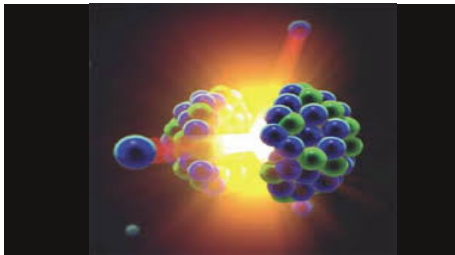# Accredited Standards Committee X9 Inc.
NEWSLETTER
January 27, 2017

Developing ANSI & ISO Standards for the Financial Services Industry for Over 30 years

Splitting up X9AB

Approximately 10 years ago, X9 had two subcommittees called X9A and X9B. X9A handled retail payments and X9B handled checks. At the time, X9A was between five year review cycles on all their standards and there were no opportunities for new standards on the horizon. X9A had lost members and the Board was concerned the group might fade away. Because X9A and X9B had payments in common, it was thought that the combination of the groups would provide work and maintain membership. Therefore, the groups were combined to form the subcommittee we know today as X9AB Payments.

Today, there are a number of new projects in the retail payments area along with the legacy X9A standards that are still supported. After much discussion over the last year, it was decided to split the group back into X9A – Retail Payments and X9B – Checks. The Board has approved the split and Guy Berg has been elected as the new chair of X9A. Dan Welch will continue as the chair of X9B. As of February 3, 2017, X9AB will be disbanded and X9A and X9B will be restarted. The current workload of X9AB will be distributed between the two new groups. Both new committees will hold a joint meeting in San Antonio, Texas the week of February 27.

Any category B or C members of X9AB will be considered a member of both new groups during a six month grace period. By the end of the grace period, the member must either: 1) select one group to continue with; or 2) upgrade their membership to category A so they can continue with both groups.

Member Survey

X9 staff would like your input on a number of topics. We are always trying to determine what our members think about the services that X9 provides and find out what is important to you and your company. We have put together a 12 question survey and sent it to every member of X9 using Survey Monkey. Please know that we appreciate your time and that we read and study the answers you provide to each and every question. We have already received a number of replies and there are some suggestions we will implement.

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Some email systems have flagged any email from Survey Monkey as junk email so please check your spam folder if you do not see the notice. The email was sent on January 18, 2017 around 2:00pm EST. If you do not see the email, please contact Ambria.

TCH Real-Time Payments – X9C BTRS

The Clearing House (TCH) has been working on a new service called Real-Time Payments (RTP). It is expected to start this year. Banks will use this service and therefore will need a way to identify this type of payment so they can report the transaction to their corporate customers. To do this, they will need a new BTRS code(s). TCH has asked X9, specifically X9C, to start the review process to determine first, if a new code is justified, and second what the code will be. The current thought is that a new code is needed, but X9C will have to complete their review process before a decision is made. RTP may also require new ISO 20022 codes. Mary Hughes, David Repking and Bob Blair are working on this issue. On a side note, TCH will be giving an X9 seminar on their RTP system soon.

Review of Electronic Vehicle Lease Documents

If you leased a vehicle recently, you probably found that all the old paperwork had been replaced by electronic/online documents. If you did, you can thank X9 or specifically the standard X9.103-2010. This original standard was developed over 10 years ago. Mark Zalewski from American Financial Services Association along with Chris Irving and Dan Doman from RouteOne are currently reviewing the standard to determine if a revision is needed. If you would like to help on this project, please contact any X9 staff member. This work is part of X9C.

ANSI Audit of X9

X9 is accredited by the American National Standards Institute (ANSI) to develop standards for the financial services industry. Therefore, standards developed and approved by X9 also have the approval of ANSI as an American National Standard. ANSI's approval signifies that X9 uses an open and a transparent development process that should lead to high quality consensus based standards. The accreditation requires X9 to abide by all the rules and processes defined by ANSI for standard development bodies (SDOs). Every five years, each ANSI SDO is audited to assure that they are following the ANSI defined procedures. ANSI's five year audit of X9 started last fall. It usually takes about 6 months and is very thorough. Our first call with the auditor lasted 2.5 hours and consisted mostly of the auditor listing all the documents, questionnaires and information we had to provide. We will keep you posted on the outcome of the audit.

X9 Public Web Hacked

On Monday January 23, 2017, we received emails informing us that our public web site may be infected. A quick review of the web site code revealed that malicious code had been inserted into our public web site. Our host service provider was informed of the infection and within two hours they had isolated the code. It was a known root kit. They started the removal and restore processes. Six hours later, our web site was declared free of malicious code and all files had been returned to their proper state. Our web site was never down during this process and the visible content of the web site was not altered. The root kit mainly allows someone to take over our server, but in our case there is little useful data on our server that is not already public information. No member accounts are on this server. Our public web site is separate from our member web site. They are operated by different companies and they do not share data, therefore no member data was at risk.

The hack triggered several security responses. One was that all passwords were changed and a two-factor authentication was enabled. Only X9 staff had accounts on this server. There are

no X9 member accounts on this server. A Google crawler did detect a problem and flagged our site as possibly being hacked but our service provider has cleared the issue and Google has removed X9 from the problem list. I do not anticipate any further issues from this hack.

While this hack did not compromise our member accounts or passwords, it is a good security practice for members to periodically change their passwords on all accounts. If you have never changed your X9 password or have not changed it in over a year, this would be a good time to change it. This is a good practice for any of your accounts. If you have any questions about how to change a password, please contact Ambria.

Update on Board Reporting Committees

X9 has three main Board reporting committees plus the Executive Committee. These three committees are each assigned a specific area of responsibility and they report to the X9 Board and the Executive Committee. The chairs of each committee are, by rule, a member of the Executive Committee. Any Board member may volunteer to be on any of the committees. A snapshot of some of the work for each committee is listed below.

1) **Finance Committee** - The FC is responsible for budgets and for tracking the finances of X9. They work with the executive director to create budgets and track the execution of the budgets and make reports to the EC and the Board. They also approve any finance related polices. The FC recently approved the FY17 reforecast budget which will be presented to the Board for approval at the spring meeting in March. The FC is currently working on the budget for FY18 which will also be presented to the Board at the spring meeting. If you are interested in finances, please consider joining the FC. You can contact staff or Angela Hendershott for more information.

2) **Policy and Procedures Committee** - The PPC is responsible for maintaining X9's bylaws, procedures and policies. All changes to these documents are approved by this committee so that they can assure consistency and harmony with all of our rules. The PPC has a number of items on their schedule for this year including updating the intellectual property policy, voting procedures, the review of X9's standing policies documents and others. If you have any legal experience or you are just interested in procedures, please consider joining the PPC. You can contact staff or Diane Poole for more information.

3) **Membership and Marketing Committee** - The M&M committee works on ways to attract new members to X9 and the retention of current members. The committee reviews items that could affect X9 membership such as membership dues, the pricing of our standards and membership

levels. They also help with the planning of the All Committee Meetings (ACM). Work on X9's next ACM is just beginning so if you would like to help in the planning, please contact staff or Mark Kielman.

X9 Seminars

Our next X9 seminar is titled "Dealing with Insider Cybersecurity Threats: SEI Research and Perspectives" and is scheduled for Friday February 17, from 12:00pm to 1:30pm EST. A panel of four researchers with the Software Engineering Institute (SEI) of Carnegie Mellon University will present best practices for dealing with insider cybersecurity threats. A signup notice with more details will be sent out next week. I would like to thank Jim Northey and Bob Binder (SEI) for their help setting up this seminar.

Three more seminars have been identified. One will be a presentation from The Clearing House on their real-time payment's system. Another will be on tokenization from one of X9's famous authors. The third one will be on the results of a large industry survey on the types of payments companies are using and plan to use. This survey has been performed yearly for some time so

they compare what companies said they were planning to do several years ago with what they actually did. The survey also provides real world information on the use of checks, ACH, ISO 20022, mobile payments and many other types of payments.

RSA Presentation by Jeff Stapleton

Many X9 members will be attending the RSA 2017 Conference (Feb 13-17) in San Francisco at the Moscone Center. Our own Sandy Lambert and Jeff Stapleton will be speaking on Thursday morning at the 8am session Protecting Data and Applied Crypto (PDAC) R02 Cybersecurity vs. Tokenization. I have it on good authority that they will be referring to X9 standards. Also, Jeff's two books on Security without Obscurity will not only be available in the RSA bookstore, both he and his co-author Clay Epstein will be there at 10am on Thursday for book signing. Both books are full of references to X9 standards. In addition to the RSA meetings, the X9F1 workgroup is planning a get-together the night before Sandy's and Jeff's presentation. Contact Janet LaFrence for details.

Tokenization work nears completion

After years of work, by both X9F6 and X9F4, drafting the tokenization standard, the finish line is near. The group expects

to wrap up the review of over 250 comments the first of February and then issue a recirculation ballot to X9F. If this ballot passes, a ballot will be issued to the X9 Board for final approval.

X9 Staff Update

On January 2, 2017, Ambria Frazier became a full time employee of X9. She is responsible for training members on the features of our member's web site, issuing and tracking all X9 ballots, filing paperwork with ANSI on new standards, all X9 social media sites, the X9 public and member's web site, maintaining the status of X9 standards, the data for the publication "This Week at X9", and answering the X9 phones. Next time you talk to her, please welcome her as a full time employee. She will also be celebrating one year at X9 in February.

I ask the chairs and vice chairs of committees and groups to keep their calendars on the member's web site up to date with all known calls and in person meetings. This is the primary method we have to track events. Many members also rely on the calendar to plan for calls and meetings.

Update on X9AB23 Card Not Present Fraud

The X9AB23 CNP Fraud Mitigation Work Group is currently wrapping up the discovery phase

of its project to develop guidelines for mitigating Card-Not-Present (CNP) fraud in the United States. Throughout January, the team has been interviewing subject matter experts to help complete their understanding of the needs. These merchants, issuers, acquirers, and service providers have provided valuable insights into the CNP fraud trends they have experienced and their recommended mitigation strategies. Interviews will be completed in mid-February, and the team has started outlining its Technical Report. The target publication date is mid-2017. If you are interested in joining this group, please contact Guy Berg or any X9 staff member.

ISO TC307 – US TAG Named

On January 17, 2017, ANSI's Executive Standards Council (Ex-SC) formally approved the InterNational Committee for Information Technology Standards (INCITS) as the U.S. Technical Advisory Group (TAG) to ISO TC 307, Blockchain and Electronic Distributed Ledger Technologies. X9 has been in contact with INCITS, specifically Jennifer Garner their director of standards. We are exploring a possible liaison status between X9 and INCITS. Also, TC68/SC2 may seek liaison status with TC307. We will keep you updated on the progress.

Call for U.S. Delegates to TC68 Plenary Meeting in Rio de Janeiro

The TC68 plenary meeting will be in Rio de Janeiro, Brazil, the week of May 15-19. Brazil requires US citizens to have a visa to travel there and the process is a bit lengthy. Therefore, we are calling for U.S. delegates now to allow time to obtain the required documents. We need delegates for SC2 and SC7. Please contact staff if you would like more information or would like to put your name forward as a delegate. The X9 Board will give final approval on all delegates.

ISO TC68 Restructuring

TC68 has for some time now been wrestling with how to restructure itself to better align with international financial services issues. A plan was created and has been partially approved and implemented. The plan called for the creation of two new subcommittees and the disbanding of the current SC4 and SC7. SC2 - Security was to remain unchanged. The new subcommittees are SC8 - Reference Data and SC9 - Information Exchange. The creation of SC8 and SC9 and the start of the process to disband SC4 and SC7 are currently out for ballot

approval by TC68. X9 also has a ballot out to determine how the US TAG will vote on the TC68 ballot. More on this below. The restructuring plan also called for the creation of a Financial Technology (FinTech) Services TAG and a Communications Committee. Both of these groups have been created and they are functioning.

The X9 Executive Committee has been closely following the restructuring process for over a year. During this time, the EC has spent hours discussing the restructuring and reviewing issues that have been raised. As a result, the EC recommended that the X9 Board approve the creation of SC8 and begin discussions to disband SC4 and not approve the creation of SC9 and not approve beginning discussions to disband SC7. If an X9 Board member disagrees with this recommendation, they can vote no on the ballot and provide their position on each of the four ISO resolutions.

The TC68 restructuring has a number of moving parts and issues and this is not the forum to discuss them but I did want to provide some high level information. If you have additional questions or want to be a US expert to a group, please contact staff.

ISO TC68 Chair Search

The current chair of TC68, Karla McKenna, is serving her last term due to term limits. Her current term expires on Decem-

ber 31, 2018. As the secretariat for TC68, it is X9's duty to find and propose a new chair to the membership of TC68. The process started last summer when a request for nominations was issued. Three people responded to the call. The Executive Committee created the TC68 Chair Review Committee to vet the nominees and make a recommendation to the Executive Committee for review. The review committee was comprised of Mark Tiggas, Kim Wagner, Diane Poole, Claudia Swendseid, Janet Busch and Steve Stevens. The committee has completed its review and will make a presentation to the EC in February. After the EC completes its review, a recommendation will be made to the X9 Board and a ballot will be issued to the Board to approve a nominee. After Board approval, the nominee will be presented to TC68 for approval as their next chair.

ISO has created the position of chair elect which runs for one year. The person elected as the next chair will serve as the chair elect of TC68 starting on January 1, 2018. They will become the chair on January 1, 2019 and serve a three year term. If you have any questions, please contact X9 staff.

News from Ambria's Desk - Social Media

X9 now has a Twitter and Facebook account and has recently reactivated our LinkedIn account. The URLs for our accounts are

listed below. Ambria is in charge of our X9's social media and you should contact her if you have information to post or have suggestions for what information we should be posting to these sites. We encourage you to follow our social media pages and like or comment on anything that interests you. Feedback from X9 members has caused X9 to concentrate our work on LinkedIn and Facebook. We will still maintain our Twitter account to reach a broader audience but our Facebook and LinkedIn accounts will be our primary social media communications channel.

X9's public page now has social media sharing buttons. Now when you read an X9 news article, or come across a project status update that you believe will be of interest to your colleagues, you can easily share it by using the social media sharing buttons listed at the bottom of each page (except on the home page).

ASC X9 LinkedIn Account:
https://www.linkedin.com/groups/3853483

ASC X9 Facebook Account:
https://www.facebook.com/Accredited-Standards-Committee-X9-Inc-Financial-Industry-Standards-110761672914

ASC X9 Twitter Account:
https://twitter.com/ASCX9Inc

Update on "This Week At X9"

We have received many favorable remarks about the *This Week at X9* emails. It is our hope that these emails will continue to be informative and beneficial for you

and your needs. If you have any announcement that you would like to make to the X9 membership or if you would like to see anything added in these weekly emails please contact Ambria with your suggestions.

Reminder about Dues for FY17

We are five months into our current fiscal year and several members have not paid their dues yet. Reminder notices have been sent and staff will be contacting members shortly. Please check to see if your company has paid their dues. If you are not sure, you can look at your account on the member's web site or contact a staff member. Thank you.

X9 Spring Board Meeting

If you are a Board member, please plan to attend our spring Board meeting in Annapolis on March 28 and 29. The Board meeting starts at 1:00pm EDT on March 28 and lunch will be provided at prior to the meeting (noon). The meeting will run until 5:00pm and start again on March 29 at 8:30 and run to 1:00pm. Breakfast will be available prior to the start of the meeting on March 29. The Executive

Committee with meet from 9:00am to 12:00pm on March 28, prior to the Board meeting. X9 has negotiated rates with several hotels so check our public web site for more information. The Westin is across the street from the X9 offices and our rate is $129 per night. We hope to see you in Annapolis.

Westin Hotel

X9 Training on EPC

ECCHO, the Federal Reserve Bank of Atlanta and Accredited Standards Committee X9 Inc. will sponsor a dial-in presentation titled "X9 Training: External Processing Code (EPC) and Return Reasons for Image Exchange". The presentation will cover details about the new EPC defined in X9's standard X9.100-160-2014 Part 2 to identify Remotely Created Checks (RCCs) and the new standard for Return Reason Codes for Image Exchange and Substitute Checks in X9's standard X9.100-188. The presentation will provide information on how financial institutions can use the new EPC to track RCCs and how it can aid in fraud detection. It will also discuss the new standard X9.100-188 that identifies and defines return reason codes for image exchange. The presentation will

be given twice in February by conference call. There will be an opportunity to ask questions at both dates. Attending the presentation will qualify for National Check Professional (NCP) credits from ECCHO (see their web site for more details, http://www.eccho.org).

No registration is required but the number of dial-in lines are limited so please call a few minutes early. The presentation will be available for download no later than February 1, please check back to obtain the presentation.

Presentation details:

First Presentation Date:
February 8, 2017 at 11:00 a.m. EDT, duration: 1 hour

Second Presentation Date:
February 23, 2017 at 2:00 p.m. EDT, duration: 1 hour

The same dial-in number will be used on both dates.
Toll-free dial-in number (U.S. and Canada): 866-290-9319
International dial-in number: 816-650-9042
Conference code: 2632699