Dear Sir/Madam,

SWIFT is a cooperative representing a significant community of users within Europe, many of which would be users of CCBM2 in the future. We therefore welcome the opportunity to comment on this initiative.

In its consultation letter, the Governing council has already made reference to the proposed use of the Giovannini communication protocol and to the need for additional standardisation in the area of collateral management. SWIFT welcomes both of these points and is well positioned to support the CCBM2 initiative in achieving its goals as they relate to standards and communication. SWIFT has been heavily involved in other initiatives, such as SEPA and Target2, and our involvement has benefited both of those initiatives by bringing business expertise and the understanding of our community’s needs.

A further point raised in your consultation letter relates to other market initiatives which might impact this initiative. As you will be aware, SWIFT played a key role in defining the common communication protocol designed to remove Giovannini barrier 1 as referenced above. Collateral management has within the scope of the Giovannini protocol definition from the beginning. As a result, a considerable amount of analysis has already been done between SWIFT Standards and market participants to identify the standards and network links required to support collateral management, both from a domestic and a cross-border perspective. SWIFT feels that this knowledge would be beneficial in helping to define the standards which will support CCMB2 user requirements.

Finally, there are a number of points in your consultation letter which require further clarity, such as further defining the various collateral terms and processes as well as elaborating on Principal 4. SWIFT’s expectation is that all of this will be achieved during the requirements definition phase and we would therefore like to be involved in any working groups that are formed to ensure that the ISO standards are able to support this important market development.

We look forward to further engagement in the evolution of CCBM2 and remain at your disposal should you wish to discuss further any of the points raised in this response.

Yours faithfully,

Andrew Douglas

Securities Market Reform Initiatives