



Accredited Standards Committee X9 Inc.

NEWSLETTER

April 16, 2019

Developing ANSI & ISO Standards for the Financial Services Industry for Over 40 years



Message from Roy DeCicco, Chair of the X9 Board of Directors

As many of you know, ASC X9 has been actively engaged in the development of the faster payments vision for the U.S. market through our participation on the Faster Payments Task Force, the Governance Framework Formation Team....and now the U.S. Faster Payments Council. It has been an amazing journey - starting with 300+ participants on the Task Force and today, launching of a new industry organization, the Faster Payments Council, with more than 150 members (and counting). Throughout several years of dialogue with a broad-based stakeholder community on the way forward, X9 has always advocated for industry standards and processes as the only way to ensure end-to-end efficiency in the infrastructure that was being considered. Market infrastructure operators, like TCH, have developed their platforms using ISO standards. They know that ASC X9 stands ready to assist when the market requires a new or enhanced message standard, or a TR to establish a documented

common practice. Faster payments will continue to move – FAST! ASC X9 is proud to contribute to this industry-wide initiative.

Welcome New Members

I am happy to announce that for the first eight months of this fiscal year eleven companies have joined X9. Some have joined for the first time and some are back after being absent for many years. A list of the companies and their primary representatives are listed below. Their membership level is in parentheses. Please join me in welcoming the representatives to X9 and help them get engaged in X9 projects.

- 1) Level10 (C) – Allan Elder
- 2) P97 (B) – Don Frieden, Steve Moses, David Nichamoff
- 3) BDO (A) – Jeff Ward, Danielle Barry, Fred Bartner and 14 others
- 4) Amazon (A) – John Britton, Igor Kleyman, Rahul Prabhaker
- 5) Deixis (C) – Allen Brown, Pamela Bell, Pat Santos

- 6) Dollar Bank (B) – Shelly Mroczkowski, Amy Jones, Audrey Kubick
- 7) BBVA Compass (A) – Mark Pynes, Jan Cole, Omar Jarrar, Tommy McAllister
- 8) PriceWaterhouseCoopers (A) – Michael Versace
- 9) Canon (B) – Tony Ribeiro
- 10) Solutran (E) – Chris Harbord, Deb Niles
- 11) Utimaco (B) – Susan Langford

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X9's Mission statement

After several months of reviewing the X9 mission statement, the Executive Committee has approved an updated version. The new statement is listed below. Our public web site has been updated and it will appear on our new invoices. If you have any comments, please send them to a staff member.

New X9 Mission Statement

The Accredited Standards Committee X9 (ASC X9) in support of the financial services industry has the mission to create and maintain US and International standards that improve payments and securities transactions, protect data and facilitate information exchange.

X9A changes Its Name

The X9A subcommittee has a new name that better represents its scope of work. The new name is "X9A Electronic and Emerging Payments Subcommittee". X9A develops and supports standards that are focused on payments, including wholesale, retail, electronic benefits and mobile. The subcommittee also houses U.S. mirror groups to ISO TC68 that are responsible for developing and supporting international retail card and mobile-based payments. Guy Berg is the chair of the group. If you would like more information on the group please contact Guy or a staff member.

X9 Awarded U.S. TAG to TC322

X9 has held the U.S. Technical Advisory Group (TAG) for ISO TC68 for decades. This means that X9 represents and votes for the United States on international

standards developed by TC68 and its subcommittees. TC68 has the same scope of work as X9 but on an international level.

Last year, ISO created a new technical committee (TC) and named it TC322 Sustainable Finance. In the field of sustainable finance, TC322 will work for the integration of sustainability considerations and environmental, social and governance (ESG) practices into institutional investment decision making and wider finance management. The work of TC322 has some overlap with the work of TC68 so X9 decided to apply to ANSI to be the U.S. TAG. After reviewing our request, ANSI awarded the U.S. TAG for TC322 to X9. For the first time, X9 has two separate U.S. TAGs. Jim Northey has been appointed as interim chair of the U.S. TAG to TC322 to help get the group started. If you are a representative of a category A member company and would like to join the TC322 U.S. TAG or have questions about it, please contact an X9 staff member.

TC68 Plenary meeting

Once a year ISO TC68 holds plenary meetings for TC68, its subcommittees and the RMG. This year the plenary meetings will be in Paris the week of May 13-17. Delegates from country TAGs from around the world will be in attendance. Delegates from X9 have been approved by the U.S. TAG and a country report for the U.S. has been created. The U.S. TAG has a two hour call on April 25 at 1:00pm EDT to discuss issues included in other country reports and to agree on a U.S. position on them. After the plenary meetings, U.S. delegates will

provide a report back to the U.S. TAG. If you would like more information on the U.S. TAG to TC68 or TC68, please contact a staff member.



Proposed Restructuring of X9

Note: The following section effects category A members only.

With the awarding of the U.S. TAG for ISO TC322 discussed above, X9 now has four top level groups: the Board of Directors, the Consensus Body, the U.S. TAG for ISO TC68 and the U.S. TAG for ISO TC322. The function of each group is as follows. The X9 Board oversees the business operations and the strategic direction of X9. The Consensus Body votes on all projects that involve a domestic U.S. standard or report. The U.S. TAG for ISO TC68: votes on all ballots issued by TC68 or its subcommittees, provides subject matter experts to working groups, and elect's delegates to attend the plenary or other meetings. The U.S. TAG for ISO TC322 performs the same functions as the TC68 TAG but for ISO TC322.

As currently established by X9 Bylaws and Procedures, the membership of each group consists of all category A member companies with no real option to opt out of a group (ANSI does require some ability to opt out). X9 has a diverse membership which means that not all companies have the same interest. Some companies focus primarily

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on domestic or international standards while others are interested in both. In the past, this has led to voting issues causing ballot times to be extended until the required minimum level of votes are cast making it a valid ballot.

Leadership of the groups is another issue. At present, our polices call for one person to chair all the groups. The job of chairing the combined groups requires a significant investment in both time and travel. The travel is both domestic and international. It is increasingly difficult to find a single person that has the time, background, desire, budget and corporate backing to provide all these functions. With the awarding of the second U.S. TAG to X9, finding a single person to be chair of all the groups has become even more difficult. It would be much easier to divide the chair functions between two or three people.

The Board is discussing a plan to reorganize the groups of X9 in such a way that the above issues would be remedied or at least significantly mitigated. The functions performed by each group would remain the same but the rules for membership and leadership would change.

In the plan under discussion, membership in the Board of Directors would still consist of all category A members but members would have the option to opt out. We are hoping to be able to create an observer level of membership should members not want to completely opt out. As an observer, they would still be copied on emails but would not vote or

actively participate. Creating the observer level of membership is a goal but it will depend on the ability of our members web site to support it. The chair of the Board would be elected to just chair the Board and not to automatically chair all the other groups. It should be noted that the chair of the Board, or any of the other groups, would still be free to run to be a chair of another group or groups.

Membership in the Consensus Body would still be made up of only category A members, but a member must request to be a part of the Consensus Body. Membership in the group is not automatic as it is now. Therefore, only members that are interested in the work of the Consensus Body would join. A category A member can join or withdraw at anytime by sending an email to an X9 staff member. The Consensus Body would also be responsible for electing their own chair and vice chair. The Consensus Body would report to the X9 Board and make status updates to the Board at biannual meetings.

The U.S. TAGs to ISO TC68 and to ISO TC322 would follow the same rules as the Consensus Body.

The Board would like to hear from category A members on the proposed change. Do you think this is a good direction for X9 to take? Do you see any issues with the proposed change? Do you have other options to propose? Please send any comments or questions to staff by the end of June.



Membership Dues

X9 carefully controls expenses. Every opportunity is taken to reduce cost and spend money as wisely as possible for the benefit of our members and the work of X9. In the past, X9 has kept our membership dues fixed for 5 or more years before having an increase. However, X9 has expenses that increase each year by 1% to 3%. Some of the increases are offset by dues from new members, by negotiating some expenses downward and if necessary by not fully spending some budgeted expenses.

To provide an income stream that is more in line with expected expenses and the growth of X9 services, the Executive Committee reviewed several options to better manage membership dues. Complicating matters is the fact that X9's fiscal year starts on September 1 each year. Most companies start their budget cycle around June for the following year. Therefore, so that a company will have time to budget any increase in dues, X9 must give notice of a dues increase 18 months prior to implementing an increase. With time for internal discussion, review and approval by the appropriate X9 committees, any effort to increase dues is usually started two years prior to implementation. This requires accurately forecasting expenses two to three years in advance.

With all these issues in mind, the Finance and Executive

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Committees recommended a new dues model to the X9 Board. The new model includes small automatic yearly increases in X9's dues. Under the new model, dues would increase by approximately 2% for each category of membership, each year. For a category A member, that would be approximately \$200 per year. The model provides a small but predictable increase in dues and allows members to budget for the increases. In addition to the yearly increase, the plan calls for a first-year increase of 5% so that X9 can catch up for 5 years of no increases in dues.

The Board approved adoption of the new dues model which will go into effect for fiscal year 2021. This gives members time to plan for the increase. The dues schedule for fiscal year 2021 is listed below. There will be no dues increase for fiscal year 2020 which starts September 1, 2019. Invoices for fiscal year 2020 will be emailed this June. The increases listed below will go into effect a year and a half from now. Please contact staff if you have any questions.

Dues for FY2020

(no change from FY2019)

Category A Level Member: \$8750
Category B Level Member: \$5200
Category C Level Member: \$2750
Category E Level Member: \$1400

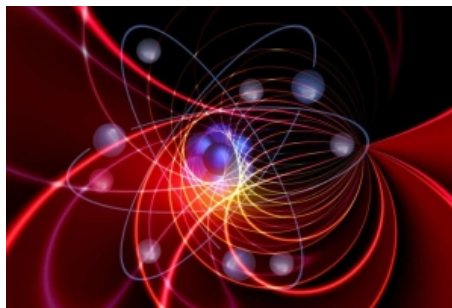
Dues for FY2021

(Sept. 1, 2020)

Category A Level Member: \$9250
Category B Level Member: \$5500
Category C Level Member: \$2850
Category E Level Member: \$1475

New Invoicing system

X9's fiscal year starts on September 1 each year so we send our invoices for membership dues around June 1 of each year. For over 10 years, X9 used a feature of our member's web site to create and send membership invoices. Last year this feature was discontinued which caused X9 to find a new invoicing system. Staff is currently working to load all our member information into the new system. Around June 1, invoices for membership dues for fiscal year 2020 will be emailed to each member company's financial contract. This information is listed in your membership data on our member's web site. The primary representative for each company can check this information for accuracy. If you need help checking the information, please contact a staff member. The invoice will have a new more modern look. We will have a sample to look at shortly.



X9 Publishes Two Quantum Computing Documents

Background:

Quantum computers have the potential to break cryptographic algorithms that would take conventional computers millions of years in seconds to minutes. Relatively small quantum computers exist today from many sources. The largest of these

quantum computers has more processing power than the world's largest conventional computers. However, quantum computers, using today's technology, are typically stable for less than one second and their computing power must be increased by a factor of 2 raised to the power of 1900 to be able to break encrypted data in seconds or minutes. Research is under way to create large scale stable quantum computers. The question is not if these large stable quantum computers can be created but when. The two X9 documents seek to address these and other issues related to quantum computing.

On March 12, 2019, X9 released two quantum computing related documents. After over a year of work, the Quantum Computing Risk Study group released an informative report which includes an introduction to quantum computing with an emphasis on the risk they pose to cryptography used on the Internet and in financial payments. The report also provides some possible time frames for when large stable quantum computers will exist and some actions companies can take today and over the next 10 years to protect data. X9 also announced the release of Technical Report X9.TR-50-2019 - "Quantum Techniques in Cryptographic Message Syntax (CMS)". You can view the press release for these two documents at <https://x9.org/wp-content/uploads/2019/03/X9-Quantum-Risk-Reports-Release-FINAL.pdf>.

X9 has created a web page where both reports can be downloaded. Readers can also

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find links to the latest news on quantum computing on this page. The URL is <https://x9.org/quantum-computing/> . These two reports have been downloaded by 74 organizations including the Oak Ridge National Laboratory, Bank of Japan, Jadavpur University (India), University of New South Wales (Australia), EOS (Moscow Russia), Chevron, Government of Ontario Cyber Security Division, W3C, London Stock Exchange, and many more.

The work of the Quantum Computing Risk Study group has not ended. The informative report will be updated as needed. Also, the X9F6 working group is starting on a new work item that is related to quantum computing. If you have any interest in joining these groups, please contact an X9 staff member.

Member Emeritus Project Manager

Several years ago, the Federal Reserve assigned two people to help with project management functions for three of our working groups. This increased the efficiency of the groups. Over the last year, we lost these resources. We have a plan for staff to take over these functions but another

plan that will help immediately has come to our attention. Our member emeritus group is made up of retired representatives to X9 that had a distinguished association with X9. One of our emeritus, Darlene Kargel, has volunteered to provide project management support to X9F6 for two years. In return for this work, X9 will pay for her travel expenses to the in person X9F6 meetings. Darlene has decades of experience managing projects, so we believe this will be a win-win for both X9 and Darlene. If any other emeriti would like to provide PM services, please contact staff.

BTRS Survey

The X9C Commercial Bank Subcommittee has issued a survey "What is the Way Forward for the BAI2 and BTRS?" that explores Information Reporting trends and challenges of banking accounts. The BAI2 format has been the industry leader for years and was recently modernized under the new name "BTRS". But X9C would like to know how it should now evolve with other formats, like ISO 20022 XML. We anticipate that corporate/commercial companies, financial institutions, service providers, and

financial software providers will respond to better understand industry trends. This feedback will help the X9C team identify priorities to ensure proper standards are in place that improve Information Reporting formats and services into the future. You can take the survey at: <https://www.surveymonkey.com/r/SXQDW63> .

Nominations for X9 Positions

X9 currently has five different positions open for nominations. A nominating committee has been formed and requests for nominations for the position of Board chair and Treasurer have been issued. Roy DeCicco has stated he will run again. We are waiting to hear from Alan Thiemann, our current Treasurer. Steven Bowles is no longer with Futurex and therefore had to step down as vice chair of X9F and as chair of the X9 PCI Mirror Group. In addition, there is an opening for one of the two representatives from X9 to the PCI PINs Work Group. (This position has additional contractual requirements.) Nominations for these three positions opened on April 15, 2019. Nominees for all the positions must be representatives of a category A member. If you have any questions, please contact staff.

X9's Facebook Page

You can access X9's Facebook account at: <https://www.facebook.com/Accredited-Standards-Committee-X9-Inc-Financial-Industry-Standards-110761672914/>