

ClearIT

Sibos special edition 2000

Information about the Swiss payment clearing systems

From Telekurs SIC to Swiss Interbank Clearing

- The Bright Future of Joint Cooperation
- Connecting with Europe ■ STP with IBAN and IPI ■ SIC3
- remoteSIC ■ Transfer Balances in euroSIC

 SWISS INTERBANK CLEARING
A Telekurs Group Company

EDITORIAL

Dear Reader

Payment traffic as we know it is undergoing rapid change. And we make it our business, to be an active part of shaping the future. That's why we are excited to have developed a new name and the appropriate new appearance to go along with it. Say hello to Swiss Interbank Clearing.

Now it is evident from our name exactly who we are and what we do. Discover our enhanced corporate look, providing uniformity for all our media appearances. You are already holding one of the first examples: our latest edition of ClearIT.

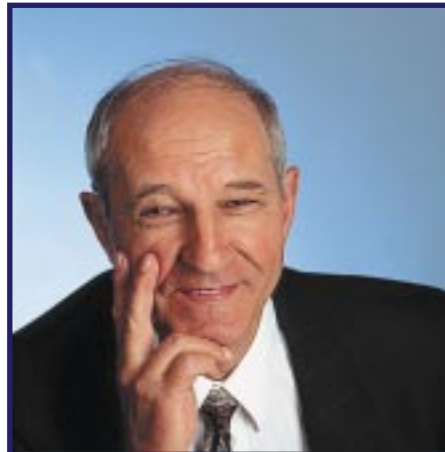
However, other than the new look, ClearIT remains the same newsletter you have become accustomed to: reliably bringing you information about the latest developments in our Swiss clearing systems, imminent changes or interesting developments, important or valuable facts about our partners, and news from the world of payment traffic.

In this issue we bring you an interview with our Chairman of the Board, Mr. Stephan Zimmermann, who is giving us his perspective on the future of Swiss Interbank Clearing and which environmental factors will directly shape the development of our company. In addition, we talk for the very first time publicly about our mission and goals for SIC3, and the envisioned solutions we are currently working on. Rest assured that we will keep you updated about this most exciting, future oriented project. And I'm sure you'll be interested to know that you now have remote access to our systems.

Our intention with this new look, of course, is to gain additional attention with our target group and to further the interest in our products and services. ClearIT will continue to play a central role in the presentation of our ideas and products.

I hope that you'll enjoy the «new» ClearIT – our Sibos special edition – and that you will find valuable information pertinent to your daily work.

Please come visit us at our booth #G206!



*André Bamat,
Chief Execution Officer,
Swiss Interbank Clearing AG*

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From Telekurs SIC to Swiss Interbank Clearing

Starting September 1, 2000, the company is operating under the new name of Swiss Interbank Clearing AG, positioning itself squarely as the hub of interbank payment traffic in Swiss Franc and Euro and launching an unmistakable appearance in communication and media.

The appearance is the only new thing at Swiss Interbank Clearing. Everything else remains the same: The security and the efficiency of the two clearing systems SIC (for Swiss Francs) and euroSIC (for Euro), the joint cooperation with financial institutions, as well as the quality and the quantity of our services for the participants. Then why the new appearance?

At the Outset

SIC in Swiss Francs has been established in 1987 and is considered one of the most innovative and capable clearing systems in the market. However, the Euro is rapidly gaining in significance in interbank payment traffic. With the Europe-wide introduction of the cash currency in 2002 it is virtually impossible to imagine a Switzerland without it. As a result, financial institutions both in Switzerland and abroad are depending on a clearing system in Euro, with all the same performance attributes and features as SIC. That's exactly why in 1999 we launched euroSIC. In doing that, Swiss Interbank Clearing is charting a new course. Because euroSIC has to hold its own in a competitive market of foreign clearing systems. In that environment brand, image, and product

recognition carry a whole new level of importance.

New Brand Awareness

Some nine months ago a study group was formed composed of marketing and communication professionals both from within the company as well as from the outside. It was their task to analyze the impact of communications about both the company and the brand name Telekurs SIC, in-house and to the outside world. The team was to produce a paper, detailing the current and the desired impact. The basis for the paper consists of the results of a survey of clients and employees about our products and services, an analysis of the competition's market identity, the definition of the target group to determine perception of the corporate identity, and a profile of the strengths and weaknesses of the current brand-, products-, services-, and image-perception. Along with many assets, we also found some specific room for improvement. First off: Telekurs, the name of our company, is not only not self-evident, but was easily misconstrued by some of our potential members and participants abroad. Second we found that the company does not have the desired presence in Euroland's financial market. And last but not least we discovered that some disliked the heterogeneous image projected in all of our documentation's. This is what we set about to change!

First and foremost with a company name exactly describing who we are and what we do: Swiss Interbank Clearing. We're true to our new name! Because in the world of interbank payment traffic, these three words stand for security, credibility, innovation, reliability and quality. But there's more. After all, we won't reach our goals by simply changing our name and logo.

Creating a New Impression

In joint cooperation with our advertisement agency we have developed concepts and revisions consequently realizing our objective: launch and establish the brand

FACT Meet One of the World's Most Powerful Clearing Systems:
Swiss Interbank Clearing.

Welcome at Sibos 2000, Booth G206.

FIGURE With Just One Account remoteSIC Provides You with Access to All:
16 National Clearingsystems throughout Europe.

SWISS INTERBANK CLEARING

Advertisement Sibos

Swiss Interbank Clearing, cultivate the corporate image and increase the awareness of our products and services. In order to achieve the desirable synergy in our communication, we need to structure our corporate identity by giving it a uniform, easily recognizable and memorable appearance. The obvious conclusion for the change: Swiss Interbank Clearing gives a whole new dimension to facts and figures. Did you know that to date over 1 billion payments have been settled in SIC? Or that on peak-volume days payments valued at up to 300 billion Swiss Francs are processed? More than 300 financial institutions are participating in our systems. And so on. That's why we let our facts do the talking – both visually and verbally. You see, the foundation for our efficiency and success lies in our hard, cold facts and figures. As of now we have developed ads, posters for trade shows, product brochures, our own Website, etc. We are convinced that we will generate increased awareness of our organization and the Swiss financial market in our target audience with this new look, and with that create a new level of interest in our products and services.

The Optimum Organizational Structure

In March of 2000 the board of directors of Telekurs Holding asked Europay to plan the extrapolation of the entire DTA-/LSV- (data carrier exchange/direct debit) processing from Europay (Switzerland) SA and to evaluate different potential scenarios. It has since been decided to integrate these units into Swiss Interbank Clearing. The two services DTA and LSV are strategically important products in mass payment traffic and we are anticipating sharply increasing volumes over a short

amount of time, particularly in direct debit (LSV), while generally planning to maintain these two services for approximately ten years. Due to this «RCVmove» project, 25 to 30 employees are transferring to Swiss Interbank Clearing, mostly continuing to work their current teams and responsibilities. Several synergies for future projects are becoming obvious through this integration. The products and the markets complement each other: DTA and LSV can be viewed as preliminary systems to SIC and euroSIC, extending the payment traffic all the way to commercial and industrial companies. Over the medium-term we plan to realize synergies in the areas of LC-SIC (low-cost SIC) and RCV. The RCV strategy can be fully and actively supported by Swiss Interbank Clearing. All in all the transaction volumes are projected to be increasing steadily. Thanks to our participation

in international policy and standard committees we are exceptionally well positioned for services such as «direct cross border debit» or «cross border online debit/EFT POS transactions». For the WATCH project the expertise of the RCV team is an additional asset. And Euro-pay/RCV was included early on in the strategic planning of SIC3.

André Bamat
Swiss Interbank Clearing AG
baa@sic.telekurs.com

FACTS & FIGURES about the Advantages of **euroSIC** by Swiss Interbank Clearing: e. g. 24-Hour Delivery.

What You Can Always Count on from euroSIC by Swiss Interbank Clearing.

euroSIC The 24-hour delivery | euroSIC by Swiss Interbank Clearing is the only clearing system in Euro operating around the clock. Each participant can submit and receive payments 24 hours per day. These payments are processed in real time the same way the proven SIC operates in Swiss Francs. Once settled, the payments are final and irrevocable. Payment orders can be given a priority code, determining the settlement order and thereby providing participants with an additional tool for liquidity management.

euroSIC The cover fund verification | Each individual incoming payment order is checked by euroSIC, verifying data and determining appropriate funds in the settlement account. After that, the payment is settled immediately.

euroSIC Liquidity control in real-time | Information is a commodity of constantly increasing value. Here, too, Swiss Interbank Clearing sets its own high standards. Case in point: the current status of any payment can be queried in real time. An individual transaction can be queried online for up to two days post-settlement. At the same time current settlement account balances in SIC can be obtained by the participating financial institutions of all participants. In real time, of course.

euroSIC The support | Our specialists are available to answer your questions at SIC Central Operations between 6:00 am and 8:00 pm.

euroSIC The fee | euroSIC transaction fees in Switzerland are similarly low as those in SIC in Swiss Francs. But it is really the fees for cross-border payments that compare most favorably to traditional payment methods. By far.

euroSIC The euroGateway to Switzerland | Payments from European systems can be routed directly via TARGET and ELS/EAF to the financial institutes in Switzerland. This fulfills the customer preference for fast and inexpensive payment traffic to Switzerland without the need of an additional correspondence bank. And it goes without saying that euroSIC processes all payments settled in TARGET that same day.

euroSIC The Swiss euroGateway | With euroSIC, payments within Switzerland and cross border can be processed benefitting all financial institutions participating in ELS/EAF or TARGET. Which is why from now on you need only one Euro account for all payments in Switzerland and the 15 EU member countries, thereby neatly reducing coordination efforts within your company and simplifying the payment process in one fell swoop.

euroSIC euroSIC links you through TARGET with 16 European clearing systems and 36,000 financial institutions – with just one single settlement account.

Brochure euroSIC

«The Bright Future of Joint Cooperation»

Interview with Stephan Zimmermann

ClearIT had the opportunity to interview Mr. Stephan Zimmermann, COO, UBS AG and Chairman of the Board, Swiss Interbank Clearing AG. We asked him about the responsibilities and the future of Swiss Interbank Clearing.

ClearIT: Mr. Zimmermann, what is the chance of survival of a joint cooperation such as Swiss Interbank Clearing in an environment increasingly impacted by larger and ever farther reaching mergers?

Before we can talk about survival we have to define a joint cooperation. For me a joint cooperation means, «partners choosing to cooperate for the mutual benefit». Joint cooperation providing market infrastructures, such as Swiss Interbank Clearing, will be around for a long time. Our merit lies from the advantage of all participants benefiting from the uniform structure and processing. As platform organizations, joint cooperation will survive long-term, as well. It's a different story with those joint marketing systems directly approaching the end user. Tensions tend to develop in a joint cooperation when the value added chain is affected and the joint cooperation starts interfering with the customer/bank relationship. One typical example is the credit card business: The banks are using the cards as an important tool to create customer loyalty and want to determine the nature of their customer relationship.

Why has UBS become so actively involved in the various Swiss task forces?

UBS is the leading bank in Switzerland. We are aware of our position and with our active involvement in these task forces are realizing the responsibilities that go with our leadership position for general decisions and infrastructure values which determine the efficiency of the Swiss financial Market.

ClearIT: Swiss Interbank Clearing has the responsibility to process interbank payments in SIC and euroSIC quickly, safely, and inexpensively. The two clearing systems are therefore a joint cooperation surrounded by competition. What type of competition?

Clearing in Swiss Francs really has no direct competition. But the use of specific currencies does depend on how attractive the respective financial market presents itself. This explains why there exists a type of global competition. SIC and euroSIC are measured and compared by their transaction fees, liquidity management and quality and comprehensiveness of services. Incidentally: Our clearing systems are reasonably priced and compare most favorably with other systems.

ClearIT: Where do you see the future tasks of Swiss Interbank Clearing?

Our services today are mostly tailored to the needs of the local market. However, it is evident that with our market infrastructure we are ready and able to compete globally. Particularly when taking into consideration how much our processing efficiency is appreciated abroad. Case in point: SIS SEGAINTERSETTLE was awarded

the syndicate for their SIS managed global GSTPA initiative (Global Straight Through Processing Association).

ClearIT: Back in 1999, after the strategic workshop for the Swiss Interbank Clearing board of directors, Fritz Klein spoke to us about the ongoing developments in SIC. Where are we today on that continuum? Which specific results can you tell us about?

That particular workshop was based on strategic considerations to determine the future focus of Swiss Interbank Clearing. One of the many strengths of Switzerland as a financial market lies in the willingness of its individual financial institutions to jointly approach important topics and make decisions across the various disciplines in a form of partnership. This impressive cooperation was not only confirmed at that workshop, but further developed with professional quality. Based on the predictable market development, and the already required or anticipated specifications and challenges the Swiss Interbank Clearing board of directors recognized the primary thrusts and had the appropriate concepts developed. (For a list of the specific goals, see the «SIC3» article on page 9. ed.) The board of directors has subsequently confirmed these goals and initiated for these «business cases» to be developed. It is our intent to decide on the dimension for the realizations of these projects in the fall of 2000. The board of directors and the SIC task force will have had another joint workshop in July.

ClearIT: Postfinance is a participating partner in euroSIC. Will they be involved in SIC3 in the same way?

Postfinance is slowly but surely evolving into Postbank. It follows that their needs are increasingly similar to the needs of other retail banks. Over the medium term I expect their integration into SIC. Due to their varied infrastructures, however, this process will be gradual. Appropriate talks between the Swiss National Bank, Postfinance and the banks have already started and first specific steps can be expected toward the end of the year.

ClearIT: In the fall of 1999 the Swiss Bankers' Association launched the «SwissPlus» initiative with the «Swiss Value Chain», including SIC and euroSIC as viable elements. The «Swiss Value Chain», perfectly combines straight through processing resulting from security trading, settlement, and clearing. Is this still a considerable advantage for the Swiss financial market?

The «Swiss Value Chain» is marketed globally under the auspices of the Swiss Bankers' Association. This is where experts can obtain information about the high level of our infrastructures. But it's not the «Swiss» part that should be the deciding factor, rather the specific way such transactions are executed «end to end». The actual merit of the «Swiss Value Chain» lies in the ability, how to process this type of work. I am specifically thinking of key areas such as shortening the processing cycle (T+1), risk reduction or efficient use of funds.

ClearIT: Let's close with a look into the future: Which three are the most important challenges for Swiss Interbank Clearing?

In addition to continually offering high quality services at reasonable prices Swiss Interbank Clearing will increasingly have to get involved in the globally networked market. I am thinking about the intellectual adjustments, recognizing opportuni-

ties and generating creative solutions to challenges of any kind. Now the specific challenges:

- While compared to other systems the Swiss Francs clearing volumes are relatively low, our services still need to remain low-priced and efficient;
- in Euro-Clearing we have to find the ideal tie-in and integration into the European development;
- and we have to realize the creative and economical purpose-driven functionality of the SIC3 project.

But I have a fourth item: the further opening of SIC in the European consolidation with stock exchanges, clearing organizations, and CCP (Central Counterparty), etc., as well as within Switzerland the cooperation with Postfinance.

ClearIT: What will payment traffic look like in five years? Which changes do you foresee?

In Switzerland, the existing platforms -

Postfinance and banks - will become mostly standardized. None of the national platforms will disappear, but there will be a segmentation. Global infrastructures such as CLS or WATCH will be reality. As a result, the products in correspondent banking will undergo changes. This, in turn, will open up a whole new set of opportunities. Risk- and liquidity issues will increase tremendously in significance. The market participants will develop and provide services to deal with those challenges. Due to the increase in e-business, where bank participation is no longer needed, payment traffic will evolve to be faster, more reliable, and less expensive. The actual challenge will turn out to be to provide the appropriate interfaces for the processing of all transactions.

André Gsponer
Enterprise Services AG
andre.gsponer@eps-ag.ch



Stephan Zimmermann, Photo: © by Pino Cavino

Straight Trough Processing with IBAN/IPI

Swiss payment traffic differs from many countries because straight through processing based on the use of ESR (deposit slips with reference numbers) has been possible for years. And now the IPI-standard adds a whole new dimension.

The ECBS (European Committee for Banking Standards) has introduced new regulating standards for payment records or receipts and message structures for all of Europe. These standards are currently being introduced in Switzerland.

With the IBAN (International Bank Account Number) and the IPI (International Payment Instruction) both the national and cross border payment traffic will be standardized making processing more uniform and efficient.

The IBAN defines unequivocally the three main components of the bank's relationship with a customer.

They are: Country, financial institute and account number.

The IPI consists of two standardized elements: The payment record in and of itself, and the message structures for the electronic (routing) processing of the pay-

ment data contained in the IPI record.

This standardized structure facilitates the automatic straight through processing of a cross border payment order.

Why Both – IBAN and IPI?

Simply creating a uniform payment record design by itself is not enough to process international payments automatically.

Only the IBAN included in the IPI record guarantees that the various national payment traffic systems recognize the accounting connection without any room for error. This is an absolute prerequisite for the subsequent automatic processing of the pertinent data.

What are the Advantages?

The IBAN and IPI provide financial institutions with very specific advantages and benefits both in the cross border and national payment traffic areas, such as:

- Straight trough processing within the financial institutions' in-house processing
- A check digit included in the IBAN reduces errors and the time consuming back-office efforts resulting from inaccuracies or incorrect information.

- Accelerated payment processes due to automation
- Ease of processing for the payment ordering institution. The correct accounting connection of the receiving institution is provided and the ordering bank has less data to deal with. In addition, the required data collection can be automated, again resulting in time savings and reducing of the error quota.

Finally, by streamlining the processing for the cross border payment traffic, each transaction becomes less expensive. This was one of the goals clearly stated by the European Central Bank right at the onset.

The IPI Record

Along with their invoice, the billing organization provides an IPI record containing all the pertinent information (account number using the IBAN standard, name of their financial institution, etc.) to the purchaser - nationally or internationally. The purchaser then uses the IPI to initiate the settlement of the payment.

The IBAN Structure

Within the framework of the ECBS norm each country can define their own IBAN according to their respective needs. The Swiss organizations responsible for the national payment traffic defined our IBAN as a 21-digit number.

André Gsponer
Enterprise Services AG
andre.gsponer@eps-ag.ch

Ordering Customer / Auftraggeber		International Payment Instruction	
Account number / Kontonummer	<input type="text"/>	Amount to be paid / zu zahlender Betrag	<input type="text"/>
Name / Name	HERR PETER HALLER	Currency / Amount / Währung / Betrag	EUR **3421,00
Address / Adresse	ROSENAUWEG 4 D-80036 MUENCHEN	Charges to be paid by / Gebühren zu Lasten	2 <small>0 = ordering customer / Auftraggeber 1 = beneficiary / Begünstigter 2 = abroad / Geldverweisung</small>
Beneficiary / Begünstigter		Signature(s) / Unterschrift(en)	<input type="text"/>
Account number / Kontonummer	CH93 0076 2011 6238 5295 7	<small>No company stamps / Bitte nicht stempeln</small>	
Name / Name	MUSTER AG, SELDWYLA	Date of signature(s) / Datum (TTMMJJJJ)	<input type="text"/>
Beneficiary's Bank / Bank des Begünstigten	ZUERCHER KANTONALBANK, ZUERICH	Reporting / Meldecode	<input type="text"/>
Details of payment / Verwendungszweck	5200 0005 6781 2348 9012	Form	00

Please refer to your bank for instructions. / Ausführhinweise erhalten Sie bei Ihrem Finanzinstitut.

Connecting with Europe

SECB Swiss Euro Clearing Bank GmbH in Frankfurt, Germany, provides Switzerland with the link to the European payment traffic.

In February of 1998, Telekurs Holding AG together with Credit Suisse Group and UBS founded the SECB Swiss Euro Clearing Bank GmbH to provide Switzerland's financial market with direct access to the European clearing systems. As of January 1999, the SECB has been operating as a fully licensed bank, certified by the German Banking Commission, and in August of 1999, Postfinance Switzerland joined the partnership.

As a so-called settlement agent SECB is responsible both for the liquidity management in euroSIC and for monitoring the system.

All euroSIC participants maintain a master account with SECB and therewith automatically a settlement account in euroSIC. These settlement accounts – in turn – are supplied with liquidity from the corresponding master account at SECB.

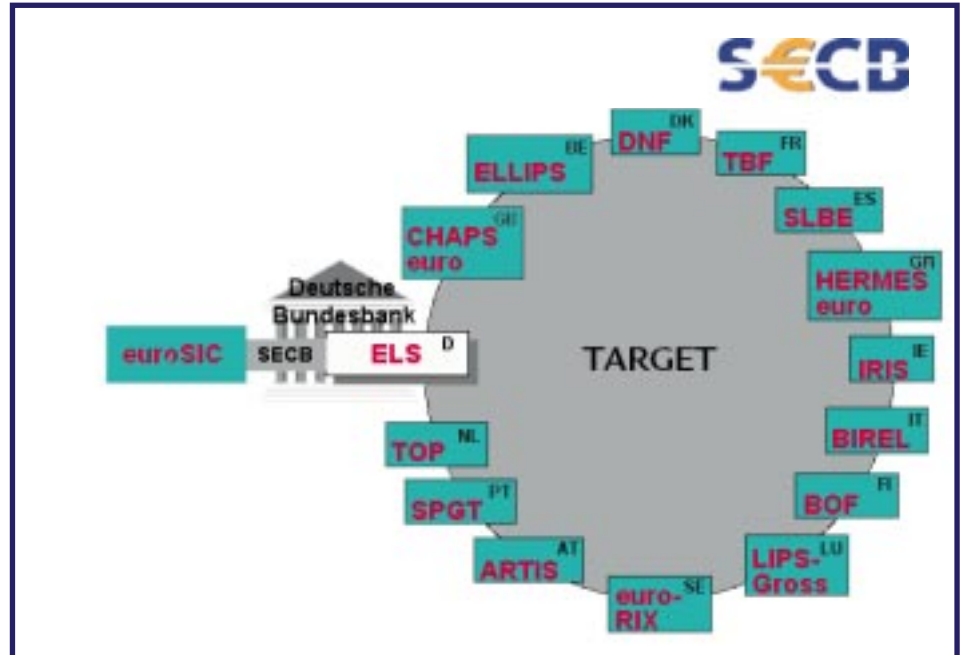
SECB provides access to TARGET, the interlinking system of the EU member countries, through the German Euro Link System/Euro Access Frankfurt (ELS/EAF).

Switzerland's euroGateway for Outgoing Payments

All cross border payments are processed through SECB.

When submitting their payment orders in euroSIC, the participants in Switzerland enter the required SECB data along with the data of the beneficiary bank.

After converting the payment, SECB delivers it through TARGET to the appropri-



The euroGateway

ate national EU clearing system where it becomes available to the beneficiary shortly. If the beneficiary bank is connected with either one of the German clearing systems, ELS/EAF, the payment is settled directly through it.

Switzerland's euroGateway for Incoming Payments

Swiss financial institutions have the option to register with ELS/EAF as indirect participants through SECB. Payments incoming for those participants are routed to SECB by the Deutsche Bundesbank.

As soon as SECB receives the payment orders, they are converted and delivered immediately into euroSIC. The result? The Swiss financial institution have immediate access to their liquidity.

The Centralized Euro-Link

Thanks to euroSIC and SECB, financial institutions outside of Europe now have one central link with all Euro clearing systems, an accessible contact for liquidity management and payment traffic questions in all of Europe, and simultaneous access to not 15 but 16 Euro clearing systems.

Increasing Straight-Trough Processing

The STP share of cross border payments has grown to 93% since the introduction of euroSIC. Swiss Interbank Clearing provides a cross border guide on the internet for support. Examples of payments can be downloaded to help obtain the highest STP rate possible.

*Bruno Kudermann
Swiss Interbank Clearing AG
kdb@sic.telekurs.ch*

SIC3

For over 13 years SIC has been operating reliably and literally without any problems. Primarily due to an opening up to Euroland, and the continually changing environment of the payment traffic services industry, the board of directors of Swiss Interbank Clearing discussed - together with members of the SIC task force - during a workshop and strategy planning session in October 1999 the adaptation of the existing SIC.

It is fair to say that SIC3 is a direct result of these discussions and considerations. The board and members of the SIC task force recognized and determined the main focus in their strategy workshop. Our clearing system for Swiss Francs needs to evolve further. Here are our main goals and some brief definitions:

• Purpose Driven System

Varied payment processes dictate different features, e.g. mass payments which are less time sensitive, or scheduled payments to be processed on a certain date. In addition, these special features must be able to be organized according to their information content, their processing status and final confirmation.

• Multi-Currency System

The clearing system is to be given the type of architecture that allows it to truly process different currencies and not - like euroSIC - in essence clone one other currency.

• Open Access Criteria

An open/accessible architecture and adherence to uniform industry standards will simplify and foster memberships by remote access. In future, new participant categories with diversified applications will be able to use SIC services. In addition

it is conceivable that institutional clients, client groups not yet included, or market organization systems such as GSTPA or European Blue-Chip-Exchange (Tradepoint) could have direct access to specific SIC processes.

• Value Added

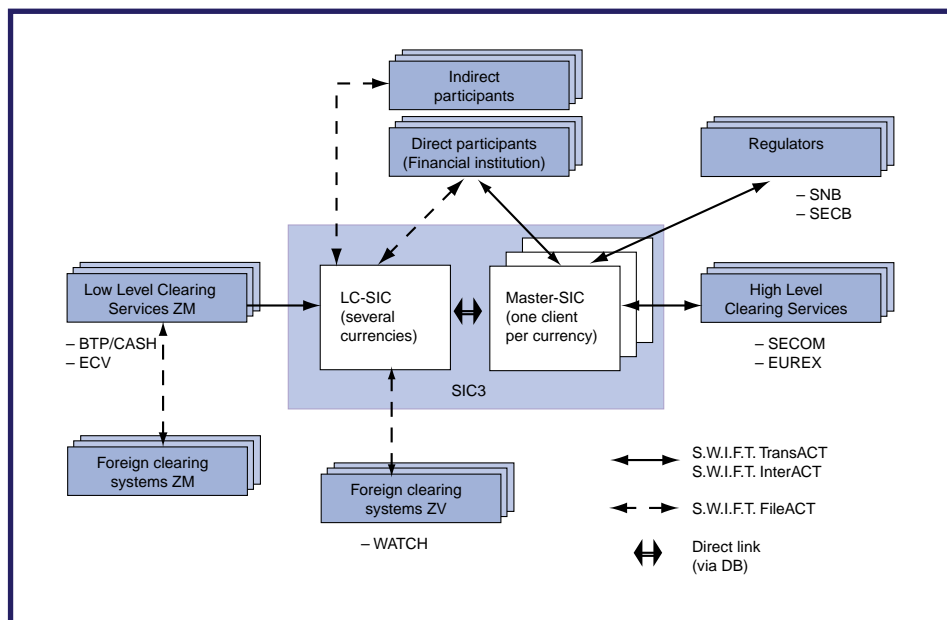
The clearing system may not offer any value-added services with the potential to collide with the interests of one or several participants.

• Clear Contractual Agreements

In order to regulate the conditions surrounding the clearing system a transparent, unambiguous contract, clearly identifying rights and responsibilities of the individual partners and interfaces between the governing bodies (e.g. the Swiss National Bank), Swiss Interbank Clearing and the participants, is mandatory. Based on these workshop results, the board of directors asked Swiss Interbank Clearing to develop a first draft for a SIC3 con-

cept. The central point of the suggested solution is a division of the system architecture into two sub-systems with differing requirement profiles and performance attributes. SIC3 will therefore be comprised of a Master-SIC, corresponding to the current SIC with identical services and abilities and enhanced performance scope, and of a LC-SIC (Low-Cost) with reduced capacity. This system is based on the basic idea of the batch payment traffic and is well suited to process mass payments. As we are going to print with this newsletter, the Swiss Interbank Clearing board of directors is poised to decide on the next step. And of course ClearIT is eager to keep you well informed and updated about our latest product.

Martin Mader
 Swiss Interbank Clearing AG
mdm@sic.telekurs.com



remoteSIC – the new, world-wide access platform

Recently, direct access to the Swiss payment system for financial institutions abroad just got easier - a whole lot easier! Swiss Interbank Clearing presents: remoteSIC – the new, world-wide access platform through S.W.I.F.T.

Increasingly we have become aware of financial institutions abroad wishing to link not only with the Swiss securities trading system, but also with our regular payment traffic.

SIC now has more than 60 participants from outside of Switzerland, most of them dealing in securities. Which explains why the number of those transactions remains low in comparison with the national mass payment settling numbers the Swiss banks process through SIC.

Access to SIC is usually established through standard interfaces of software manufacturers or proprietary applications of the individual participants. These traditional systems are especially well suited for large amounts of data for participants in Switzerland because they require a seamless link with the participants' proprietary system.

Financial institutions abroad interested in participating in several national clearing systems expect uniform standards for communication and message transmission.

Swiss Interbank Clearing has taken up the challenge and with remoteSIC offers direct access to SIC via S.W.I.F.T.

remoteSIC is a two-part system:

1. Payments

The ordering bank submits payment orders (MT100/103/202) to the Swiss Interbank Clearing BIC. remoteSIC converts the data into the SIC format, forwards the data to processing and generates a receipt either confirming settlement or - if the order couldn't be processed - refusal.

The payment is then processed under the same conditions as any other payment order in SIC.

2. Interactive account management

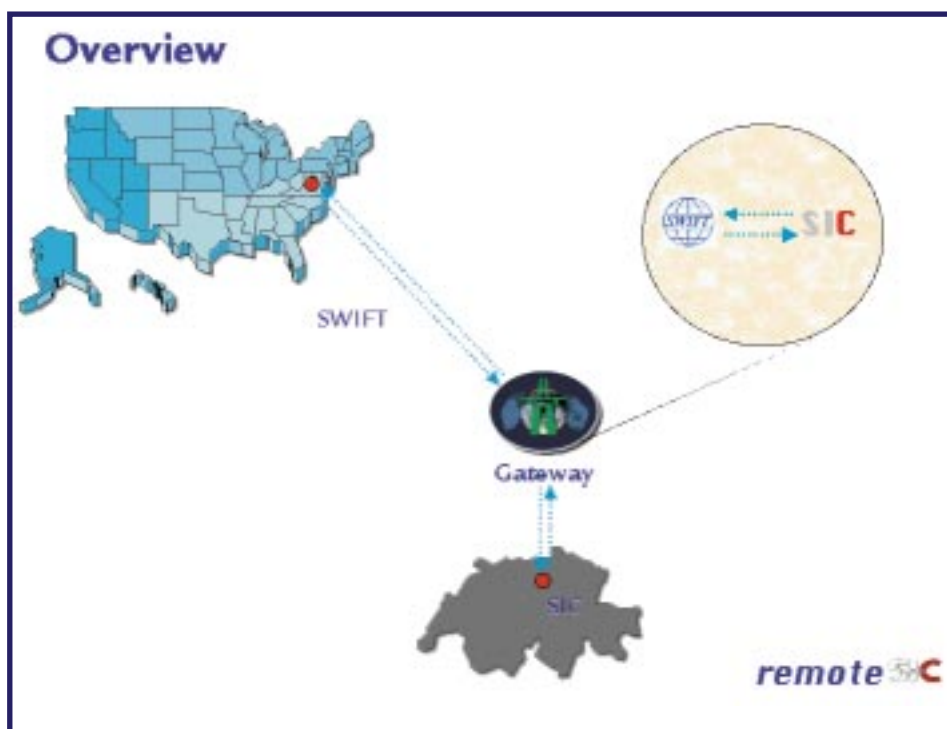
A software packet supplied by Swiss Interbank Clearing is used for the cash management.

Installation of this packet creates an encrypted link with SIC.

From now on all standard inquiries can be executed in real time.

remoteSIC enables real time access to the transaction process, such as queries like

- inquiries about individual payments
- accumulated outgoing and incoming payments
- account status per value date



For financial institutions, remoteSIC greatly simplifies the start-up procedures for a SIC link. The main advantage lies in the use of the already familiar S.W.I.F.T. application and environment. Staff training is limited to learning the conversion rules for special cases and exceptions. And best of all, no new system has to be introduced which will in turn need to be adapted to the existing in-house system (backup etc.). The only thing new consists of the installation of an encrypted link via ISDN network for account management.

SIC data are queried through a 3270 terminal emulation, which is usually already available to the participant.

Add to that security modules and standard software such as virus scanners and hard disk encrypting.

Where Do We Go From Here?

As our next step we are already working on developing the browser-enabled interactive account management in an effort to further stream-lining international access.

The remoteSIC target group consists primarily of:

- SWX remote members
- CH repo market participants
- Eurex participants
- Banks abroad, for whom a traditional SIC link wasn't practical thus far.

Interested? Want to know more? Please stop by at our SIBOS booth #G206 – we would very much enjoy showing you the many possibilities of remoteSIC.

Bruno Kudermann
Swiss Interbank Clearing AG
kdb@sic.telekurs.com

SECB – euroSIC the Success Story Continues

SECB Swiss Euro Clearing Bank GmbH, Frankfurt, supervising and monitoring financial institute for euroSIC, the Swiss EURO clearing system, exceeds expectations yet again. Based on the successful liquidity management, the board of directors decided on July 10th, 2000, in favor of the management decision to:

- from now on - tie the interest rate on master (transfer) account balances at SECB, Frankfurt, to the ESCB (European System of Central Banks) deposit facility rate, while deducting a set percentage
- effective August 1st, 2000 - set the interest rate for master (transfer) account balances at 1/2 % below the deposit facility rate.

This effectively raises the current interest on master (transfer) account balances from 1% to 2 3/4% - an attractive increase.

At the same time SECB would like to remind the Swiss euroSIC participants that the Swiss Federal Banking Commission with their writing of March 16th, 1999, informed the finance industry of their decision that demand deposits on master (transfer) accounts at SECB, Frankfurt, are considered liquid assets according to RRV-EBK, Rz 45 (the Swiss governing Code of Laws). Within the framework of the appropriate equity funds and risk guidelines the applicable risk assessment rate is therefore 0 % (Art. 12a Abs. 1 Ziff. 1.1. and Art 21e Abs. 1 BankV).



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| **Editorial Staff** André Bamat, CEO, Swiss Interbank Clearing AG, André Gsponer, Enterprise Services AG, Beat Härry, Credit Suisse First Boston, Daniel Heller, Swiss National Bank, Bruno Kudermann, Editor in Chief, Swiss Interbank Clearing AG, Martin Mader, Swiss Interbank Clearing AG, Ulrich Merz, UBS AG, Horst W. Sander, Managing Director, SECB Swiss Euro Clearing Bank GmbH, Nicole Walker, Postfinance, Urs Zumbrunnen, RBA-Service |

| **Translation** HTS | **Layout & Design** Mirjam Steiner Ad Agency | **Printer** Telekurs printing center |

| **Contacts** SIC Operation Center +41 1 279 42 00, Product Management +41 1 279 47 47, euroSIC Operation Center +41 1 279 47 00, Product Management +41 1 279 47 47,

SECB Operation Center, +49 69 97 98 98 0, Customer Service SECB, +49 69 97 98 98 35 |

| Additional information about the Swiss payment clearing systems is available on the internet at www.telekurs-sic.ch or www.secb.de |