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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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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).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 68, *Financial services*, Subcommittee SC 8, *Reference data for financial services*.

This fifth edition cancels and replaces the fourth edition (ISO 10962:2019), which has been technically revised. The six-character hierarchical structure remains unchanged from the previous version.

The main changes compared to the previous edition are as follows:

— The CFI code list has been removed from the specification and moved to an external code list.

— The structure of the CFI and content of the code list are captured in the form of a machine-readable semantical model of the code lists and their values. It is important to understand that this is a semantic representation of the CFI hierarchical structure and not a canonical semantic classification of financial instruments, which is beyond the scope of this standard.

— The CFI external code list will be maintained and published by the ISO 10962 Maintenance agency, who shall be responsible to manage the modification and enhancements to the code lists, their values and corresponding descriptions.

The Maintenance agency shall be responsible for publishing the CFI code list. The CFI external code list will be published in a selection of human-readable and machine-readable data formats, (e.g., spreadsheet, PDF, CSV, JSON-LD, TTL) at the discretion of the Maintenance agency https://www.iso.org/maintenance_agencies.html .

A list of all parts in the ISO 10962 series can be found on the ISO website.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

The International Organization for Standardization (ISO) draws attention to the fact that it is claimed that compliance with this document may involve the use of a patent.

ISO takes no position concerning the evidence, validity and scope of this patent right.

The holder of this patent right has assured ISO that he/she is willing to negotiate licences under reasonable and non-discriminatory terms and conditions with applicants throughout the world. In this respect, the statement of the holder of this patent right is registered with ISO. Information may be obtained from the patent database available at www.iso.org/patents.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights other than those in the patent database. ISO shall not be held responsible for identifying any or all such patent rights.

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

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

Many market participants were using similar terminology for instruments having significantly different features. This problem was compounded when market participants looked beyond their own national markets where they encountered the same words used to describe instruments with significantly different features. Where the terminology was in a different language, market participants encountered additional problems of translation, which could also be misleading.

In addition, the customs and practices of local markets varied considerably in how they structured financial instruments, often leaving foreign participants perplexed. On careful analysis, it was often found that the characteristics and features of these instruments were similar to domestic instruments. However, most market participants did not have the time and resources to do this analysis.

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

A twofold solution was developed to address these problems. One was to establish a series of codes that classify financial instruments having similar features. The other was to develop a glossary of terms and provide common definitions that allow market participants to easily understand the terminology being used.

The benefits derived are many.

— The CFI code system provides a set of codes for financial instruments that can be used globally for Straight Through Processing by all involved participants in an electronic data processing environment. For example, readers of portfolio holdings see reports from different sources using the same categories, groups and attributes, making the comparison of instruments more credible.

— The use of these codes increases 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 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 understanding of financial instruments. This leads to more active markets and improved market liquidity. In addition, these codes are displayed on websites using internet technology, which has allowed the growth of e-issuing, e-trading and e-settlements.

— The CFI code system can further serve as a basis for the classification of financial instruments for industry risk aggregation and regulatory reporting.

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

1 Scope

This International Standard defines and describes the structure for the 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 and derivatives 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 financial instruments 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 documents are referred to in the text in such a way that some or all of their content constitutes requirements 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 6166, *Financial services — International securities identification numbering system (ISIN)*

PROPOSED STANDARD IETF, RFC3987, Internationalized Resource Identifiers (IRIs), January 2005

W3C Recommendation: Resource Description Framework (RDF): Concepts and Abstract Syntax, 10 February 2004

ISO 15836-1:2017, *Information and documentation — The Dublin Core metadata element set — Part 1: Core elements*

W3C Recommendation: JSON-LD 1.0: A JSON-based Serialization for Linked Data, 16 January 2014

W3C Recommendation: OWL 2 Web Ontology Language: Structural Specification and Functional-Style Syntax (Second Edition), 11 December 2012

W3C Recommendation: OWL 2 Web Ontology Language: Mapping to RDF Graphs (Second Edition), 11 December 2012

W3C Recommendation: OWL Web Ontology Language Reference, 10 February 2004

W3C Recommendation: SKOS Simple Knowledge Organization System Reference, 18 August 2009

W3C Recommendation: RDF 1.1 Turtle: Terse RDF Triple Language, 25 February 2014

W3C Recommendation: W3C XML Schema Definition Language (XSD) 1.1 Part 1: Structures, 5 April 2012

W3C Recommendation: W3C XML Schema Definition Language (XSD) 1.1 Part 2: Datatypes, 5 April 2012

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at http://www.electropedia.org/

3.1
concept
A concept is a unit thought, ideas or meaning. A Concept uses an Internationalized Resource Identifier (IRI) as a unique identifier.

3.2
Internationalized Resource Identifier (IRI)
An Internationalized Resource Identifier (IRI) is a unique string of characters to identify a concept.

Note 1 to entry: The IRI supersedes the Universal Resource Identifier (URI) for use in identifying concepts within RDF.

3.3
Resource Definition Framework (RDF)
Resource Definition Framework (RDF) is a general method used to model concepts.

3.4
Dublin Core
Dublin core is an RDF vocabulary that supports key metadata terms, including the ability to identify the creator, to support versioning, and more. This vocabulary is used to annotate ontologies constructed using OWL or SKOS. Dublin Core is also an ISO standard, ISO 15836-1:2017.

Any terms that are part of this vocabulary are prefixed with dcterm:, which indicates it is a Dublin Core term.

3.5
JavaScript Object Notation for Linked Data (JSON-LD)
The JavaScript Object Notation for Linked Data is a method of encoding Linked Data. It takes the form of key/value pair constructs. For further information, please refer to: https://en.wikipedia.org/wiki/JSON-LD.

3.6
Web Ontology Language (OWL)
The W3C Web Ontology Language is a Semantic Web language designed to represent rich and complex knowledge about things, groups of things, and relations between things. It allows one to represent hierarchical class relationships and capture properties and constraints, among other things. For further information, please refer to: https://www.w3.org/OWL/ . There are various syntax conventions by which OWL can be represented (see “TTL” below).

Any terms that are part of this vocabulary are prefixed with owl:.

3.7
Simple Knowledge Organization System (SKOS)
Simple Knowledge Organization System is a W3C recommendation designed for representing classification schemes and taxonomies. Like OWL, SKOS is an RDF-based vocabulary. Unlike the class hierarchy one might develop in OWL, SKOS provides the ability to create hierarchies that utilize different types of relationships, e.g., *is-a-part/member-of* and as such, it provides the opportunity to support classifications and taxonomies across a broad range of information and use cases. For further information, please refer to: https://www.w3.org/SKOS/ .

Any terms that are part of this vocabulary are prefixed with skos:.

3.8
Terse RDF Triple Language (TTL) "Turtle"
Terse RDF Triple Language is a syntax convention that represents the Web Ontology Language (OWL). For further information on this OWL syntax and details regarding how it is structured please refer to https://www.w3.org/TeamSubmission/turtle/ .

3.9
XML Schema Definition (XSD)
XML Schema Definition (XSD) is a World Wide Web Consortium (W3C) recommendation that specifies how to formally describe the elements in an Extensible Markup Language (XML) document. This includes datatypes such as xsd:string, xsd:boolean and xsd:date.

Any definitions that are part of this vocabulary are prefixed with xsd:.

3.10
Deprecation
Deprecation is a feature commonly used in versioning software to indicate that a particular feature is preserved for backward compatibility purposes but may be phased out in the future. By deprecating a term, it means that the term should not be used in new documents. This allows a model to maintain backward compatibility while phasing out an old vocabulary. As a result, it is easier for old data and applications to migrate to a new version, and thus can increase the level of adoption of the new version.

4 Conventions and principles

The CFI code provides the most comprehensive information possible whilst maintaining the manageability of the code. 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 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.

The CFI code should be defined in such a way so that there is only one possible unique CFI code per type of financial instrument. The CFI code should have a one-to-many relationship with financial instruments. A financial instrument should only be associated with a single CFI code.