INTERNATIONAL STANDARD

ISO 10962

Fifth edition
2021-05

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

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

Reference number
ISO 10962:2021(E)

COPYRIGHT PROTECTED DOCUMENT

ISO copyright office
CP 401 • Ch. de Blandonnet 8
CH-1214 Vernier, Geneva
Phone: +41 22 749 01 11
Email: copyright@iso.org
Website: www.iso.org

Published in Switzerland

Contents

Page

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 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 document.

— The CFI external code list is maintained and published by the ISO 10962 maintenance agency, which is responsible for managing the modification and enhancement of the code lists, their values and corresponding descriptions. The maintenance agency is responsible for publishing the CFI code list. The CFI external code list is published in a selection of human-readable and machine-readable data formats [e.g. spreadsheet, PDF, comma-separated values (CSV), JSON-LD, TTL] at the discretion of the maintenance agency. See https://www.iso.org/maintenance_agencies.html#81140.

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 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 can 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.

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 or 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.

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

1 Scope

This document 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 document is intended for use in any application in the trading and administration of financial instruments in the international securities business. Insofar as the trading and administration of securities do not affect other countries, the application of this document 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

There are no normative references in this document.

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
unit thought, idea or meaning

Note 1 to entry: A concept uses an *Internationalized Resource Identifier* (3.2) as a unique identifier.

3.2
Internationalized Resource Identifier
IRI
unique string of characters to identify a *concept* (3.1)

Note 1 to entry: The IRI supersedes the universal resource identifier (URI) for use in identifying concepts within a *Resource Definition Framework* (3.3).

3.3
Resource Definition Framework
RDF
general method used to model *concepts* (3.1)

3.4
Web Ontology Language
OWL
semantic web language designed to represent rich and complex knowledge about things, groups of things and relations between things, allowing one to represent hierarchical class relationships and capture properties and constraints, among other things

Note 1 to entry: Further information is provided at: https://www.w3.org/OWL/. There are various syntax conventions by which OWL can be represented [see *Terse RDF Triple Language* (3.6)].

Note 2 to entry: Any terms that are part of this vocabulary are prefixed with owl:.

3.5
Simple Knowledge Organization System
SKOS
W3C recommendation designed for representing classification schemes and taxonomies

Note 1 to entry: Like OWL, SKOS is an RDF-based vocabulary..

Note 2 to entry: Unlike the class hierarchy one can 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, and also provides the opportunity to support classifications and taxonomies across a broad range of information and use cases.

Note 3 to entry: Further information is provided at: https://www.w3.org/SKOS/.

Note 4 to entry: Any terms that are part of this vocabulary are prefixed with skos:.

3.6
Terse RDF Triple Language
TTL
syntax convention that represents the *Web Ontology Language* (3.4)

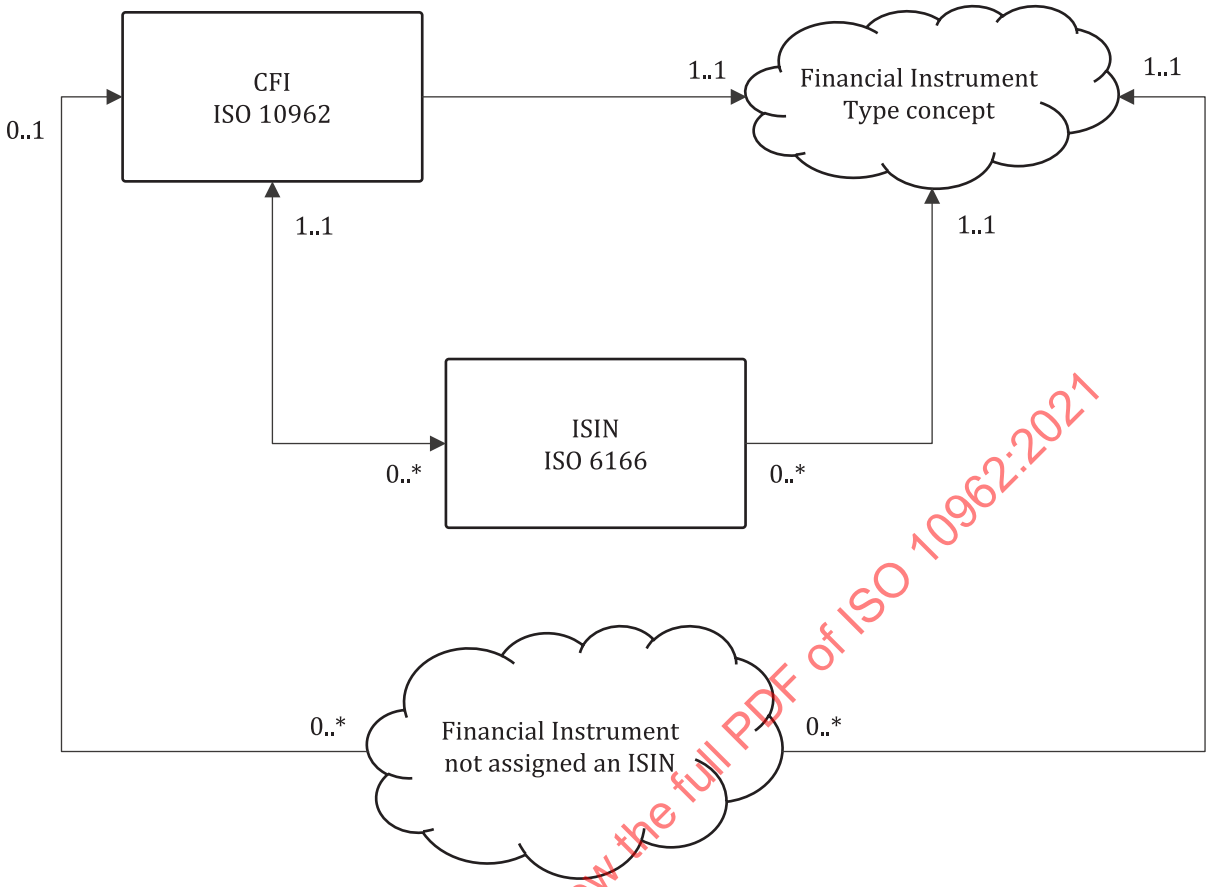
Note 1 to entry: Further information on this OWL syntax and details regarding how it is structured is provided at: https://www.w3.org/TeamSubmission/turtle/.

4 Conventions and principles

4.1 General

The CFI code provides the most comprehensive information possible while 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 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, see Figure 1.



Key

☁	concepts or entities not defined within TC 68/SC 8 standards as of publication of this document
▭	entity defined by an ISO standard
→	relationship between entities

Cardinality rules

0..*	(optional, zero or more)
1..1	(one to one)

Figure 1 — Entity relationship

The CFI code is composed of six alphabetic characters where each character position has special significance. The structure can be summarized as follows (detailed descriptions are provided in the following subclauses):

— The first character represents the Category of the instrument.

— The second character represents the Group within a given Category.

— The third to the sixth characters are attributes which are defined to be significant within the context of a given Category and Group.

The 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 and Z are available for assignment. Two alphabetic characters have special meanings and cannot be redefined:

X Not applicable or undefined: the character 'X' may be used for any respective Attribute if the information is unknown, not available or applicable at the time of assignment, regardless of whether it is stated as an available character for the Attribute and should be updated to reflect the respective Attribute as soon as it is known or available.

The character 'X' shall not be used as a value in this manner for Category or Group.

M Others (miscellaneous): the character 'M' exclusively represents 'Others (miscellaneous)' and may only be used where it is available as a character within the context of its parent category or group. 'M' is only to be selected when the Category, Group or Attribute being classified shall not be attributed to an existing specified Category, Group or Attribute.

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

Refer to Annex A for an example.

4.2 Category

The first character indicates the highest level of classification, the Category, which describes the broad asset classes of the instrument, such as debt, equities, listed options, referential instruments or swaps.

4.3 Group

The second character indicates specific Groups within each category. For example, equities are broken down into groups such as common or ordinary shares, preferred or preference shares, and common or ordinary convertible shares. Within the category of debt instruments, groups include bonds and convertible bonds.

For the complete classification breakdown covering all categories, see https://www.iso.org/maintenance_agencies.html#81140.

4.4 Attributes

The last four characters indicate the most relevant attributes applicable to each group within a category. Whereas voting rights, ownership, transfer or sales restrictions, payment status and form are useful information in equities, these features do not exist for options, which have other attributes such as option style, underlying assets, delivery, standardized or non-standardized, or trigger. The position of the four attributes among them do not represent a hierarchical structure within the instrument group.

4.5 Semantic model of the external code list for the CFI

The metamodel for the CFI consists of a specification of each type of CFI component (e.g. Category, Group, First Attribute) as well as the metadata that is attached to each of those components. The annotations function to describe the elements (e.g. provide the definition) as well as to specify certain administrative facts associated with the item (e.g. whether the item has been deprecated), see Figure 2.

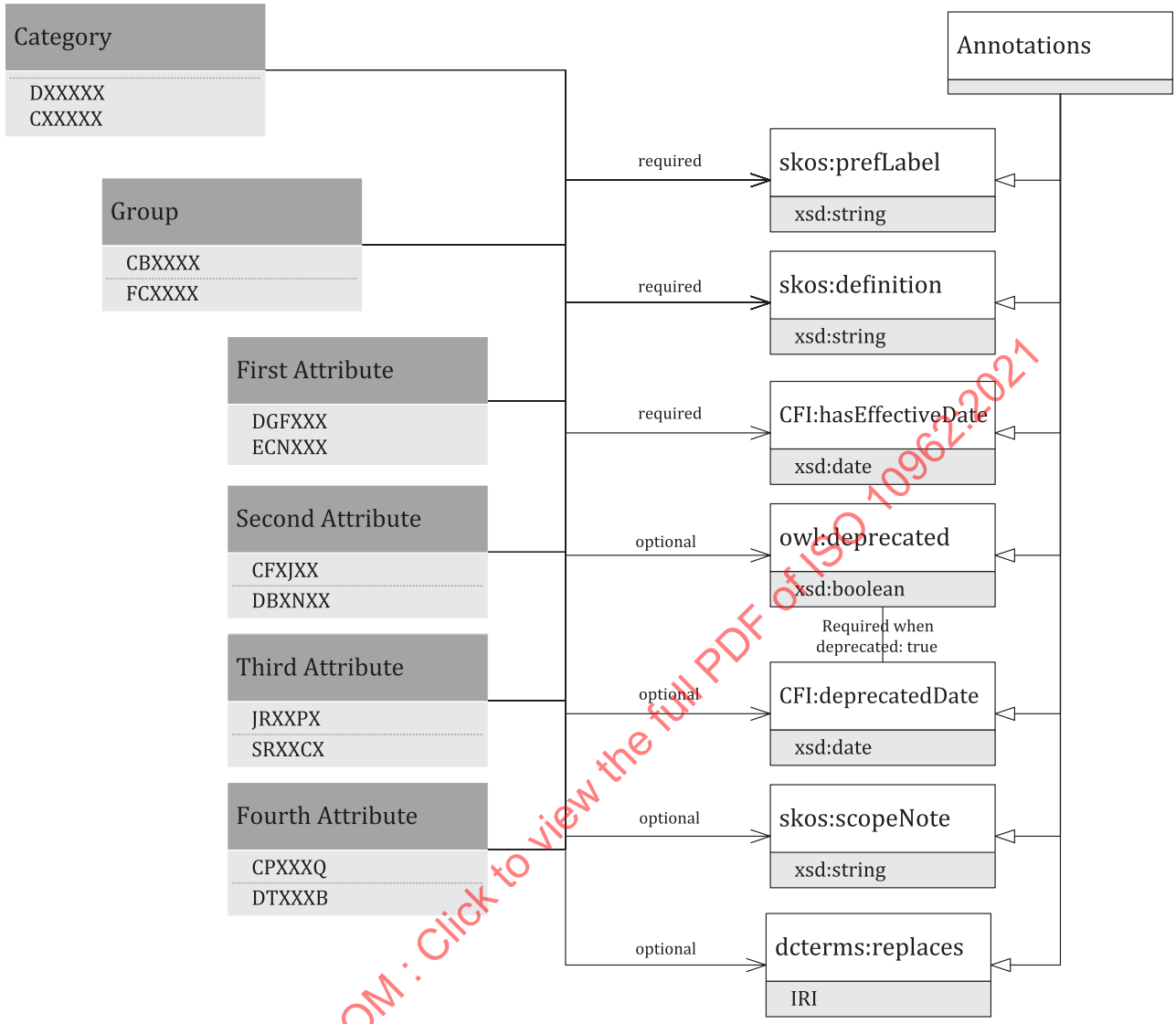


Figure 2 — CFI metamodel

In each case, the individual value specified will be both a skos:Concept and owl:NamedIndividual. The key relationship in each instance will be specified with skos:broader where the relevant individual that is a member of the more general class is specified. Visually, the model is structured as shown in Figure 3.

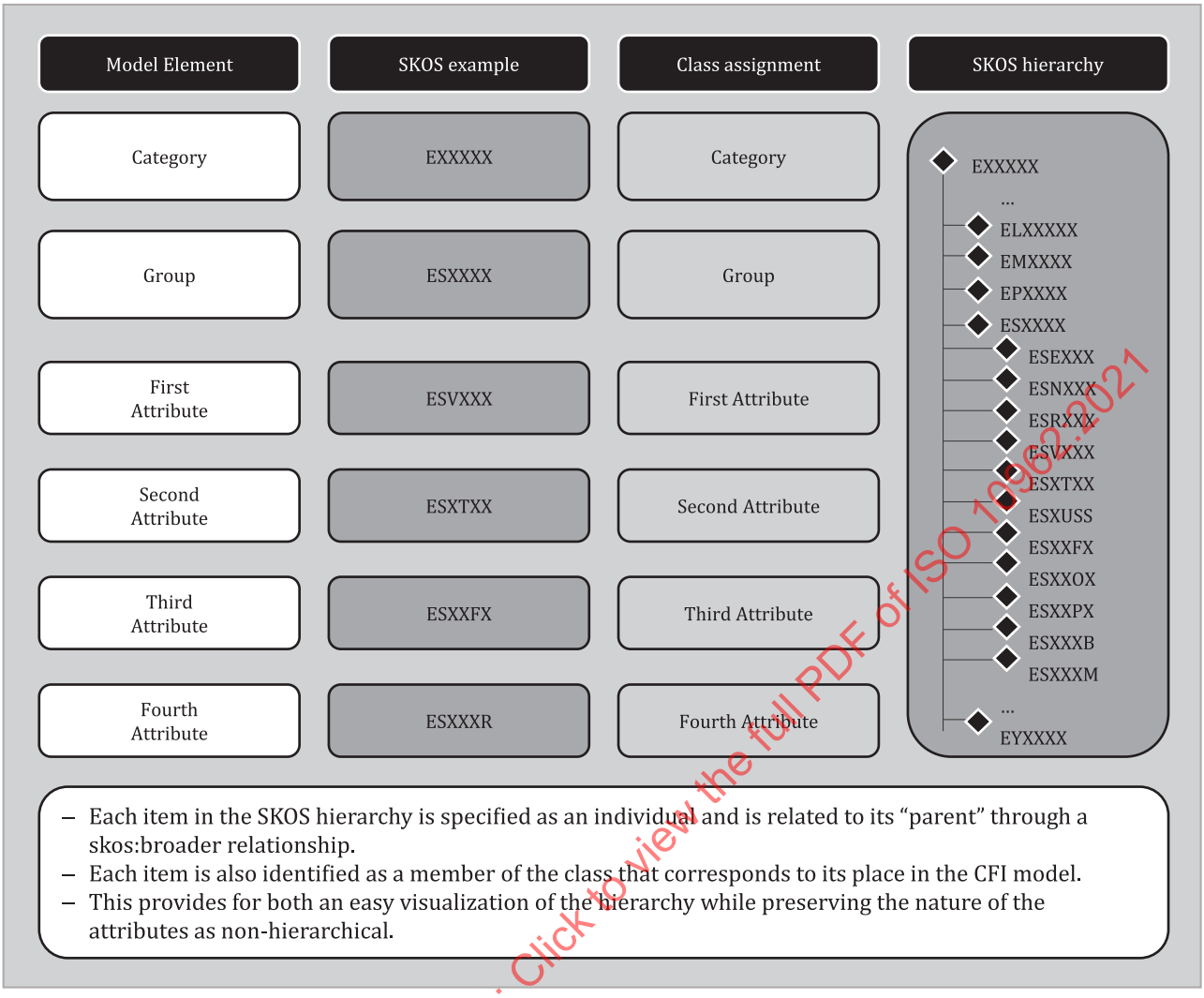


Figure 3 — CFI relationship model

Note that the attributes (First Attribute, Second Attribute, Third Attribute, Fourth Attribute) do not stand in a hierarchical relationship to each other in any instance. Rather, they are all specified as having the appropriate individual that is a member of the class "Group" as the skos:broader "parent". This is deliberate, as the attribute-level individuals are not semantically related in the actual CFI code strings. This further has the consequence that each Attribute is specified within the context of both a Category and a Group.

5 CFI code allocation

5.1 General

CFI codes are assigned following the conventions and principles of Clause 4.

Where an instrument is identified using ISO 6166, the relevant ISIN allocation agency will also assign the CFI code. This CFI code will always be considered as the official CFI code.

For those instruments where no ISIN is assigned, the CFI code may be derived by a user in accordance with this document, the external code list and any recommendations or guidelines published by the maintenance agency.

CFI codes shall be assigned in a timely manner in order to meet the needs of the user community.