Dan Kuhnel
Association of National Numbering Agencies (ANNA)
Chairman

27/09/18
Agenda

Who is ANNA?
- How is the ISO Financial standards world organized?
- The ANNA organisation
- What do the NNAs do?

Global Financial Crisis – Importance of Data Quality
- Increased Regulatory Reporting – Why?
- Financial Crisis – 10 years ago
- Quality data is key!
- The importance of data standards
- Benefits ISO standards bring to the market

Q&A
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Q&A
How is the Financial Standards world Organised?

- ISO TC68 (Technical Committee 68)
  - SC2: Security and Operations
  - SC8 (Sub-Committee 8)
    - Reference Data for Financial Services
      - ISIN (Identification)
        - ISO 6166
      - CFI (Classification)
        - ISO 10962
      - LEI (Legal Entity Identifier)
        - ISO 17442
      - MIC (Market Identifier Code)
        - ISO 10383
      - BIC (Business Identification Code)
        - ISO 9362
      - FISN (Financial Instrument Short Name)
        - ISO 18774

Future:
- ELF (Entity legal form)
- UTI, UPI

Data Field Dictionary
- ISO 20022

Description
- Identification
- Classification

ANNA numbers the world!
The ANNA Organisation

ANNA Membership

ANNA Partners

ANNA Board

ASB TC

Working Groups

Task Forces

Regional Groups

Outsourcing

ANNA Secretariat

ASB

Communications / Marketing

DSB

Engine Company

Board

MD

TAC

Product Committee

ANNA numbers the world!
What National Numbering Agencies (NNAs) Do:

- Collect registration data including issuer information, type of instrument, its terms and countries where it will be traded;

- Assign an ISIN, FISN and a CFI to the instrument;
  - Provide ISINs, FISNs and CFIs to users on request.

- Gather additional financial identifiers from other sources to enrich the identification of the instrument;

- Contribute identifiers, data and updates to the global database maintained by ANNA;

- Validate registration data and maintain its accuracy over time;

- Serve as Substitute Numbering Agencies, assigning ISINs, FISNs and CFIs for nations that do not yet have National Numbering Agencies;

- Vetting new ISIN submissions from a compliance and KYC/AML perspective.
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Q&A
Increased Regulatory reporting – Why?

Understanding the aggregate health and wellness of the financial industry
Financial Crisis – 10 years ago (1/2)

What happened????

Mortgage Crisis

Collateralization Process

Mortgages SOLD | Banks COMBINED | Pools COLLATERALIZED | Structured Products SLICED | Tranches

There Were Data Issues Along the Supply Chain
- Bits and pieces of descriptive data are not carried through each step of the process
- Linkages to the underlying loans become broken or obscured
- No standard way to identify and define the structure of the collateralized mortgage instrument

What did we learn???

Lack of Transparency
Data supply chain delivering critical information about the underlying loans became so abstracted from the financial product, it became increasingly difficult, if not impossible, to truly assess the true value (and risk)

Lack of Standards
No standard way to identify and define the structure of the compound instruments across the industry

Learned:
You can’t measure what you can’t define, therefore, you can’t manage what you can’t measure
Financial Crisis – 10 years ago (2/2)

September 15, 2008

What is our exposure to the Lehman collapse?

Unique Entity Identification and Legal Hierarchy did not exist

• Unable to uniquely identify Lehman’s financial entities
• Unable to understand the complex relationships of parent to sub, entity to sub-entity
• Unable to understand the systemic impact of a collapse on other players in the economic ecosystem

What did we learn???

Lack or standard identifiers:
No standard way to uniquely identify Lehman Bros. (no LEI) or subsidiaries

Lack of linked data
• Unable to uniquely identify Lehman’s financial entities
• Unable to understand the complex organizational entity relationships
• Unable to determine cross-organizational exposures and dependencies

Learned:
We didn’t have the information tools needed to predict, or respond to a systemic event
The importance of data quality!

What IS the Data Issue???

- Data Access
  *Can’t find it*

- Data Interoperability
  *Can’t link it*

- Data Collaboration
  *Doesn’t coordinate across the data ecosystem*

- Trust & Confidence
  *We don’t trust the data*

And the impact on regulation

*OH, PLEASE! YOU BROUGHT THIS UPON YOURSELF!*
The importance of data standards

DATA STANDARDS
Identification/classification Standards (ISIN, CFI, FISN, LEI; UPI; UTI)

From PROVIDER to CONSUMER to REGULATORS

RECONCILIATION

National Numbering Agencies

BANKS

REGULATORS
Benefits ISO Standards bring to the market?

- **Dramatically REDUCE** the regulatory reporting burden on the private sector (less report generation; eliminate old and/or duplicate reports; improved transparency of content; reduced ‘round tripping’)

- **Significantly INCREASE** the analytic capability of the regulatory community (enabling virtually unlimited, customizable scenario analysis of granular data)

- **REDUCE** operating costs across the supply chain (minimize custom programming; encourage utility solutions)

- **MINIMIZE** Barrier to Entry of new data sets (new data sets could be easily added)
Comments? Questions?

Thank You

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