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Securities and related financial instruments — Financial Instrument Short Name (FISN)

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National foreword

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Foreword

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The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

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For an explanation on the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the WTO principles in the Technical Barriers to Trade (TBT), see the following URL: Foreword — Supplementary information.

The committee responsible for this document is ISO/TC 68, *Financial services*, SC 4, *Securities and related financial instruments*.

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Introduction

The Financial Instrument Short Name (FISN) code has been developed to provide a consistent and uniform approach to standardize short descriptions for financial instruments. It aims to harmonize existing market practices which are in use on a national and individual entity level.

With the growth of cross-border trading, the requirement to improve communication of information among market participants has become critical. A worldwide implementation of Straight Through Processing in the securities business requires the use of complementary standardized data elements. For instance, ISO 6166 (ISIN) and ISO 10962 (CFI) are key information elements for identifying and classifying financial instruments, and FISN aids human-readability.

The market players of the securities industry usually report on securities transactions by using short descriptions of the involved financial instruments. Currently, market data vendors, banks and securities exchanges describe financial instruments in their databases using their own short names. The names vary in length and also with regard to the attributes composing them and their sequence. The fact that they are defined in local languages limits their use to the local area.

Besides the requirements of Straight Through Processing there are other developments which make the use of standardized short names an urgent issue such as the internet technology which has allowed the growth of e-issuing, e-trading and e-settlements. The prices reported on websites are usually accompanied by short names of the involved securities. Screens limit the space available for the different data elements displayed and especially for short names. Therefore, a standardization of the short name's length, structure and contents will be a benefit for communication and processing purposes. In addition, the retail investor is more likely to identify his securities by using the instrument short name, rather than any identification number.

The solution envisaged consists of using a standard maximum length as well as a standardized structure of the field. The issuer short name which builds the first element (beginning from the left) is followed by a set of characteristics of the financial instrument.

The development of these codes will encourage market participants to take advantage of other ISO standards, particularly ISINs (ISO 6166) and Securities Messages to simplify the communication process among market participants and increase the efficiency, reliability, data consistency and transparency of financial services transactions and reference data. Describing financial instruments in a structured and standardized way could also be beneficial for regulatory reporting.

The improved identification of financial instruments will lead to a better understanding by investors, giving them more confidence to make investment decisions and leading to more active markets. This, in turn, will result in improved market liquidity.

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