

ECB
DG-MIP
T2-T2S Consolidation

Potential sources for further message updates

TARGET Consolidation Contact Group

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Introduction



- Several sources for potential further message updates have been identified:
 - Request of the market to RTGS operators for strict (1:1) alignment with HVPS+ (in order to limit development effort until major currencies have migrated to ISO 20022)
 - Request of the market to HVPS+ for alignment with CBPR+ (in order to ensure interoperability between domestic and cross-border business until Nov 2025, i.e. end of SWIFT's co-existence period)
 - Correction of errors and inconsistencies identified by the Eurosystem, the 4CB or the user during development and testing phase (e.g. between messages, message examples and business rules)

Strict alignment to HVPS+



- Banks operating in multiple currencies realised that several RTGS operators are to migrate to ISO 20022 in a short time frame in addition to SWIFT's ISO 20022 cross-border business migration
- In order to minimise the effort on banks side several requests* have been raised recently. Most important from Eurosystem perspective is the ask to align RTGS and CLM messages “strictly” with HVPS+, i.e. copy the HVPS+ in an 1:1 fashion completely
- The Eurosystem has committed to align with HVPS+ guidelines to the extend feasible/possible, i.e. RTGS and CLM messages are a subset of HVPS+ messages but might be stricter in some instances. For example, in case RTGS does not offer an optional element in HVPS+, then RTGS is more restrictive than HVPS+. Furthermore, strict alignment will not be feasible once RTGS and CLM guidelines are frozen with UDFS v2.1

*Further market requests are aimed at different RTGS operators, i.e. BoE, FED and TCH are to consider to migrate in a big-bang approach and to abolish the planned phased approach (implying ISO 20022 like-for-like as interim solution). Additionally, the migration of other major currencies is requested to take place with a minimum of size month intervals as of November 2021. Finally, SWIFT has been requested to advance its ISO20022 migration by two weeks prior to the ISO20022 of the Euro.

Alignment between CBPR+ and HVPS+



- Banks acting in the cross-border payments business have to ensure that payment information is exchanged without losses in an heterogeneous environment
- Especially, during SWIFT's co-existence period of FIN and ISO 20022 interoperability is to be ensured to the extent possible in order to allow for straight-through processing
- The Eurosystem is involved in the discussions between CBPR+ and HVPS+. The discussions covered so far pacs.008, pacs.009, pacs.002 and pacs.004. In this respect, several proposals by CBPR+ have been considered in HVPS+ and will be reflected in UDFS v2.1. For example, UDFS v2.1 will allow unstructured address information and instruction for next agent in the payment messages usage guidelines
- Mainly camt messages are still under investigation on CBPR+ side and therefore the conclusion of discussions with HVPS+ will not be completed in time to be considered for UDFS v2.1

Corrections and Errata



- Based on the UDFS v2.0 feedback several correction proposal have been addressed in the CLM and RTGS messages, examples and business rules
- Further such errata are expected following the publication of UDFS v2.1 respectively will be identified during development and testing activities

Summary



- UDFS v2.1 message usage guidelines will be aligned to HVPS+ to the extend possible/feasible based on the current discussion status, e.g. unstructured address information will be allowed in pacs messages
- Message usage guidelines will be frozen with UDFS v2.1 for external request for changes
- Any further updates to the messages will need to be reflected in November 2023 following two years of stabilisation
- This principle excludes corrections mentioned earlier which are to be applied continuously until implementation of CLM and RTGS in November 2021. Furthermore, this principle excludes any regulatory requirements surfacing in the future

Thank you for your attention!

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