

# ISO 20022 Newsletter

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For more information on ISO 20022, consult the ISO 20022 website at [www.iso20022.org](http://www.iso20022.org) and get access to:

- Two scripted Powerpoint presentations to understand the ISO 20022 value proposition, the role of the various registration bodies, and what has been developed so far
- How to become an ISO 20022 'submitting organization' and develop [new ISO 20022 messages](#) or how to submit [updates to existing messages](#).
- Who is representing your country or organization in each of the ISO 20022 registration bodies: the [Registration Management Group](#) (RMG), the five [Standards Evaluation Groups](#) (SEGs) and the [Technical Support Group](#) (TSG).
- Which are the current [development projects](#) and their status
- The [catalogue of ISO 20022 messages](#) including the latest version of ISO 20022 messages and the archive of previous versions.

If you have questions, please send them to the ISO 20022 Registration Authority at [iso20022ra@iso20022.org](mailto:iso20022ra@iso20022.org).

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## From the RMG Convener

Dear RMG Members:

It is always with a sense of awe that I look back at several of the results we have made over time. Take for example the number of messages we have included into the 20022 standard. Over time, the RMG grew its total message bank to the nearly 300 today. This achievement included input from the Securities, Pay, and Trade SEGs, and it is a milestone in which we should all show pride.



We should be proud of the manner in which ISO 20022 assisted in the implementation of several successful *(continued on page 2)*

## ISO 20022 Adoption: The Way Forward

By Bob Blair, *RMG Vice Convenor*

*What communities have implemented and adopted ISO 20022?*

*What approach has been taken by these communities to encourage adoption?*

The above and similar questions are frequently asked of the Registration Authority (RA) and the Standards Evaluation Groups (SEGs).

When the ISO20022 RMG met in Oslo in 2011, Norway hosted a "Meet the Market" event which included members of the Nordic financial services community (the SWIFT user group, banks and others) and the ISO20022 RMG members. A key theme of the meeting was standards "adoption". Some of the topical areas were:

- Where have the standards been adopted?
- What techniques proved successful in encouraging adoption?
- What measures define a successful adoption?

A project has been initiated to produce a document cataloging adoption and adoption techniques. *(continued on page 2)*

## From the RMG Convenor (continued from page 1)

projects like SEPA, T2S, SADC, JASDEC and others. This was accomplished by placing completed program projects in the 20022 standard to demonstrate global approval and by calling attention to the usefulness of these projects through our communications outreach vehicle—The *ISO 20022 Newsletter*.

Activity like those above calls attention to the RMGs core strategy of inclusiveness not shown in many other standards. Any community, be it municipal jurisdictions, or liaison groups can be included in the standard provided they meet the RMGs criteria. We are presently making extra efforts to include large communities in our work as it will bring added value to our 20022 work.

Beyond the accomplishments however, we must be prepared to meet certain menaces which are surfacing that include adding certain deviations to the standard which contort the meaning of global standard approval. This use of the “monkey wrench” is being seen among regulators where parts of a standard may be implemented changing its intended use. Perhaps we might consider putting together a consultation service that helps communities implement the 20022 standard.

Thanks to all of you for your contributions over the past year! ●

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The document will address the questions raised above, and is intended as a helpful guide to those considering adoption of the international standard. First area of emphasis for the project is the payments domain.

### WHAT IS ADOPTION?

ISO's primary focus is the creation and publication of standards. An obvious additional consideration is where and how the standards are implemented and/or used. Interest in adoption can be motivated by a number of considerations:

- A desire to understand how others are using the standard
- A need to identify implementation wisdom
- A desire to apply techniques proven through use with existing communities to new situations where use of the standards is required.

Adoption here is defined as any or all of the following:

- Planning for implementation of the standards.
  - Is the community considering implementation of the standards? Methodologies?
- Agreeing to implement within a community either as an option or for mandated use.
  - Approach, schedule, status, effectiveness.
- Actual production use of the standard.
  - Volumes or percentages of payments, banks and clearings supporting, etc.

### WHAT DOES ADOPTION MEAN FOR A STANDARD?

Adoption is an essential step in the success of a standard. Standards should of course be agreed and published prior to implementation. It is however only with their implementation and



Bob Blair

adoption that standardizers realize value from the standards. Knowledge of the application of the standard, including status, success, tools and techniques can be more elusive however, hence the focus of the stated adoption project.

### TECHNIQUES PROMOTING ADOPTION

Experience to date, with ISO20022 and other standards suggest a variety of tools and techniques to foster adoption. A non-exhaustive list would include the following:

- Comparative analyses of legacy and ISO20022 standards with requirements assessments – e.g. the analysis published by the FRB NY comparing ISO20022 to Fedwire message formats.
- Industry consultation, planning. Schedules for community adoption.
- Requirements for community adoption. Voluntary, mandatory?
- Statistical analyses of adoption to date.

### PROJECT STATUS

The adoption project is in the midst of developing an analysis approach and format addressing these points. A number of communities have volunteered their time and knowledge to draft a document with form and content intended to provide both useful information but also a frame of reference for further work by SEG members and others to promote broader knowledge on communities' adoption, techniques employed and their related success.

### CONCLUSION

The adoption project initiated by the RMG intended to provide a radar screen view of standards adoption, with the intention that those considering adoption in future would, through the guide, have access to the knowledge gained by those who preceded them in applying and using the standards. ●

# SEPA meets Milestones

The Single Euro Payments Area (SEPA) is a European Union (EU) payments integration initiative. According to the geographic definition of the European Payments Council (EPC), SEPA currently consists of the 27 EU Member States, the additional 3 countries of the European Economic Area (EEA), plus Switzerland, Monaco, Mayotte, St. Pierre and Miquelon. The objective of SEPA is to harmonize the payments market across Europe by using common procedures and standards for payments in euro. Within SEPA, bank customers can make euro payments across different countries under the same basic rights and obligations.

Following the introduction of euro notes and coins in 2002, EU governments, the European Commission and the European Central Bank (ECB) focused on the integration of the euro payments market and have consequently called upon the payments industry to sustain the common currency by developing harmonized payment schemes and frameworks for euro payments.

One aspect of SEPA consists of migrating from the existing national euro credit transfer and euro direct debit schemes into harmonized pan European payment schemes for credit transfers and direct debits that allow making cross-border payments in euro as efficiently as domestic transactions. However, SEPA not only affects cross-border transactions but is designed to result in the full integration of domestic payment markets.

## BACKGROUND OF THE REGULATION

On 16th December 2010, the European Commission published the proposal for a “*Regulation of the European Parlia-*

*ment and of the Council establishing Technical Requirements for Credit Transfers and Direct Debits in Euros and Amending Regulation (EC) No 924 / 2009*”. This initiative was a result of a perception that the self-regulatory industry efforts that initially envisaged a market-led-migration would not be enough on their own to adequately change the market.

The Regulation was formally adopted by the European Parliament and the Council of the European Union respectively on 14th and 28th February 2012. It was published in the Official Journal of the European Union on 30th March 2012 and entered into force on the day after, i.e. on 31st March 2012.

One of the core objectives of the SEPA Regulation is to ensure that PSPs and PSUs migrate to pan

European credit transfers and direct debits subject to the same conditions and requirements.

The Regulation introduces the following key changes, which we will elaborate in more detail within this guidance:

- **One end-date:** the Regulation defines 1 February 2014 as the deadline by which existing national euro credit transfer and direct debit schemes will have to be replaced by SEPA Credit Transfers (SCT) and the SEPA Direct Debits (SDD);
- The **ISO 20022 XML** standard is to be used for message formats in the interbank space and for/by certain PSUs when sending or receiving payments in files;
- **Business Identifier Code (BIC) ISO 9362:** The requirement for the PSU to provide the BIC for the initiation of a payment transaction will be removed;
- Technical **interoperability** between payment systems with



the use of standards developed by international or European standardisation bodies;

- Europe-wide **reachability** for PSPs reachable for credit transfer and direct debit services at national level;
- **Multilateral interchange fees (MIFs)** are to be phased out for direct debits, except for MIFs on R-transactions, which will be allowed under certain strict conditions;
- **Protection measures** for consumers with regard to direct debits;
- **Payment accessibility** provisions which give PSUs freedom on where to locate their payment accounts within the EU/EEA area.

#### KEY MILESTONES AND DATES WITHIN THE REGULATION

As a Regulation, the provisions of the SEPA Regulation came directly into effect in all EU Member States on 31st March

2012 and do not require further transposition at national level. Moreover, the Regulation is also of relevance for EEA countries. However, in those countries the Regulation does not apply directly, rather an intermediary step is necessary for its application. It has to be noted that the geographical scope of application for this legislation is different to the EPC's geographical definition of SEPA – the EU Regulation applies to the 27 EU Member States and has relevance for the remaining three EEA countries. It does however not apply to the remaining countries of the SEPA region as defined by the EPC.

The Regulation contains many dates by which compliance is required. The following key ones have been identified in the table below. ●

Date	Action
31 March 2012	<ul style="list-style-type: none"> <li>• Reachability obligations in Eurozone MS</li> <li>• Payment accessibility</li> <li>• Amendments to Regulation 924/2009</li> </ul>
1 November 2012	<ul style="list-style-type: none"> <li>• No Multilateral Interchange Fees per for cross-border direct debit transactions</li> </ul>
1 February 2013	<ul style="list-style-type: none"> <li>• Notification of the competent authorities responsible for the compliance of the Regulation</li> <li>• Member States shall lay down rules on the penalties applicable to infringements on the Regulation</li> <li>• Notification of bodies responsible for out-of-court complaint and redress procedures</li> <li>• Member States to notify the European Commission should they intend to make use of derogations listed in Articles 16.1, 3, 4, 5 and 6.</li> </ul>
1 February 2014	<ul style="list-style-type: none"> <li>• End-Date for “legacy” national credit transfers and direct debits. Requirement to apply the technical requirements of the pan- European schemes.</li> <li>• Provision of the BIC no longer mandatorily required for national payment transactions (unless individual Member States decide to utilise the extended transition option under Article 16(6))</li> <li>• Interoperability requirements in Eurozone MS</li> <li>• End-Date for the issuance of new direct debit mandates based on national formats</li> </ul>
1 February 2016	<ul style="list-style-type: none"> <li>• Provision of the BIC no longer mandatorily required for cross-border payment transactions</li> <li>• End of transition period for offering BBAN/IBAN conversion services by PSPs for national payments. (MS option)</li> <li>• End of transition period for “legacy” niche products with a cumulative market share of less than 10% of the total national credit transfers and direct debits. (MS option)</li> <li>• End of transition period for payment transactions generated using a payment card at the POS (e.g. the German “Elektronisches Lastschriftverfahren” (ELV)) (MS option)</li> <li>• End of transition period for the exception to the mandatory use of ISO 20022 XML standard for bundled together payments (MS option)</li> <li>• End of transition period under which MS can defer the requirement for “IBAN only” for national payment transactions (MS option)</li> <li>• Removal of (national) settlement-based reporting obligations for PSPs by 1st February 2016 at the latest.</li> </ul>
31 October 2016	<ul style="list-style-type: none"> <li>• Reachability obligations for PSPs in non-Eurozone MS offering Payment services denominated in euro. If euro becomes a national currency before 31 October 2015, PSPs to be reachable within one year.</li> <li>• End-date for migration to pan-European payments schemes for euro payments for non-Eurozone MS. If euro becomes a national currency before 31 October 2015, compliance one year after joining the euro.</li> <li>• Interoperability requirements for PSPs in non-Eurozone MS. If euro becomes a national currency before 31 October 2015, compliance one year after joining the euro.</li> </ul>
1 February 2017	<ul style="list-style-type: none"> <li>• No multilateral interchange fees per national direct debit transaction</li> <li>• Review: Report to be issued by the European Commission to the European Parliament and Council on the application of the Regulation, if appropriate with proposal.</li> </ul>

# Moving High Value Payments into ISO 20022 – A Pragmatic Approach

By Martine Brachet, *Societe Generale*, and Ludy Limburg, *Royal Bank of Scotland*

It is safe to conclude that the financial industry has broadly recognised XML syntax formatting for payment messages delivers potential added value to the community compared to the currently used SWIFT FIN (MT) ones. At the same time the (financial) industry has collectively adopted the ISO 20022 standardization method and its related tools as the way forward in developing new standards.

SEPA is currently the best example of using ISO 20022 standardized messages going beyond national borders. We all know it has taken years and has and continues to take a substantial effort before every one is fully switched to SEPA. For High Value Payments (HVP) the market will need a different approach with respect to moving to ISO 20022 standardized messages. Where SEPA is still a relative national and regional approach, developments in HVP will only work if there is alignment on a global level, with little room for national differences in order to make it possible for a payment to travel easily on a cross-border international level.

## HIGH VALUE PAYMENTS SYSTEMS AND THE RELATED REPORTING

Central banks around the world have been in the process of defining their strategies to migrate their RTGS platforms to ISO 20022 standardized messages. In fact, some have already started to adopt this new standard today taking a first step towards a full ISO 20022 migration. While other central banks or local communities are still discussing their planning or have communicated various timelines from 2013 to 2020. This lack of synchronisation across the HVP messaging around the world in itself is already an important element to take into account when looking at the content level of the migration. One significant question is how to insure the international global exchange of payment

messages and the reporting to the concerned counterparties is still possible whilst not all the various actors between the sender and the receiver migrate at the same moment? The question is how the industry can best deal with the situation where, for example, a HVP sent in USD may need different data elements and formatting compared to a HVP in JPY.

## BUSINESS CASE

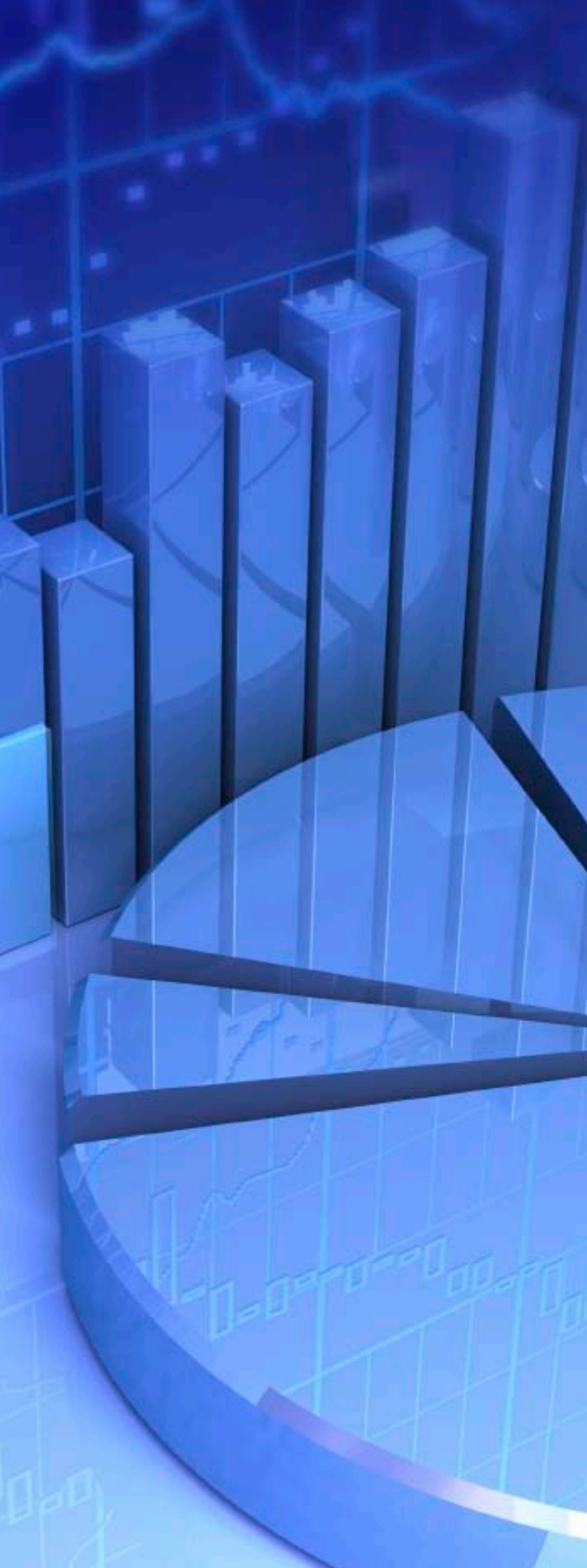
Most would agree that the move towards ISO 20022 standardized messages will enable added value and will drive further enhancements, beneficial for the overall financial system. However, most would also agree that such a change will require substantial investments from all participants in the short term, whereas the expected benefits will mainly kick-in for the longer term when additional optional data elements will be effectively introduced worldwide. In other words, there is in the short term just a small business case (linked to technical harmonisation between HVP and LVP - Low Value Payments) for the users to invest in this migration. And where in the past such strategic choices could be absorbed by the industry, the current economic climate does not ease this at present.

## “LIKE FOR LIKE” MIGRATION, AND INTERMEDIATE STEPS

Needless to say global migration from the old Swift FIN messages (MT) for HVP to full ISO 20022 standardized messages can only be reached if carefully planned and intermediate steps are taken. And although the end goal will be to move to ISO 20022 standards, the migration plans will have to focus on a migration from the current Swift FIN standards to a so-called HVP (High Value Payments) subset of Swift XML messages (MX). This HVP subset of ISO 20022 standardized messages will contain exactly the same data elements as the corresponding Swift FIN messages.

It is underlined that the migration should focus on the “like for like” messages using the ISO 20022 mandatory fields to ensure interoperability with the rest of the world, for the international traffic HVP systems, for links with correspondent banking, straight-through-processing end-to-end and for allowing both way conversion between the MT and MX messages. Swift is currently working with communities around the world to define this ‘like for like’ translation between the MT messages and their MX version. The definitions and business rules will allow some specific differences between communities which

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today already exist and are restricted to specific local or regional traffic. But the main data elements will remain, allowing both way conversions between the MT and MX messages.

#### CONVERSION SERVICES

On the basis of the above, banks will have to put in place conversion tools, allowing them to convert MT into MX and MX into MT. With a global aligned 'like for like' definition and by ensuring that these messages remain stable/unchanged, the translation should be fairly simple and straight forward. In this way banks will be able to deal with the lengthy world wide migration path of the HVP platforms as well as to allow themselves time to change their internal systems. In this way banks may choose not to migrate their internal systems simultaneously

#### 'SMALL' BIG BANG

As already recognised, a market wide 'Big Bang' is not possible because there will not be a global synchronisation of the migration from MT to MX. But the presented step- by- step approach will support individual High Value Payment Systems to plan their own migration between the MT and MX messages according to their own investment plans and as a 'small' big bang. Because banks will have conversion tools in place, they will be able to send or receive messages in the correct format to and from the various HVP platforms or other market participants at any point in time. Therefore, there is no need for the HVP systems to allow a certain (costly) period where both MT and MX messaging are accepted.

#### NEXT STAGE

Only at a later stage, when a global move to ISO 20022 can be observed, the various communities may consider submitting change requests for adding value by proposing and using some of the ISO 20022 additional optional fields and thus exploiting the richness of ISO 20022 data dictionary depending on this particular market business needs. This however can only begin if the newly defined MX messages have proved to be stable and the majority of communities have been able to migrate to using these MX messages.

The ISO 20022 standard methodology and related tools development process as well as very clear implementation plans can then ensure proper global alignment in developing these messages further to full ISO 20022 standardized messages. This will allow communities on both national and international levels to benefit from added value features and prepare for these standardized messages fully implemented. Banks (and other service providers in the financial industry) will be able to properly plan changes to their systems in order to make them ready for a move towards a most complete set of ISO 20022 standardized data elements. ●

# The SEPA End Date Regulation and What it Means for ISO 20022 Standards

By Ruth Wandhöfer, *Global Head of Regulatory & Market Strategy, Citi Transaction Services*

## INTRODUCTION

At the age of 10 years, SEPA is moving into the next phase with migration being mandated across the European payments market with the recently adopted SEPA End Date Regulation. EU Regulation 260/2012 came into force on the 31st of March and defines a strict deadline for Eurozone markets to migrate existing retail ACH-type payment flows in Euro to SEPA credit transfers and SEPA direct debits by the 1st of February 2014. This article will provide a short overview of what the Regulation mandates, what the industry has been doing thus far to help users and providers to implement those requirements and how the Regulation interacts with the global ISO 20022 standards.

## WHY IS SEPA BEING REGULATED?

Following the launch of SEPA credit transfers in January 2008 there was an assumption that payment service users (PSUs) and payment service providers (PSPs) would migrate to these new payment instruments as a result of market forces alone. Sadly, the reality has left little doubt that these forces were insufficient to meet this challenge. The combination of the vast majority of retail payments in Europe being executed at national level, limited PSU demand for change and little incentive on the PSP side to fix something that was not actually broken (legacy national payment schemes worked ok in the main) naturally resulted in very little natural migration activity. This finally left the industry in a position where a regulatory push was seen as the only powerful solution to implement this key component and achieve further integration of the Single Market. Hence a Regulation was proposed and agreed - and in fact has now already been in force for a number of months.

## WHAT EXACTLY HAS BEEN REGULATED?

The key deliverable of this Regulation is to provide a date and therefore deadline by which migration from domestic credit transfers and direct debit processes/formats to the pan-European SEPA standards has to be delivered. This date is the 1st of February 2014 for the Eurozone. A later date of 2016 applies for PSPs in non-Eurozone Member States.

The second big date in the Regulation refers to the point in time by when any national 'niche schemes' (representing less

than 10% of national euro CT or DD payment volumes) which have been exempted from the initial 1/2/14 deadline thanks to one of the Regulation's transition provisions must fall into line. This date is the 1st of February 2016. A slight complication arises here, given that these 'niche schemes' have yet to be identified by the respective national authorities, with the exception of the ELV (Elektronisches Lastschriftverfahren) scheme in Germany, which has been singled out in the Regulation as qualifying for this special treatment. The deadline for Member States to come forward with their list of 'niche schemes' that would fall under the later deadlines is only the 1st of February 2013, which of course creates some uncertainty in a market that is preparing for migration right now.

Other key requirements in this Regulation are:

- The practice of paying a multilateral interchange fee (MIF) by the payee's bank to the payer's bank in relation to the execution of a DD collection (an existing practice in some EU countries) must cease - by 1/11/12 for cross-border DDs and by 1/2/17 for national DDs.
- PSPs have the obligation to ensure that non-consumer payers submit XML ISO 20022 compliant payment files to their PSP (Member States have the discretion to apply the exemption from this requirement to micro-enterprises). In this context conversion services offered either by the PSP or a third party provider to the sending customer are a potential option that will help support client migration.
- The current requirement on PSUs to provide the BIC (Business Identifier Code) as well as the IBAN as part of their payment instructions is being phased out (by 1/2/16 at the latest) in a somewhat contentious late change in the final stages of negotiation of the Regulation. This rule's goal is to achieve greater consumer protection. Any non-consumer PSU that would like to provide payment instructions to their PSP with only the IBAN of the beneficiary will have to contractually agree this with their PSP, in particular in the context of the liability of the PSP for executing a payment correctly (this liability is governed by the Payment Services Directive).
- In a couple of linked changes which the SEPA Regulation makes to another existing piece of payments law (Regulation 924/2009), those countries still maintaining settlement based balance of payments reporting requirements

on their PSPs for payments over €50,000 will have to phase these out by 1/2/16; and cross-border payments in euro above this amount are being brought under the existing Regulation 924 requirement under which they must be charged the same as their corresponding national transfer.

### CLARIFYING THE REQUIREMENTS

The European Banking Federation's Payments Regulatory Expert Group, which also includes representation from the European Payments Council, Visa and the European Association of Co-operative banks, has just launched its industry implementation guidance document for the SEPA Regulation, which – similar to guidance prepared previously in relation to the Payment Services Directive – is intended to provide clarity on a range of practical questions for both banks/PSPs and PSUs alike. In the same vein the industry has held a fruitful dialogue with the EU Commission team in charge of payment services in DG Market in order to ensure that their perspectives and objectives are duly taken into account within the guidance document.

The guidance is structured in a way that enables a step by step analysis of each article in the Regulation. Where the SEPA Regulation stays silent on explaining how certain situations should be dealt with, the guidance provides an interpretation as to what is being intended with the respective provision. The

guidance can be found under the following link: <http://www.ebf-fbe.eu/uploads/SEPA%20guidance%20final.pdf>

### DOES SEPA REGULATION IMPACT ISO 20022?

The SEPA End Date Regulation is clearly focusing on promoting the use of ISO 20022 XML in Europe. A slight clarification need arises given that the SEPA Regulation actually mandates the use of ISO 20022 XML on PSPs and PSUs (when these submit payment files to their PSPs) without referencing the SEPA schemes directly. ISO 20022 is a global standard which allows the definition of XML-based message standards.

In relation to the rule that stipulates that PSPs can no longer require PSUs to provide the BIC of either the originating or beneficiary banking partner when instructing a SEPA transaction, it has to be recalled that of course the inter-bank space will still require the beneficiary bank BIC for routing purposes. Markets are now focussing on developing solutions that would help banks to populate the correct BIC data to complete their sending customer's payment instructions where no BIC has been provided. Of course, we have to also recall as mentioned above, that this rule will apply differently in relation to corporate customers, given that liability is defined in a bilateral context in line with the PSD and hence a PSP could refuse taking liability for the correct execution of a SEPA transaction in case the corporate PSU has not provided the relevant beneficiary BIC. Overall it is worthwhile to also remember that the SEPA Regulation stays completely silent with regard to what the potential consequences would be in case PSUs do not provide the BIC of the beneficiary PSP.

At this stage, the EPC is considering how this requirement will feed into the SEPA rulebooks, but it is clear that any agreed usage rule will ensure compliance with the underlying ISO 20022 message schema. In reality, given one of the core principles and indeed benefits of ISO 20022 XML messaging is the concept of data-overpopulation, the expectation is that where customers already maintain this information in their ERP (Enterprise Resource Planning) or TMS (Treasury Management Systems), they will simply pass this information through as opposed to writing a specific business rule to effectively filter the BIC code from the payment message.

### CONCLUSION

Despite the broader turmoil in the European markets in relation to the European sovereign crisis, it is clear that the SEPA project has been firmly put on a course of execution by the EU authorities. 10 years after the start of a vision the market is finally moving into execution. Now implementation has to deliver. Banks/PSPs and their clients can leverage this transformational change to improve efficiency, streamline processes and ensure that client needs are addressed. And all of this will benefit a further acceleration of ISO 20022 usage in the payments business across Europe. ●

IN A COUPLE OF LINKED CHANGES WHICH THE SEPA REGULATION MAKES TO ANOTHER EXISTING PIECE OF PAYMENTS LAW (REGULATION 924/2009), THOSE COUNTRIES STILL MAINTAINING SETTLEMENT BASED BALANCE OF PAYMENTS REPORTING REQUIREMENTS ON THEIR PSPS FOR PAYMENTS OVER €50,000 WILL HAVE TO PHASE THESE OUT BY 1/2/16; AND CROSS-BORDER PAYMENTS IN EURO ABOVE THIS AMOUNT ARE BEING BROUGHT UNDER THE EXISTING REGULATION 924 REQUIREMENT UNDER WHICH THEY MUST BE CHARGED THE SAME AS THEIR CORRESPONDING NATIONAL TRANSFER.



# PaySEG Delivers in 2012

By Bob Blair and Thomas Egner

The PaySEG has been active in 2012 addressing a variety of topics. New standards have been proposed, evaluated and published, including:

- authorities financial investigations,
- bank services billing,

A new standard proposed by the TradeSEG deals with invoice tax reports. This standard is accepted for evaluation. PaySEG and TradeSEG - who are the lead on the project - now need to cooperate for further action. This cooperation on business justifications and resulting standards is exemplary and can be used as a "pars-pro-toto" showcase: as the number of ISO20022 standards increases, the need to interconnect and cooperate between individual business lines is more important than ever - building bridges instead of isolated business islands.

Each quarter has seen the publication of updated external codes lists. With a number of new external code series added as a result of the 2012-2013 maintenance cycle.

The 2012-2013 regular maintenance cycles are underway and a large number of change requests (CRs) have been received and evaluated, and are pending further action and ultimately publication will occur during the first quarter of 2013.

CRs come from a number of sources reflecting a variety of interests. A few examples:

**CR 235 - Submitter is the PaySEG.** This CR implements supplementary data (extensions) at the message and transaction levels for payments domain messages as required by the first planned use of supplementary data in payment schema (Berlin Group, for Card settlement details). Supplementary data is a complex and challenging issue. What changes are required to the schema? When and how to use? What requirements are better addressed by changes to schema, i.e. the message itself? Are changes better through use of supplementary data? The TSG and the RA have been especially helpful in these discussions, and the CR submitter especially patient with the PaySEG throughout this review process which will hopefully come to a close with the completion of the 2012-2013 maintenance cycles (1Q2013). Discussions around this CR show that the development of ISO 20022 XML standards has left



the experimental "green table" and enter broad usage, leaving certain questions concerning content-business requirements, codes, etc. - are discussed as the messages enter real mass usage, discussions on architectural design and operational effectiveness gain importance.

**CR 241 - Submitted by CGI** increases the ability of the standards to address bulk payables initiation (multi-country, multi-instrument) in a single expression.

The PaySEG is also involved in other active projects: The adoption project is a result of a market requirement and documentation is being developed that will provide an inventory of ISO20022 payment domain implementations covering communities of users (e.g. EU SEPA, CGI and others). This documentation intended for a public audience is a helpful reference and will answer questions frequently asked of SEG members and the RA such as:

- Where are ISO20022 schema implemented;
- Are they in use or planned;
- Which schema is used; and
- What process and techniques were used by the adopting community?

Of course, this repository will gain value as a result of the input of each individual community. PaySEG therefore sees responsibility for the RMG to act and promote this directory, as well as business lines.

Another review area for the PaySEG is common components and infrastructure. ISO 20022 continues to see evidence of further opportunity for cross-SEG coordination among various issues raised by T2S in 2011. The prospect of commonly used schema for administrative, status, and other requirements as suggested in 2012. We intend to keep this issue active for possible action. ●

# Securities SEG – Drivers of Change, New Communities

By Kevin Wooldridge, *Securities SEG Convenor*

It is noticeable that the pace of change in the standards world ebbs and flows with the tide of business change, albeit lagging a little behind. For the last few years, change in the Securities SEG has largely been driven by Target 2 Securities and the work being done by JASDEC, alongside the continued evolution of the corporate actions messages. This year, the driver for change seems to be from new communities using the Investment Funds messages. It is encouraging to see the standard reaching new communities like this.

It is possible that the global recession has finally caught up with us, or it may simply be that there is not much business change elsewhere. Or, possibly, the securities communities around the world are preparing for the next big push toward more efficient regulation, with the anticipation of the Legal Entity Identifier (LEI – ISO 17442) and changes to the Classification of Financial Instruments (CFI – ISO 10962).

Whatever the reason, there were relatively few change requests submitted this year in Settlement & Reconciliation and Corporate Actions. The now-established joint process of evaluation by both the SEG and the ISO 15022 Maintenance Working Group retained its vigour and vigilance, approving just over half of the submitted requests.

Rather more requests were received for Investment Funds, and these were evaluated entirely by the ISO 20022 mechanism. The nature of the business changes requested, whereby



a new community was looking at existing messages and fitting them to their business processes, meant that more of these changes were accepted, invariably for additional optional fields. The process is nearing completion.

Earlier this year, the SEG Management Team issued a request to both the Registration Management Group and also to ISO TC68/SC4 – Securities and related financial instruments subcommittee for member countries and liaison organisations to review

their representation and level of participation. Many member countries and liaisons have completed this exercise, but many are still outstanding. It was gratifying to see a greater level of participation this year, however long may this continue.

Finally, a note on the LEI itself. Naturally, this has created a great deal of interest in the global financial community, and there may be an expectation of instant change within ISO 20022 messages to accommodate it. However, these messages must ever be driven by business change within the community. It is therefore incumbent on the communities themselves to agree and submit changes, which will then pass through the ISO 20022 change process in the normal way. We therefore look to our colleagues in the Securities Market Practice Group (SMPG), and local and regional communities to bring forward suggestions as to how LEI should be incorporated into their business processes, and thence into ISO 20022 messages. ●



# Updates to Bank Services Billing Standard and Publication under ISO20022

By Robert Blair, *RMG Vice Convenor*

TWIST BSB was published in 2006 to address the global treasurer's requirements for a standard, digital format for bank bills. Published by the TWIST standards group, the standards have been:

- Embedded in a number of bank and corporate billing applications
- Deployed by a number of banks globally
- Used by a number of corporate globally



and Transaction Reporting Standard (BTRS), which replaces the BAI standard, it also lends itself to electronic messaging. With such a subject coverage, it is a likely place to find an electronic billing standard.

The banks proposed to SWIFT and TWIST that BSB be updated and published under ISO. And SWIFT and TWIST agreed to be the submitting partners! The ISO 20022 process was followed to publish an ISO 20022 standard:

Some years of use have identified a few new requirements and a few errors to be corrected. So a version 2 was warranted. "How to address?" was the question.

ISO 20022 is a family of international financial services messaging standards. It addresses payment initiation (including CGI), account reporting, various administrative messaging including Exceptions and Investigation (E and I), electronic bank account management (eBAM) and X9's Balance

- A Business Justification was drafted presented and accepted.
- A team was formed to draft the new message. SWIFT drafted a new version of the schema.
- Team members contributed optional documented helpful to implementer including;
  - A message usage guide
  - A sample file
  - A cross reference guide between version 1 and version 2 of the standard

The ISO 20022 BSB schema and message definition report is now available free of charge at the [ISO 20022.org](http://ISO20022.org) website. The additional documentation (sample file, cross reference guide and message usage guide) are in the final stages of development and will be published shortly. ●

THE BANKS PROPOSED TO SWIFT AND  
TWIST THAT BSB BE UPDATED  
AND PUBLISHED UNDER ISO.  
AND SWIFT AND TWIST AGREED  
TO BE THE SUBMITTING PARTNERS!  
THE ISO 20022 PROCESS WAS FOLLOWED  
TO PUBLISH AN ISO 20022 STANDARD.



# ISO 20022 Registration Authority is Kept Busy

By Jean Marie Eloy



Since the last Registration Management Group (RMG) meeting on 9 May 2012 and up until 19 September 2012, the Registration Authority (RA) has taken care of the submissions described below, making sure that the registration process is timely followed by the various actors and that the ISO 20022 website is kept up to date accordingly.

## 300 APPROVED ISO 20022 MESSAGES

Since the last meeting of the RMG, 105 new versions of existing message definitions were registered and published:

- 33 Securities Settlement and Reconciliation messages
- 16 Investment Funds Transfers messages
- 13 Corporate Actions messages
- 24 Cash Management messages
- 10 Payment Initiation messages
- 6 Payments Clearing and Settlement messages
- 3 Change/Verify Account Identification messages

as well as an additional message definition:

- Bank Services Billing Statement (from SWIFT and TWIST)

There are 301 approved ISO 20022 message definitions.

The RA also published the first SupplementaryData extension on 19 September 2012:

- Card Clearing Payments SupplementaryData (from the Berlin Group).

## CANDIDATE ISO 20022 MESSAGES

On top of the above mentioned message sets, the RA received and processed the following submissions of candidate ISO 20022 messages:

- **Authorities Financial Investigations (FFI – 3 messages)**  
The RA verified the compliance of the messages updated to address the Standards Evaluation Group (SEG) comments and re-submitted them to the Payments SEG for final evaluation on 7 September 2012.
- **Fund Accounting SupplementaryData (ISITC – 1 extension)**  
The RA verified the compliance of the extension and returned comments to the submitter in June 2012.
- **Guarantees & Standby Letters of Credit (SWIFT - 22 messages)**  
The RA verified the compliance of the submission, generated draft documentation and schemas and forward-

ed it to the Trade SEG for evaluation on 1 August 2012.

- **Real-time Payments (UK Payments Council – 18 messages)**  
The RA verified the compliance of the submission and organized the migration from the SWS Lite to the new Editor modeling tool in September 2012.
- **ATICA – Acquirer to Issuer Card messages (TC68/SC7/WG9 – 10 messages)**  
The RA organized the migration from the SWS Lite to the new Editor modeling tool in September 2012.

## NEW BUSINESS JUSTIFICATIONS AND CHANGE REQUESTS

As per ISO 20022 procedures, the RA receives new Business Justifications (BJ), Change Requests (CR) and Maintenance Change Requests (MCR) and checks them for compliance with the approved 'templates' before submitting them to the RMG or SEGs. It also organises RMG conference calls with the submitting organisations to give an opportunity to RMG members to get further clarifications on BJs before casting their votes.

Between 9 May and 19 September 2012, the RA has received one new Business Justifications (BJ), 78 Change Requests (CR) and 7 Maintenance Change Requests (MCR) which cover the changes to be considered for implementation in the 2012/2013 maintenance cycle:

- **BJ – Invoice Tax Report (FFI & Tieto – 2 messages)**  
Received on 24 June 2012. Submitted to RMG approval on 7 September 2012.
- **MCR – Investment Funds (SWIFT)**  
3 MCRs prepared by SWIFT to cover CRs for the Investment Funds messages in the business areas 'acmt', 'reda' and 'sese'.
- **MCR – Securities Settlement & Reconciliation (SWIFT)**  
An MCR prepared by SWIFT to cover CRs for the ISO 15022 and 20022 settlement and reconciliation messages.
- **MCR – Securities Corporate Actions (SWIFT)**  
An MCR prepared by SWIFT to cover CRs for the ISO 15022 and 20022 corporate actions messages.
- **MCR – CAPE (EPAS Org)**  
An MCR prepared by EPASOrg to cover the CRs for the two sets of CAPE messages
- **MCR – Bank Account Management (SWIFT)**  
An MCR prepared by SWIFT to cover CRs for the BAM message set.
- **MCR – CPAR (CBI Consortium)**  
An MCR prepared by CBI to cover CRs for the Creditor Payment Activation Request message set.
- **MCR – Payments Maintenance (SWIFT, on behalf of**

**SWIFT, IFX, OAGi and TWIST)** An MCR prepared by SWIFT to cover CRs for payments initiation, clearing and settlement and bank-to-customers reporting message sets.

- Change requests are shown in the [Catalogue of Change Requests](#).

The RMG also approved the following business justification:

- **Extended Remittance Information (IFX & OAGi – 2 mes-**

**sages)** Approved by RMG on 30 June 2012.

#### STATUS OF ALL ISO 20022 SUBMISSIONS

The status of all submissions is kept up-to-date on [www.iso20022.org](http://www.iso20022.org): [Status of Submissions](#). The table below illustrates the situation on 19 September 2012. ●

#### 301 ISO 20022 APPROVED MESSAGES (28 BJS)

RA I.D.	Submitting Organisation	Submission Name	Status	Date
1	SWIFT, IFX, TWIST, OAGi	Customer to Bank Credit Transfer Initiation	3 new versions of message definitions published	13 Jun 12
2	SWIFT	Investment Funds Distribution (1)	16 out of the 67 message definitions have been revised and published	10 Aug 12
13	SWIFT	Investment Funds Distribution (2)		
3	SWIFT	Exceptions and Investigations	17 new versions of message definitions published	13 Jun 12
4	SWIFT, IFX, TWIST, OAGi, ISITC	Bank-to-Customer Cash Management	3 new version of message definitions published	13 Jun 12
5	SWIFT	Direct Debits	2 new version of message definitions published	13 Jun 12
6	SWIFT	(Single) Credit Transfers	5 new version of message definitions published	13 Jun 12
8	SWIFT	(Bulk) Credit Transfers		
7	SWIFT	Trade Services Management	50 message definitions registered and published	7 Jul 08
12	SWIFT	Proxy Voting	8 new versions of message definitions registered and published	10 Mar 10
14	CBI Consortium	Invoice Financing Request	3 message definitions registered and published	16 May 08
15	CLS	Forex Notifications	15 message definitions registered and published	9 May 07
16	Euroclear	Issuers' Agents Communication for CA	22 message definitions registered and published	23 Dec 08
24	SWIFT	Securities Transaction Regulatory Reporting	4 message definitions registered and published	27 Apr 12
27	SWIFT	Securities Settlement & Reconciliation	29 new versions of message definitions published	10 Aug 12
28	SWIFT	Securities Corporate Actions	13 new versions of message definitions published	23 Apr 12
31	French SWIFT Users Group	Change/Verify Account Identification	3 new versions of message definitions published	13 Jun 12
32	SWIFT	Fund Processing Passport Report	2 message definitions registered and published	27 Nov 09
34	SWIFT	Payments Mandates	4 new versions of message definitions published	13 Jun 12
36	SWIFT	Bank Account Management	15 message definitions registered and published	27 Apr 10
35	CBI Consortium	Creditor Payment Activation Request	2 new versions of message definitions published	13 Jun 12

RA I.D.	Submitting Organisation	Submission Name	Status	Date
22	UN/CEFACT TBG5	Financial Invoice	1 message definition registered and published	1 Dec 10
45	SWIFT	Cash Account Reporting Request and Notification	4 new versions of message definitions published	13 Jun 12
20	EPAS Consortium	Cape – Acceptor to Acquirer Card Transactions and POI Terminal Management	18 message definitions registered and published	10 May 11
21	Omgeo and SWIFT	Securities Post-trade	first set of 5 message definitions registered and published	28 Oct 11
11	ISITC	Total Portfolio Valuation Report	1 message definition registered and published	28 Oct 11
41	SWIFT	Securities Settlement Modification/ Replace and Allegement Response, T2S Audit trail	4 new versions of message definitions published	10 Aug 12
56	TWIST and SWIFT	Bank Services Billing	1 message definition registered and published	13 Jul 12

#### 25 CANDIDATE ISO 20022 MESSAGES UNDER EVALUATION (3 BJs)

10	FPL & SWIFT	Securities Pre-trade and Trade	evaluation of 29 candidate message definitions on hold	27 Oct 11
64	Federation of Finnish Financial Services (FFI)	Authorities Financial Investigations	3 updated candidate message definitions submitted to SEG for evaluation	7 Sep 12
53	SWIFT	Demand Guarantees and Standby Letters of Credit	22 candidate message definitions submitted to SEG for evaluation	1 Aug 12

#### OTHER CANDIDATE ISO 20022 MESSAGES (14 BJS APPROVED BY RMG)

43	SWIFT and FPL	CCP Clearing	10 candidate message definitions reviewed by RA before pilot	15 Nov 10
49	FPL, FpML, ISITC, SWIFT	Collateral Management	13 candidate message definitions reviewed by RA before pilot	15 Nov 10
42	Deutsche Bundesbank (on behalf of 4CB) and SWIFT	TARGET2-Securities	82 candidate message definitions reviewed by RA before pilot testing	2010-2012
9	SWIFT	Cash Management	BJ approved by RMG	4 Nov 05
19	IFX Forum	ATM Interface for Transaction Processing and ATM Management	BJ approved by RMG and endorsed by SEG	24 Nov 08
37	SWIFT	Alternative Funds	8 candidate message definitions reviewed by RA before pilot testing	3 Oct 08
44	ISO/TC68/SC7/WG9	Acquirer to Issuer Card Messages (ATICA)	first set of 10 candidate message definitions reviewed by RA	Feb 2012
47	National Bank of BE (on behalf of FI, LU, NL, IE, CY, LV central banks)	Cash Lodgement and Withdrawal	BJ approved by RMG	15 Mar 10
50	Payments Council Ltd - UK	Real Time Payments	18 candidate message definitions reviewed by RA	Jul 2012

RA I.D.	Submitting Organisation	Submission Name	Status	Date
52	ANBIMA	Investment Fund Prospectus	BJ approved by RMG	15 Jul 10
58	ISITC, Omgeo, FPL	SSI for Securities, Payments and FX	BJ approved by RMG	30 Sep 11
61	ASF	Factoring Services	BJ approved by RMG	31 Oct 11
65	UK Payments Council	Account Switching	11 candidate message definitions reviewed by RA before pilot testing	27 Mar 12
46	IFX, OAGi	Extended Remittance Advice Messages	BJ approved by RMG	30 Jun 12

#### **BUSINESS JUSTIFICATIONS SUBMITTED FOR APPROVAL**

66	FFi & Tieto	Invoice Tax Report	BJ submitted to RMG approval by	15 Oct 12
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#### **BUSINESS JUSTIFICATIONS REJECTED, ON HOLD OR WITHDRAWN**

18	ISITC	Securities Cash Statement	withdrawn	16 Aug 06
25	SWIFT	Payments Mandates	withdrawn	29 Oct 07
33	SWIFT	Triparty Collateral Management	withdrawn	30 Apr 11
23	Euroclear	Securities Registration and Holder Identification	withdrawn	1 Aug 11
26	Euroclear	Market Claims and Automatic Transformation	withdrawn	1 Aug 11
30	Euroclear	Securities Issuance	withdrawn	1 Aug 11
57	ISITC	Securities Management Accounting Book-Entry Instruction	on hold	4 May 11
51	Berlin Group	Card Clearing Payment (CCPAY)	on hold	27 Oct 11

#### **MESSAGE EXTENSIONS**

CR146	Berlin Group	Card Clearing Payment (CCPAY)	1 extension registered and published	19 Sep 12
CR147	ISITC	Fund Accounting Information	1 candidate extension reviewed by RA	Jun 2012

