



Standards Update: ISO 20022 Consultation

SMPG Warsaw

April 18th, 2018

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ISO 20022 migration: SWIFT community consultation





In the course of April 2018, SWIFT will present a strawman proposal for a migration of MT cross-border traffic to ISO 20022 in the form of a consultation paper.

The proposal will contain:

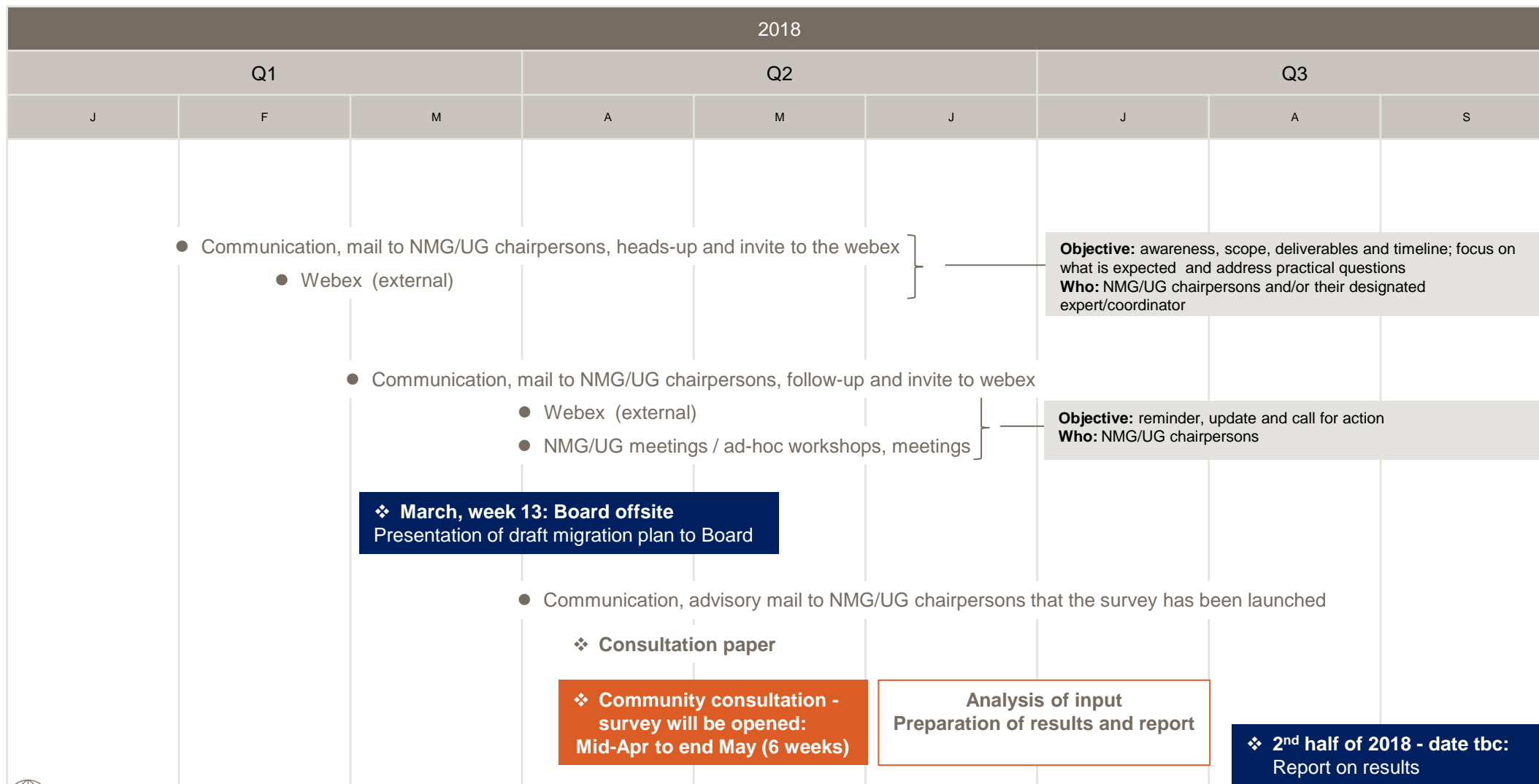
- **SWIFT's understanding of drivers, demand and readiness to adopt ISO 20022 by business domain**
 - Payments: focus on correspondent banking, main driver for migrating cross-border MT messages
 - Securities: across all post-trade areas, fewer immediate drivers than for payments
 - FX, Treasury, Trade Finance: included in the consultation, but no community demand established
- **Proposed timeline for migration per business domain**
- **Details on the migration strategy, incl.**
 - Phases (Closed User Group, coexistence, full migration)
 - Preconditions for each phase, such as market practices
 - Translation principles
 - Maintenance process and release policy



ISO 20022 migration: community consultation

	When	<ul style="list-style-type: none">• 23rd April to early June (duration 6 weeks)
	How	<ul style="list-style-type: none">• Online survey, invite via email
	Who	<ul style="list-style-type: none">• All financial institutions will be invited to participate and respond through the respective National Member Group (NMG)/User Group (UG) (one response per country).• In addition to the country response, individual banks (top 50 FIs), Market Infrastructures and vendors will also be invited to respond.
	Community feedback	<ul style="list-style-type: none">• The questions will require input from the following experts/ stakeholders:<ul style="list-style-type: none">• Business domains:<ul style="list-style-type: none">• mainly payments (not limited to but focus on correspondent banking),• securities (across all post-trade areas),• and to a lesser extent FX, treasury and trade finance• IT: operations, platform/architecture• Compliance: sanctions screening• SWIFT Standards expert

Timeline



ISO 20022 Migration Study: key messages



- **All financial institutions** are invited
- Involvement from various segments and business areas needed

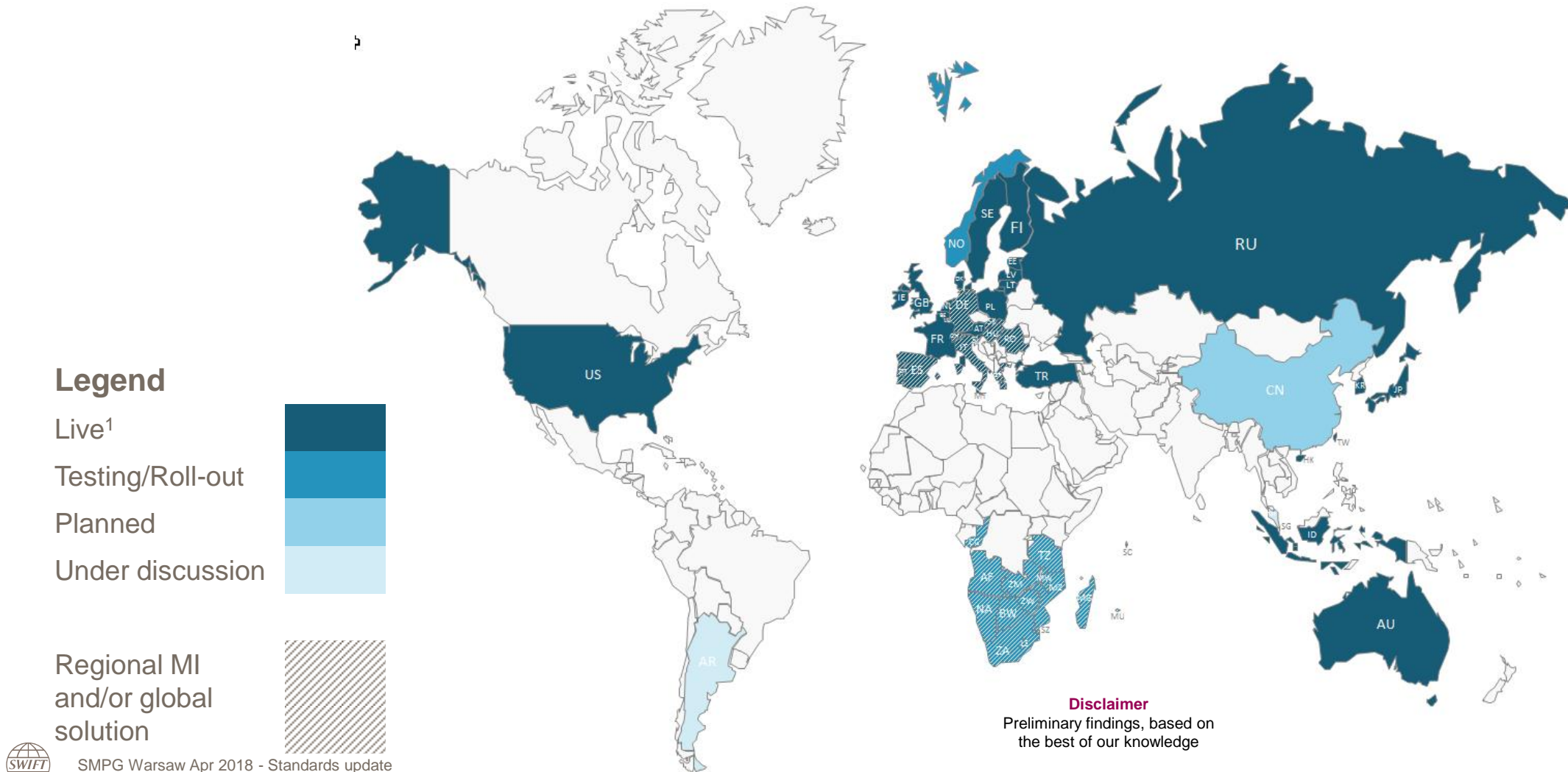


- **Contribution matters:** not a theoretical Standards exercise, considering practical implications of migration



- **For more information** iso20022study@swift.com or your SWIFT representative (account or country manager)

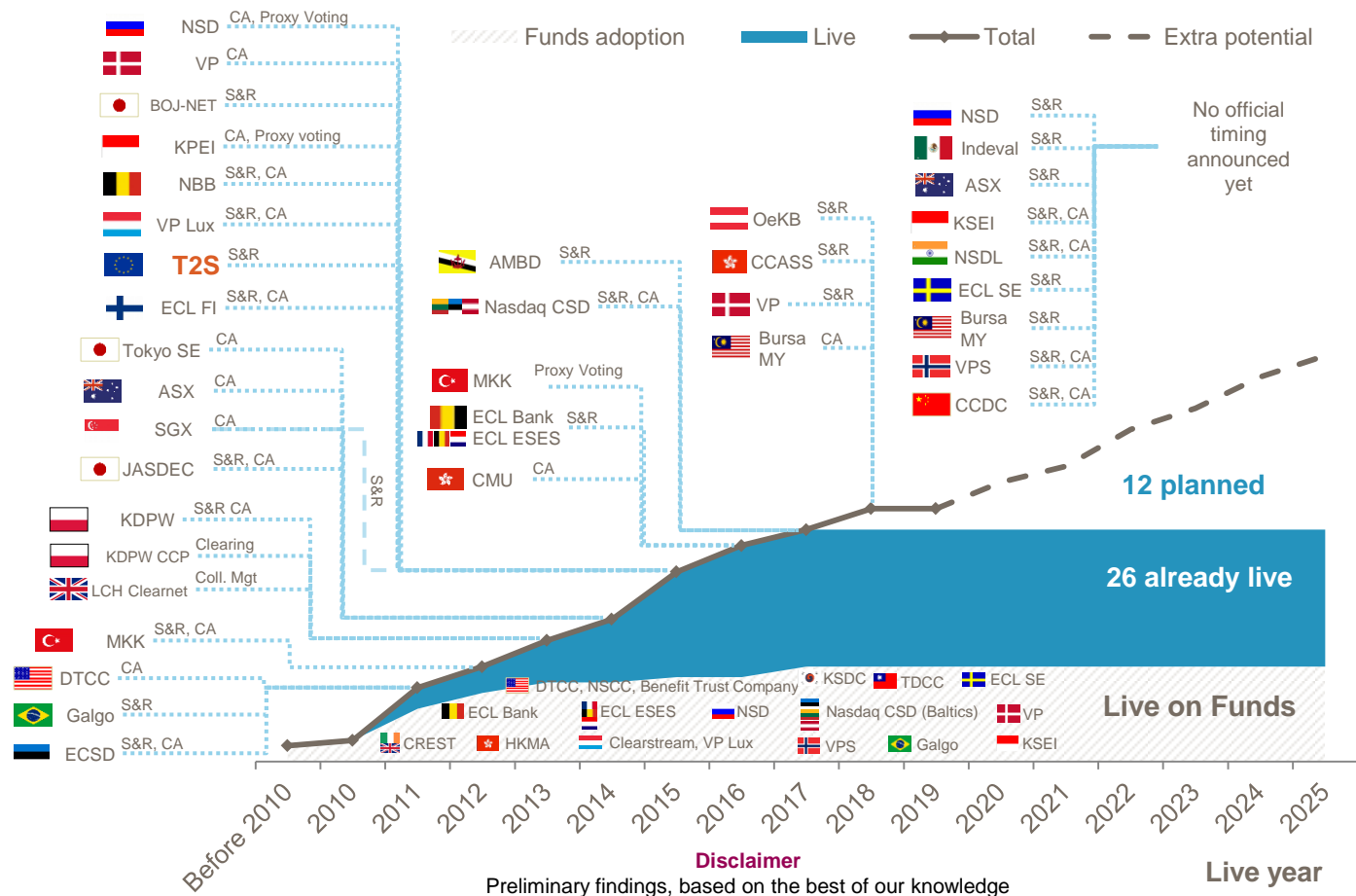
ISO 20022 adoption world map - SMIs



¹ At least 1 SMI in the country offering ISO 20022-enabled solution at for one or more of its business areas, on part or all of its network channels

ISO 2022 initiatives are growing fast in the SMI space

of CSD/ICSD/SSS and CCP communities adopting ISO 2022 – Live & planned

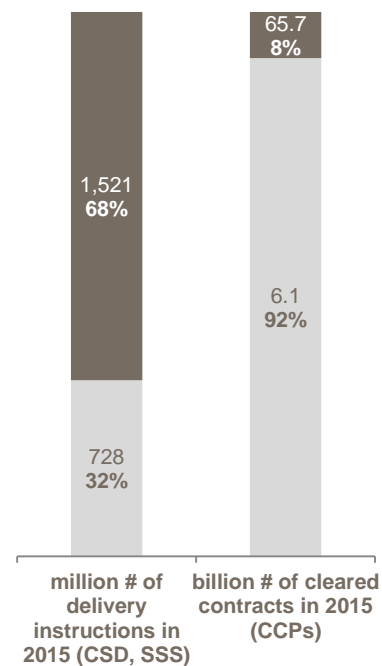


Total volume settled in 2015

(network-agnostic)

■ Adopting SMI communities

■ Rest of world*



* Excl. China because available official figures include a significant undefined portion of retail activity (~10 billion deliv. inst.)

38 SMI communities officially confirmed they will adopt ISO 2022 by 2021-2025, out of which 26 are already live and 12 are planned.

29 others are still under discussion.

Altogether, they respectively process 70% / 8% of the world's total CSD / CCP officially reported volumes today.

Except T2S, internal volume share remains still small for a large majority however since ISO 2022 is generally offered as an optional alternative channel.



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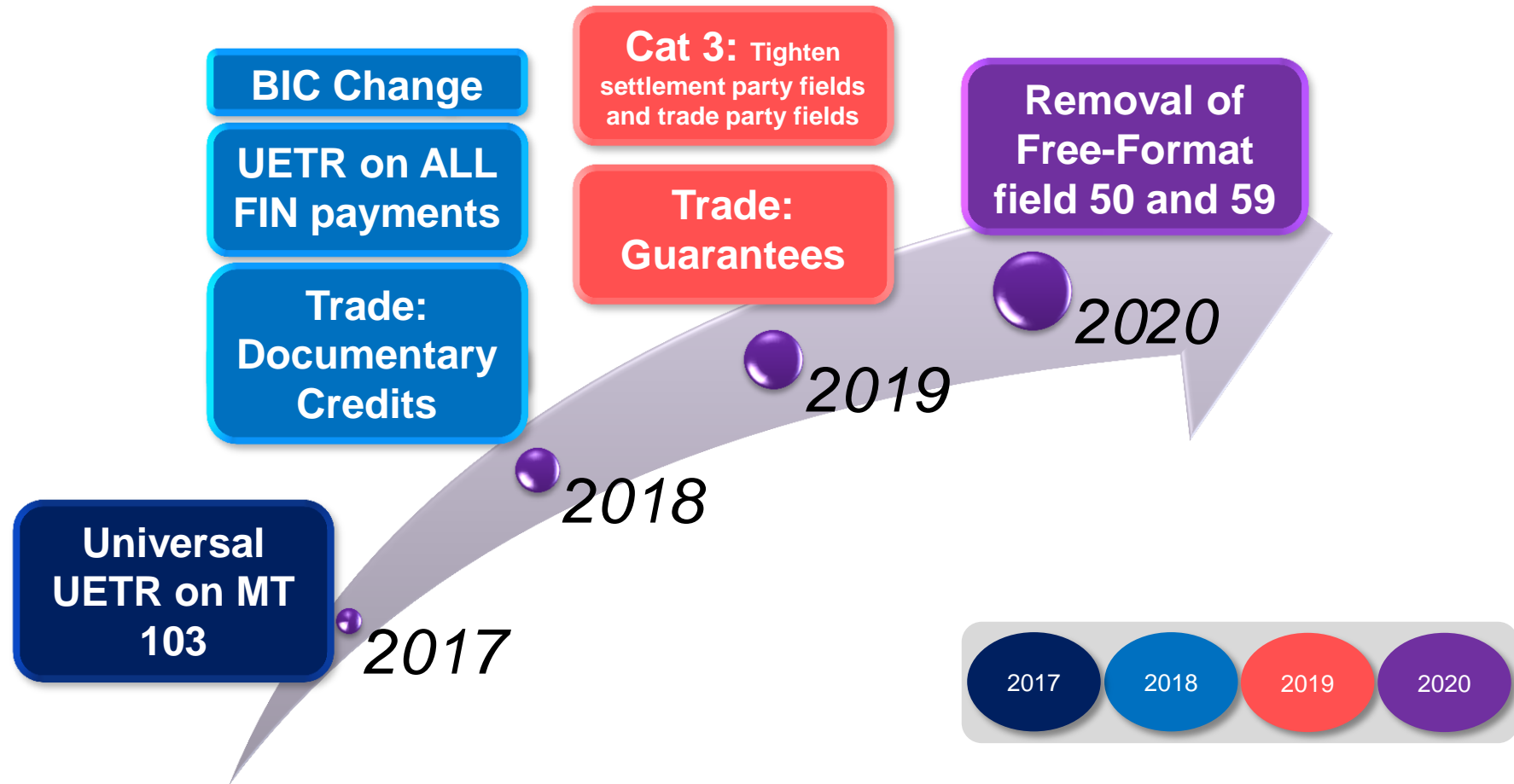
Live: one or more of the SMI's business streams (e.g. settlement & reconciliation, corporate actions, proxy voting, collateral management, funds, clearing, etc.) already live on ISO 2022. SMIs solely live on T2S without any other ISO 2022 flows (Monte Titoli, LCD, BOGS, MSE, etc.) are not counted.

Planned: confirmed and official plans to adopt ISO 2022 for one or more business streams

Standards Release 2018 Update



Standards Release Roadmap – Big Rocks





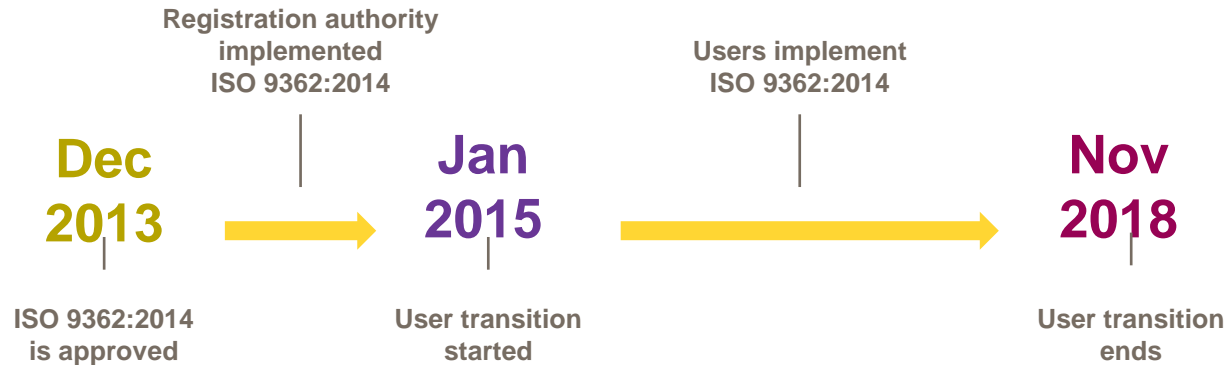
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Appendix (SR 2018)



BIC Implementation

End of transition period (2014 – 2018) for change in ISO 9362:



- BIC owners responsible for maintenance of data related to their BICs + must keep it up-to-date and confirm accuracy at least once a year
- Time zone + connectivity information no longer with BIC, publication needed SWIFTRef BIC Plus
- SWIFTRef BIC Plus replaces BIC directory (will be decommissioned in November 2018)
- After 18 November 2018, SWIFT will no longer issue BICs with "1" in position 8
- After 18 November 2018, a change of connectivity status will no longer systematically imply the expiry and creation of a new BIC



No change to existing BICs or to the structure of a BIC

System Messages & User Header Block



Category 0 – System Messages

MT 097 (FINCopy Message Authorisation/Refusal Notification)

- Definition update of code NOK in field 433 (sanctions-screening- information-receiver)
- Unused field 434 (sanctions-screening- reconciliation-data) removed

Other technical changes – Payments Controls Service

Field 434 (payment-controls-information-for-receiver) **added in Header Block 3** (User Header)

- Provides information to the receiver from the payment controls service about the screened message.

Other technical changes - Payments

- **Field 121 Unique End-to-end Transaction Reference (UETR) in header block 3 mandatory for all users of following MTs:**
 - MT 103, 103 STP, MT 103 REMIT, MT 202, MT 202 COV, MT 205, MT 205 COV
 - Indirect impact on MT 096 when original message is one of the above MTs
- When **sender** is 'intermediary', and **UETR** present in received message, **UETR must be passed, unchanged**, to field 121 of next MT in transaction chain. Otherwise, new UETR.
 - When underlying customer credit transfer was sent with UETR, UETR must be **copied unchanged** in MT 202 COV
- **Allows to track payments on the SWIFT network end to end** within the SWIFT global payment innovation (SWIFT gpi) service.

More info on header block 3 in FIN messages can be found in the [FIN Operations Guide](#).



Other technical changes – Payments (2)

- **All users must be able to receive two SWIFT gpi fields 111 and 121 in header block 3 of all category 1 and category 2 MTs.**
 - Field 121 and 111 may be present in MTs sent from a SWIFT gpi member to any bank that is not in the SWIFT gpi Closed User Group (CUG).
 - Banks that are not members of the SWIFT gpi CUG must be able to receive these headers but are not allowed to generate or forward field 111 in messages that they send (error code G27).
 - Non-CUG members have only processing obligation based on field 121 in MT 103, 103 STP, MT 103 REMIT, MT 202, MT 202 COV, MT 205, MT 205 COV (see previous slide).
 - Indirect impact on MT 096 when fields were present in original message.

Common to all categories

- **MT n98**

- Change character set of field 77E to the z character set, which allows also the use of the special characters = ! " % & * < > ; { @ # _
 - No direct impact on existing agreements between present users of the MT n98
 - Related to 'revamp' of category 7 (use of MT 798 in SCORE, copying information from category 7 messages in corporate to bank space)