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SFE CLEARING SERVICE INITIATIVE – DISCOUNT SECURITY ISIN's

The FINTRACS system currently provides for participants to settle all facets of DSS (Discount Securities) transactions electronically by allowing participants to trade and confirm in the system. The facility also allows for lodgement, settlement and maturity of both paper and electronic obligations. The DSS facility is widely utilised by both issuers and holders of discount securities. FINTRACS records show approximately 26,000 lines of discount securities being lodged throughout 2001.

An extension of the DSS system is currently being developed to incorporate an ISIN (International Securities Identification Numbers) code that can be utilised to further enhance FINTRACS straight-through-processing (STP) options for SFE participants. This ISIN code would ultimately enable participants to utilise SWIFT and HTH*Lite to enter details via in-house systems directly into FINTRACS.

Details

The changes to include an ISIN for Discount Securities within FINTRACS will impact on the following functionality:

1. When participants lodge DSS stock into the FINTRACS system via LODGE, an ISIN will be automatically generated in line with international standards. An ISIN will be created for every line of stock lodged into the system based on the FINTRACS holding ID assigned at the time.

A breakdown of the new ISIN standard is shown below:

Character Position				Description
1, 2,				Country code (for SFE will always be "AU")
	3			Sub-Numbering Agent Code (for SFE will always be "3")
		4, 5,		Security Type Identifier 2 alpha character - BA, BE, NB, CD, PN, FI
			6,7,8,9, 10,11	FINTRACS Identification Number 6 digit numeric character based on current FINTRACS DSS Holdings ID
			12,	Calculated Check Digit

S F E B U L L E T I N C O N T I N U E D

Giving an example ISIN format similar to: **AU3BA4236547**

When the security type is BA, EBA, BE or NB, Lodging participants will also need to select via a new Display Flag, whether the Drawer Name is to be displayed to the general market.

When the participant Lodging the security is the same as the participant who is the Acceptor of that security, they will have the option to either display or not display the Drawer name.

Where the participant Lodging the security is not the Acceptor, the Drawer name will not be displayed until authorisation to do so is received from the Acceptor. Participants who hold DSS securities will continue to have access to the Drawer name at all times as with current functionality.

The functions CORLODGE, LOCONF, LODGEAUTH and LOREP will all display the ISIN and Display Drawer Flag.

2. An ISIN field will be inserted for each of the trading functions. This will include TRADE, CONFIRM, CORDEL, AUTHORIZ, TRANSENQ and ARTRANSQ.
3. The DSS portfolio functions PFOLIO and ARPFOLIO will hold and display the ISIN for participant use.
4. A new function called DSSERIEQ will be available to show All Active DSS securities held within the FINTRACS system. This function will display all details of a security except the Drawer name where the Acceptor has elected to withhold that information. See point 1 above.
5. DSS Reports. Enhancements will be made to the Online User Reporting System (OURS) to include the ISIN field in Both the Data and printed reports.

Implementation

The software is due to be promoted into the live system on the afternoon of Friday 30th August 2002. At this time, a conversion script will also be run and an ISIN created and assigned to all current active Discount Security holdings. As from Monday, 2nd September, all participants Lodging securities into FINTRACS will see the new Display Flag and will be able to select their required Display option for the Drawer. Also at this time, all participants will have access to the ISIN in existing functions where mentioned above and access to the new generic browse function, DSSERIEQ.

We look forward to help you take advantage of this important new service initiative.

Please do not hesitate to contact myself on 9256 0689 or Jason Brown on 9256 0507 at any time should you require further information.

Yours sincerely



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