



INTEGER WEALTH GLOBAL

ISIN Numbering System Explained

Date: 28 June 2022

What Is the ISIN Numbering System.?

The International Securities Identification Numbering system (ISIN) defines an international standard set up by the International Organization for Standardization (ISO) with ISO6166:2013 marking the latest incarnation.

The system codes securities including stocks, bonds, options, and futures with unique identification numbers. ISIN identifiers are administered by a National Numbering Agency (NNA) in each country that currently uses the system.

ISINs work just like serial numbers.

Key Takeaways

The International Securities Identification Numbering system (ISIN) codes stocks, bonds, options, and futures with unique identification numbers.

An ISIN identifier code has 12 alphanumeric characters and includes the country in which the issuing company is headquartered, the specific security identification, and a final character that acts as a security check.

The system has been adopted worldwide.

Understanding the ISIN Numbering System

This complex numbering system dates back to 1981 but was not widely used until 1989 when the Group of 30 (G30) nations called for its broad adoption. ISO joined the system a year later, using the ISO 6166 standard as the initial reference.

ISIN data was distributed on disk until the start of the 21st century when transmission switched to the internet.

The European Union (EU) took an additional step in 2004, mandating the system for a large subset of its regulatory reporting needs.



Elements of the ISIN Number

An ISIN identifier code has 12 alphanumeric characters and is structured to include:

1. the country in which the issuing company is headquartered
2. the specific security identification number
3. a final character that acts as a security check to deter fraud or misuse

The first two digits are reserved for the security's country of origin or head office of the issuing company. The second grouping, which is nine characters long, is reserved for the security's unique identifying number. The final digit, known as a "check digit," assures the code's authenticity and lowers the frequency of errors or misuse.

The middle nine digits of the ISIN system number is administered by the local country's numbering agency, which is called the CUSIP Service Bureau in the United States.

This office was created to improve the numbering system for securities by developing a national standard for the financial industry. The CUSIP Service Bureau was first established in 1964 and continues to enforce the numbering system through a board of trustees.

Examples of ISIN Numbers

An ISIN identifier for a fictional American company's stock certificate may look like the following:

US-000402625-0 (dashes incorporated for simplicity)

The country code, "US", is placed at the beginning, followed by the nine-digit CUSIP number for the specific security, with the last digit acting as the check digit. On the other hand, a fictional Japanese company's stock certificate could have an ISIN identifier which appears as follows:

JP-000K0VF05-4 (dashes incorporated for simplicity)

The middle nine digits of ISIN numbers are computer-generated in a complex algorithmic formula. This numbering process is critical in helping to protect against counterfeiting, fraud, and forgery.

Currently, an ISIN identifier is used to number most forms of securities, including but not limited to equity shares, units, depositary receipts; debt instruments (including bonds, stripped coupons and principal amounts), T-bills, rights, warrants; derivatives; commodities and currencies.

An ISIN identifier doesn't include a specific trading venue. Another number set, usually, a Market Identifier Code (MIC) or three-letter exchange code, is needed to record location information that supplements primary identification codes.