ECB
DG-MIP
T2-T2S Consolidation

Interoperability requirements

TARGET Consolidation Contact Group

10th Meeting on 11 April 2019

General principle for messaging*

- Fully-fledged approach

  – In T2, the ISO 20022 message standard shall be implemented fully

  – No "like-for-like" approach is followed in order to allow e.g. usage of additional fields that ISO 20022 payment messages support

- Interoperability

  – Interface to T2 will not support coexistence of ISO 20022 and FIN

  – Within the context of cross-border business the parties would still need to retain interoperability between the standards

* as laid out in the business description document v1.0

Interaction between HVPS+ and CBPR+

- CBPR+ (Cross-Border Payments and Reporting) market practice group has been created to prepare the ISO20022 migration of cross-border payments business by:

    – defining global ISO 20022 market practice guidelines for selected payments and cash reporting messages in the many to many space
    – creating translation rules for those category 1, 2 and 9 message types between FIN and ISO 20022

- Coexistence of relevant FIN and ISO 20022 messages is planned to last until November 2025, following a four year migration phase of category 1, 2 and 9 messages on the FIN network

- CBPR+ has approached HVPS+ with a set of proposals to align its usage guidelines which might have an impact on the T2-T2S consolidation project

Raised interoperability requirements

- First interoperability requirements have been raised by the CBPR+ market practice group to HVPS+ for customer credit transfers (pacs.008) and FI credit transfers (pacs.009)

- Further interoperability requirements for additional messages are to be raised until November 2019 by the CBPR+:
  – Payment Return (pacs.004)
  – Payment Status Report (pacs.002)
  – Bank To Customer Statement (camt.053)
  – Bank To Customer Debit Credit Notification (camt.054)
  – Business Application Header (head.001)
  – FI to FI Payment Cancellation Request (camt.056)
  – Resolution to Investigation (camt.029)

- Since UDFS v1.0 for three references of camt.050 the message usage guideline for liquidity transfers is adapted to be interoperable with FIN messages, thereby limiting the length of references from 35 to 16 characters, in order to ensure interoperability between TARGET services. This is not intended to be changed.

Categories of interoperability requirements

- Amendment of core elements
  – Amend usage of core ISO 20022 elements (e.g. multi vs. one payment per message and amended character set)

- Amendment of optional elements
  – Amend usage of optional ISO 20022 elements (e.g. identification of parties & agents)

- Truncation of elements
  – Apply length restrictions on ISO 20022 elements if the equivalent FIN field is shorter (e.g. message id reference)

- Limitation of unbound elements
  – Allow limitation of occurrences of unbounded ISO20022 elements (e.g. limit remittance information to one occurrence of max. 9000 characters)

- Extended use of unstructured elements
  – Allow extended use of unstructured ISO 20022 elements (e.g. addition of unstructured identification for new agents & parties or extension of instructions for agents narrative)

- Optional use of structured elements
  – Allow optional use of additional structured ISO 20022 elements (e.g. branch id)

T2 positioning

target services

#	Requirement	Position	Consideration
1	Amendment of core elements	Disagree on amendment	- High impact on specifications
2	Amendment of optional elements	Disagree on amendment	- In contradiction with fully fledged approach - Results in effort in case of changing requirement
3	Truncation of elements	Disagree on truncation	- In contradiction with fully fledged approach - Results in effort for truncation reversal after coexistence period. Existing message usage guidelines to be reviewed in terms of truncation
4	Limitation of unbound elements	Agree on limitation	- Eases the ISO 20022 adaptation efforts for all stakeholder but might trigger change request(s)
5	Extended use of unstructured elements	Disagree on extended use	- In contradiction with implementing structured ISO 20022 format
6	Optional use of structured elements	Agree on optional use	- Required message usage guideline amendments might trigger change request(s)

Thank you for your attention!

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