

BS ISO 10962:2015



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Securities and related financial instruments — Classification of financial instruments (CFI code)

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National foreword

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**Securities and related financial
instruments — Classification of
financial instruments (CFI code)**

*Valeurs mobilières et autres instruments financiers concernés —
Classification des instruments financiers (code CFI)*



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ISO copyright office
Ch. de Blandonnet 8 • CP 401
CH-1214 Vernier, Geneva, Switzerland
Tel. +41 22 749 01 11
Fax +41 22 749 09 47
copyright@iso.org
www.iso.org

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

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*, Subcommittee SC 4, *Securities and related financial instruments*.

This third edition cancels and replaces the second edition (ISO 10962:2001), which has been extended to cover necessary technical changes.

Introduction

The Classification of Financial Instruments (CFI) code was developed to address a number of problems which have concerned the financial community. With the growth of cross-border trading, the requirement to improve communication of information among market participants has become critical.

The business problems centre around an inability to obtain information on securities due to the lack of a consistent and uniform approach to grouping financial instruments. With the explosive growth over the past 20 years in new instruments and features attached to financial instruments, a serious communication problem has developed.

Many market participants are using similar terminology for instruments having significantly different features. The problem is compounded when market participants look beyond their own national markets. They encounter the same words to describe instruments in another country, which have significantly different features. Where the terminology is in a different language, the market participant encounters the problem of the same words being applied to different instruments along with the problems of translation, which also can be misleading.

In addition, the customs and practices of local markets vary considerably in the manner in which they structure financial instruments, leaving foreign participants confused and perplexed. On careful analysis, it is often found that the characteristics and features of these instruments are similar to a domestic instrument. However, most market participants do not have the time and resources to do this analysis.

The inability to group securities in a consistent manner is another problem encountered by market participants. Reports of holdings by different sources for similar financial instruments often result in financial instruments being categorized differently. This not only affects comparability, but causes a credibility issue with the reader. When relative performances are being measured, the ability to properly categorize holdings is essential if true comparisons are to be made.

The solution envisioned is twofold. One is to establish a series of codes which clearly classify financial instruments having similar features. The other is to develop a glossary of terms and provide common definitions, which allow market participants to easily understand terminology being used.

The benefits derived are many.

- The development of these codes will increase the efficiency, reliability, data consistency and transparency of financial services transactions for both market and reference data. Classifying financial instruments in a consistent, structured and standardized way is also beneficial for regulatory reporting requirements.
- The CFI code system provides a set of codes for financial instruments which can be used globally for Straight Through Processing by all involved participants in an electronic data processing environment. An example being, readers of portfolio holdings see reports from different sources using the same categories, groups and attributes making comparison of instruments more credible.
- The broadened scope and coverage of CFI codes encourages market participants to take advantage of other International Standards, particularly international securities identification numbers (ISINs).
- It is intended that the improved understanding of the characteristics and categorization leads to a better comprehension of financial instruments. This leads to more active markets and the resulting improvement in market liquidity. In addition, these codes will be displayed on websites using internet technology, which has allowed the growth of e-issuing, e-trading and e-settlements.

Securities and related financial instruments — Classification of financial instruments (CFI code)

1 Scope

This International Standard defines and describes codes for an internationally valid system to classify financial instruments. The classification system applies to financial instruments negotiated internationally as well as to domestic instruments. The term “financial instruments” refers not only to classical securities, but also covers the innovative financial products that have emerged in different markets (a trend that is expected to continue in the future).

This International Standard is intended for use in any application in the trading and administration of securities in the international securities business. In so far as the trading and the administration of securities do not affect other countries, the application of this International Standard remains at the discretion of the responsible national bodies, such as stock exchanges, banks, brokers, regulatory bodies and other institutions active in the securities field.

In principle, the CFI code reflects characteristics that are defined when a financial instrument is issued and that remain unchanged during its entire lifetime. However, a few events that can lead to a new CFI code for the same instrument are anticipated, such as the changing of voting rights or ownership restrictions by a stockholders' meeting.

2 Normative references

The following referenced documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 4217, *Codes for the representation of currencies and funds*

ISO 6166, *Securities and related financial instruments — International securities identification numbering system (ISIN)*

3 Conventions and principles

3.1 The CFI code provides the most comprehensive information possible, while maintaining the code manageability. One of the essential rules of this CFI concept is that the classification is determined by the intrinsic characteristics of the respective financial instruments and not by the instrument names and terms prevailing in a given country; these terms can possibly be used in a different sense in another country. This principle avoids confusion arising from different linguistic usage as well as redundancy, while allowing objective comparison of the instruments across all domestic markets.

3.2 The CFI code consists of six alphabetical characters. The following alphabetic characters A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z are available for assignment. Two alphabetic characters have special meaning and cannot be redefined:

X Not applicable/undefined: If the information is unknown, not available or applicable at the time of assignment, the character ‘X’ is to be used for the respective element

M Others (miscellaneous)

The meaning of an alphabetic character is local to and only valid within the context of its parent category or group.