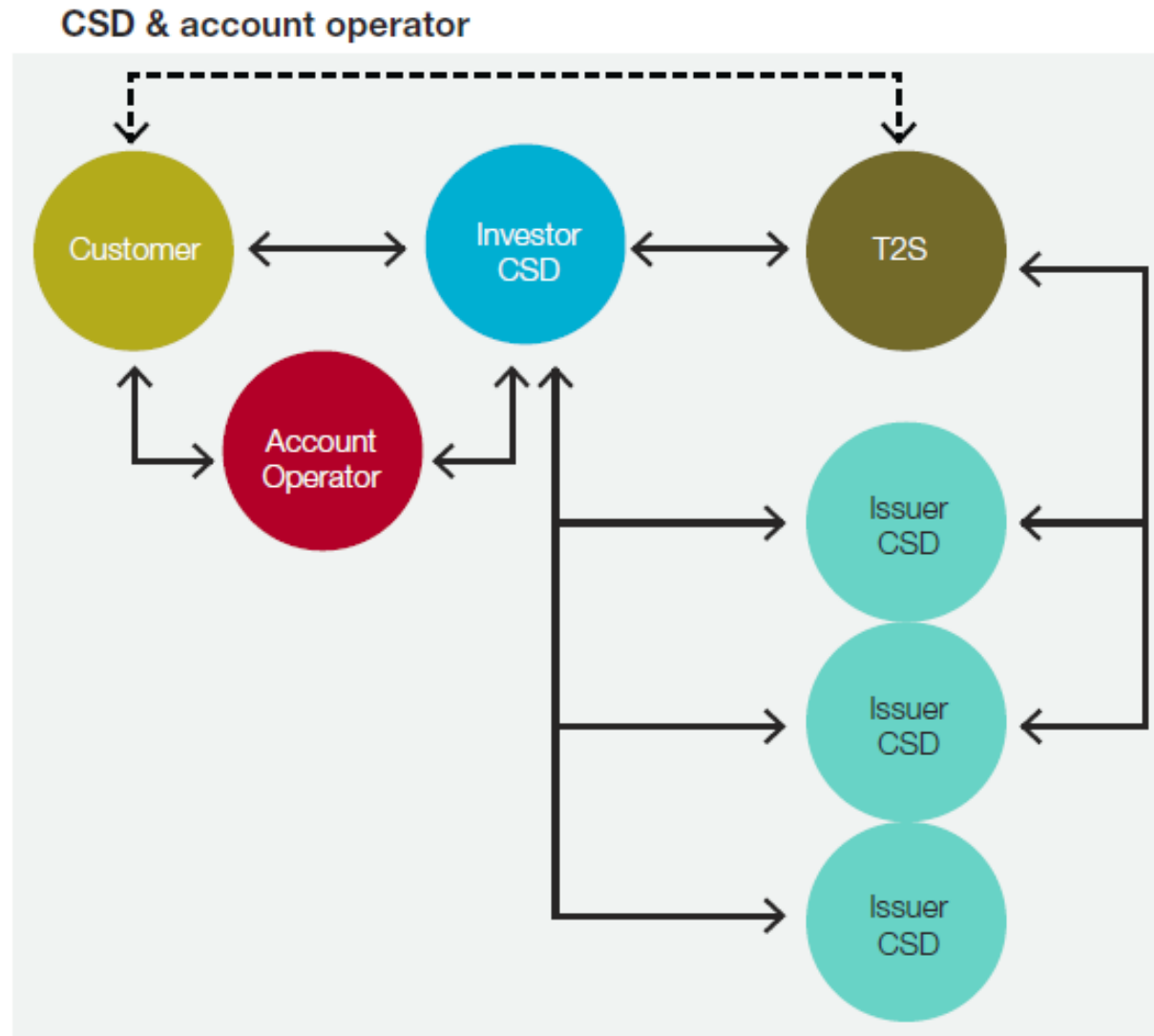
Regional issuer CSD



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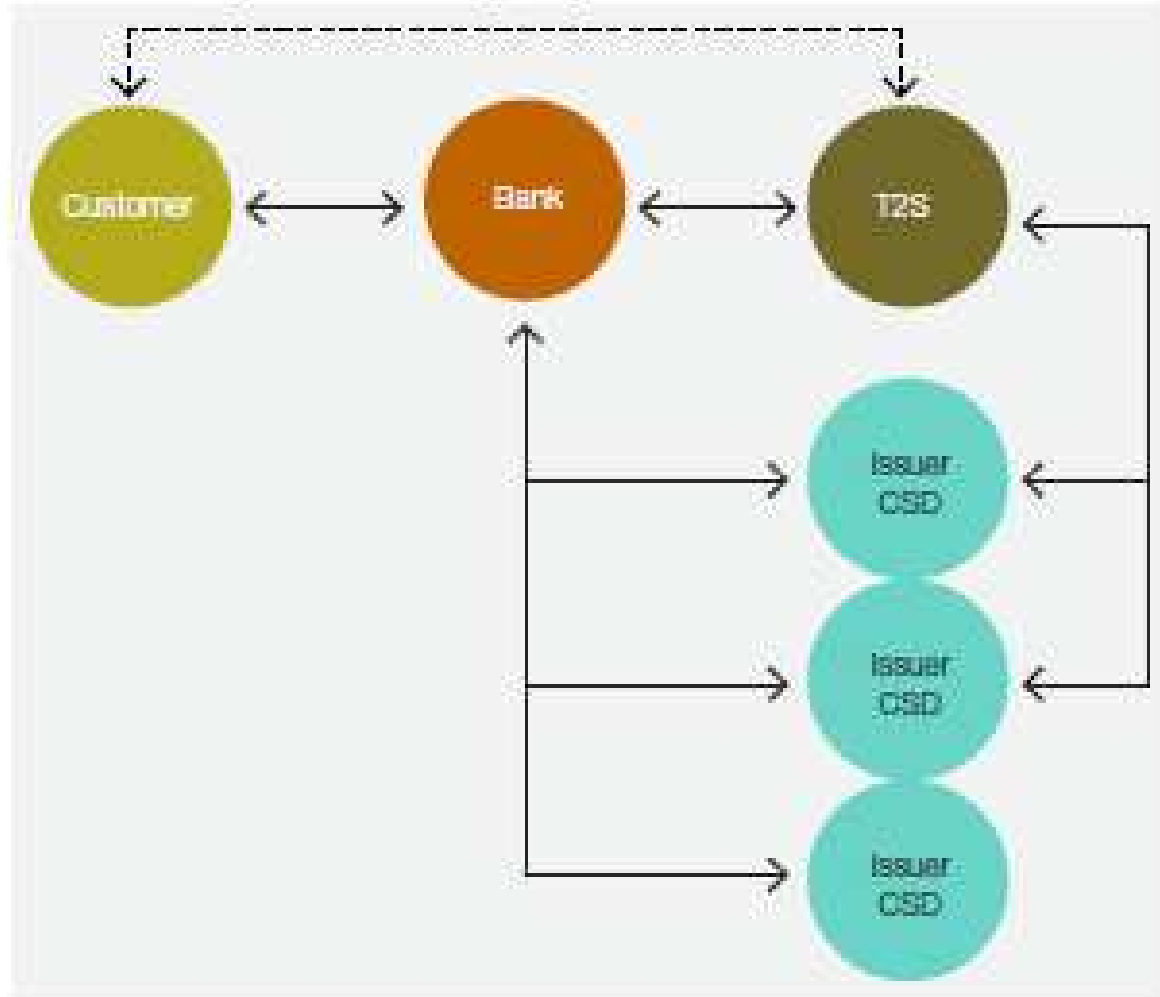


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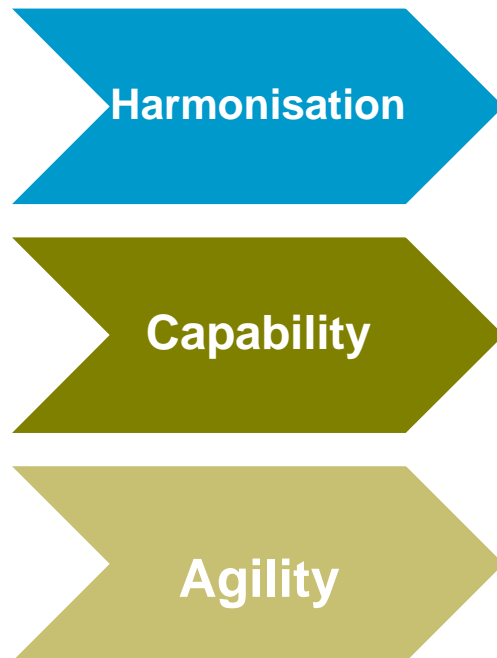
Bank offering asset servicing only



Key elements in SWIFT value proposition



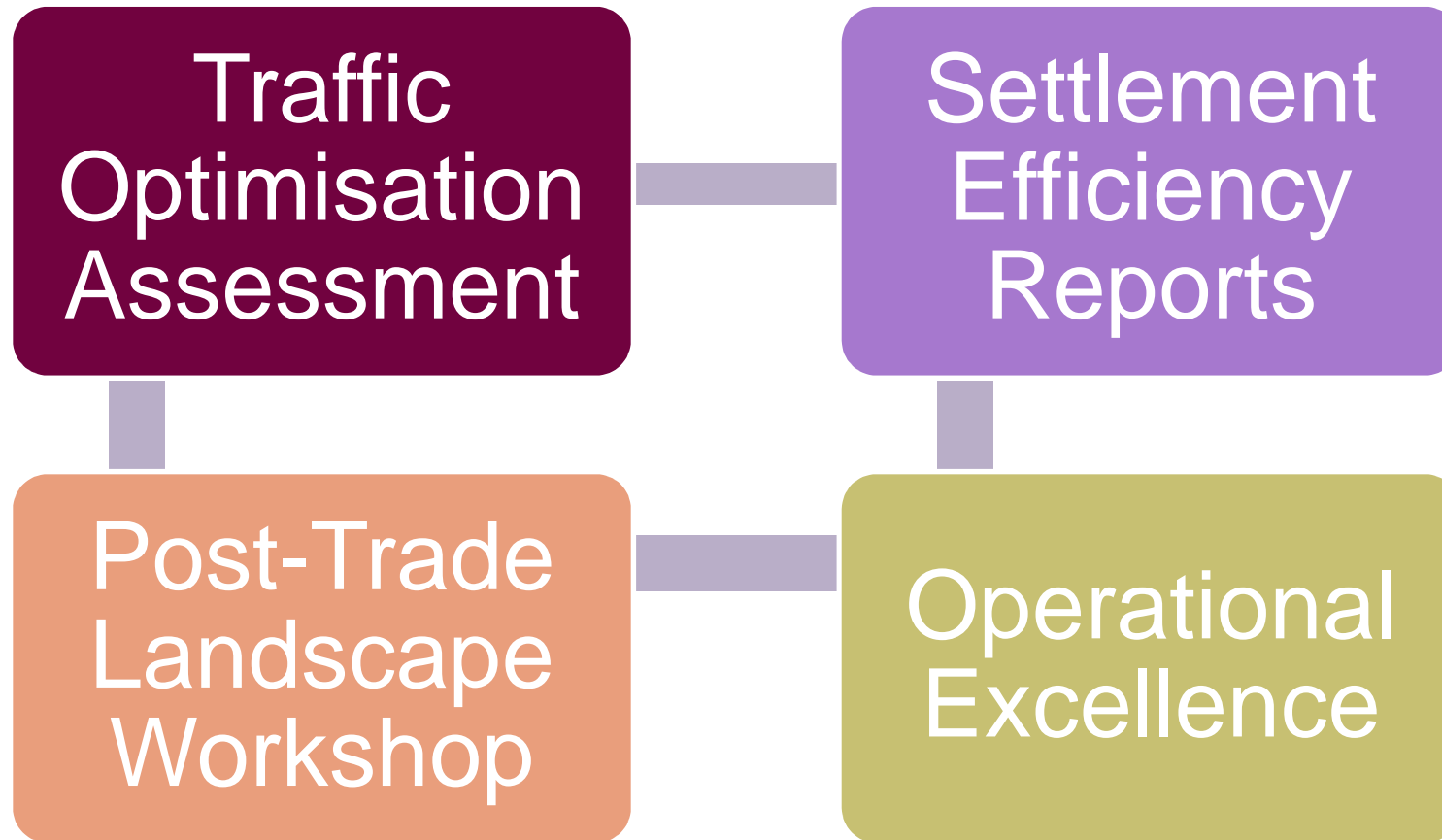
We are evolving our value proposition to respond to these new needs



SWIFT actions

- Participate actively in industry groups such as AFME, ECSDA
 - Ensure alignment with market practice and SMPG
 - Publish recommendations and market practices on MyStandards
-
- SWIFT Offering for CSD communities are deployed with good price and reverse billing in ISO 15022 and ISO 20022 mode
 - ISO 20022 is a real trend to prepare for
 - SWIFT can be used for settlement discipline (buy-in's, reporting..) in line with CSDR
-
- We consider a workflow centre where CSD and banks could set up easily and efficiently flow duplication and copies to support new business models, such as 'asset servicing only'
 - On ISO 15022 and ISO 20022

Use SWIFT



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