

# THE MIGRATION MONITOR

YOUR QUARTERLY ISO 20022 INDUSTRY MIGRATION PROGRAM NEWSLETTER

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# WELCOME

Welcome to The Migration Monitor – your quarterly ISO 20022 Industry Migration Program newsletter. Each quarter, we will publish a high level update of where the Program is up to and where we are headed.

In this second issue, we will provide a recap on the key principles driving the Program and a full overview of the Program so far, along with some links to where you can find supporting information.

Please feel free to contact our team via email at [iso20022@auspaynet.com.au](mailto:iso20022@auspaynet.com.au) if you would like to suggest topics for future editions.

## PROGRAM RECAP

### Timeline

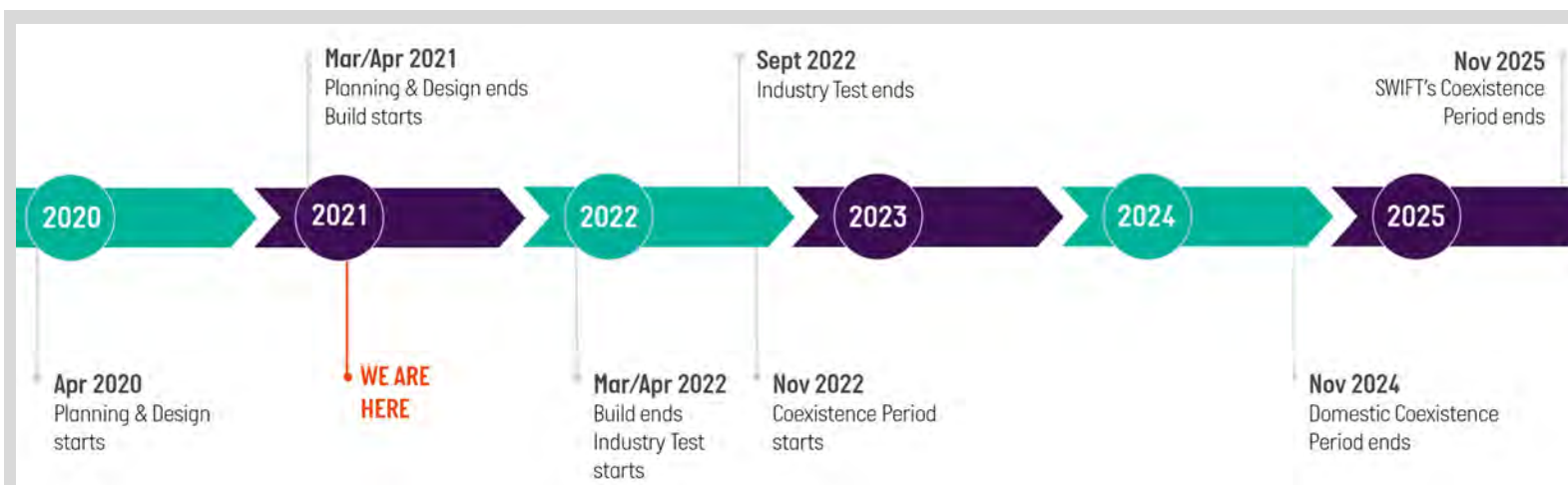
In March 2020, SWIFT moved the introduction of ISO 20022 for cross border payments back 12 months to November 2022, to coincide with a fundamental transformation of its digital infrastructure to a platform that will support APIs, as well as ISO 20022 messages.

Our domestic timeline aligns with the revised cross border timeline and covers four distinct phases:

Planning and Design, Build, Industry Testing and Coexistence.

#### \* Note:

Whilst Coexistence commencement aligns with SWIFT's revised cross-border timeline, our Program timeline retains the Coexistence end date at November 2024, with the key driver behind this decision being to provide some scheduling contingency in case individual Participant's migrations are delayed.



# Approach

## Participant Obligations:

This timeline, and our approach to migration directly to enhanced content capability from the beginning of Coexistence, creates three key Participant obligations.

- All HVCS Participants must join the new ISO 20022 HVCS Closed User Group (CUG) and operate in both CUGs (MT and MX) during the Coexistence period.
- All HVCS Participants must be ready to receive MX payments [pacs.xxx] in the new CUG from November 2022, whilst continuing to receive MT messages in the old CUG.
- Intermediaries must on send into the HVCS, using the new CUG, in MX format any inbound cross border MX payments from November 2022. For everyone else, sending of MX can be phased in between November 2022 and November 2024, and Participants can send both MT and MX during that time using both CUGs if they wish.

We have also recently introduced the concept of a managed Coexistence for Exceptions and Investigations (E&I) messages. This removes the requirement for Participants to be able to send or receive E&I messages [camt.xxx] on Day 1 of Coexistence. Instead, AusPayNet will manage a central E&I MX Readiness Register, capturing those Participants who are ready to both send and receive all E&I messages. Participants must only send ISO 20022 E&I messages to those Participants who are ready to receive E&I messages. Conversely, this means that Participants who have not yet signalled their E&I MX Readiness should only receive MT E&I messages from other HVCS Participants.

## Testing

We are working through the final feedback and approval process for our Industry Test Strategy and Transition to Live Plan and aim to have something ready for Participants early in September 2021, to coincide with the full mobilisation of our Industry Testing Working Group and workstream.

Our working assumption is that we will require Participants to test whatever functionality (receive / send etc.) that is slated for use from the beginning of Coexistence, during our coordinated industry testing phase. Our strategy will accommodate later round(s) of testing for those planning implementing send capability later in 2023 or 2024.

## Structured Data

We have formalised our approach regarding structured data. There is no like-for-like step in our migration approach. We are implementing enhanced content capability from the beginning of Coexistence, so from November 2022 it will be possible for participants to send and receive messages containing structured data (the MUGS allow for the use of either structured or unstructured name and address and remittance information). There will be no near-term mandate to use structured remittance or structured name and address. During Coexistence, Participants will be encouraged to take up the use of structured data and the use of structured remittance and name and address will become mandatory from the time of cessation of support for MT (November 2024 for domestic, November 2025 for cross border). The rationale for the mandate is that use of structured data is key to unlocking the full range of benefits of ISO 20022 adoption.

## MyStandards and Readiness Portal

Our Participants are now familiar with MyStandards as the platform used to publish and maintain our MUGs. What users may not know, however, is the existence of a 'compare' function, allowing you to compare two variants of the same message, for example, the HVCS and CBPR+ variants of the pacs.008 message. This functionality enables users to complete their own gap analysis between appropriate variants whenever needed.

We will also make available Readiness Portal (a related product) in Q3 of 2021, which can be used by Participants and their vendors to validate test messages against the new HVCS message specifications.

## Key Deliverables

### Message Usage Guidelines

The following Message Usage Guidelines (MUGs) are published and can be accessed by HVCS Participants and their vendors through the [HVCS Community](#) on MyStandards.

- head.001 Business Application Header (BAH)
- pacs.008 FI to FI Customer Credit Transfer
- pacs.009\_CORE FI Credit Transfer CORE
- pacs.009\_COV FI Credit Transfer COV
- pacs.004 Payment Return
- camt.056 FI to FI Payment Cancellation Request
- camt.029 Resolution of Investigation

We have also continued our work with SWIFT to develop the optional Customer-to-FI/FI-to-Customer message set (including payment initiation, status and statement messages), due to be released later this year, and will soon publish the HVCS Y-Copy message set on MyStandards

### Back Office Requirements & Support (BORS) Document

The purpose of the Back Office Requirements & Support document is to provide comprehensive, practical business interpretations of technical design and requirements documentation to support the business implementation and ongoing use of ISO 20022 for the High Value Clearing System (HVCS). The document takes into account the interaction between HVCS, the Reserve Bank Information and Transfer System (RITS), operations, procedures and a Participant's Back Office.

The target audience for this document will be HVCS Participants and their vendors, specifically, their operations, back office staff and project teams that are responsible for the implementation and ongoing use of ISO 20022 for HVCS.



If you are a vendor working within the industry, please reach out to us directly at [iso20022@auspaynet.com.au](mailto:iso20022@auspaynet.com.au) if you would like access to either the MUGs or the BORS document.

# WORKSTREAM UPDATES

The Industry Migration Program is managed through five workstreams and their associated HVCS Participant working groups..

## **Design and Requirements/Working Group (DRWG):**

Formed in Q3 2020, the primary focus of the DRWG was to develop the technical specifications [a.k.a. the message usage guidelines, or MUGs] for the HVCS ISO 20022 message set, and, more recently, the optional ISO 20022 Customer-to-FI/FI-to-Customer [CFI] message set.

This group finalised the HVCS ISO 20022 message set in March 2021 and handed over the maintenance of this message set to the Change Control Board shortly after. We also expect the CFI message set to be finalised in September 2021.

## **Back Office Requirements and Support/Working Group (BOWG):**

The BOWG was also formed in Q3 2020 and was tasked with establishing a set of recommended back office practices to ensure consistent behaviour across the industry during Coexistence and beyond, along with defining the minimum scope that HVCS Participants will need to adopt at various stages of the industry migration.

The group has articulated and documented the operational and back office impacts of the agreed technical requirements in the Back Office Requirements and Support [BORS] document. Content for the BORS document has been developed in stages, with Version 1 and 2 being released in Q2 2021, and Version 3 due to be published in November 2021.

## **Project Delivery/Working Group (PDWG):**

Bringing together the Project Leads from each of the HVCS Participants, the PDWG provides a forum to discuss progress, updates, challenges and successes, allowing the AusPayNet Program Management Office [PMO] to identify areas requiring further support or information.

## **Industry Testing/Working Group (ITWG):**

The ITWG was established in Q2 2021 to start early planning for the Industry Test Phase, due to commence in April 2022. The current focus of this group is the development of the Industry Test Strategy and the Transition to Live Plan, both of which we expect to be published in September 2021.

From there, the ITWG will shift its attention to developing the next layer of detail, including the Test Plan and Test Cases.

## **Governance and Legal/Working Group (GLWG):**

Although the GLWG has not yet been established, activities in this workstream have started. Work will be concentrated on updating the AusPayNet HVCS Regulations and Procedures to accommodate the move to ISO 20022. In particular, the HVCS Procedures will eventually provide the governance framework for the operation of the new HVCS ISO 20022 Closed User Group [CUG]. It will be created by adopting and updating the relevant sections of the current Procedures and combining them with additional content drawn from the BORS document. The current Procedures, with anticipated minimal amendment, will remain in place to apply to the continued processing of MT messages until the end of Coexistence.



## MESSAGE VALIDATION

As the service administrator for the new CUG that will support ISO 20022 HVCS messages, AusPayNet will commission SWIFT to implement the desired level of network message validation. SWIFT can validate payload content exchanged between service participants: SWIFT verifies whether the message conforms to the set of rules chosen by us and delivers the message towards the receiver.

We had the option to either base message validation or usage guideline validation. The base message validation consists of the set of syntactic, semantic, and algorithmic rules defined by the message type's base message validation rules specification. On the other hand, the usage guideline validation complements base message validation with additional syntactic and/or semantic restrictions, which would be defined by the HVCS ISO 20022 MUGs. Any messages that fail validation are not delivered.

SWIFT constructs and maintains the official ISO 20022 base message validation rules. Usage guideline validation must be planned in advance as part of a project with SWIFT.

### **Our Position**

We have carefully considered a range of technical factors and, in consultation with the industry, we have elected to implement base message validation only for all message types to be used within the ISO 20022 CUG. Base message validation will still verify message structure and syntax.

## UPCOMING CHANGES

During several group and individual conversations with Participants, we have heard concerns that the divergence between the HVCS and CBPR+ E&I message sets will lead to significant and undesirable operation and technical complexities. Further to this, Participants have noted the large effort and cost required to implement the non-CBPR+ message types [the camt.030 and camt.035], considering their expected relatively small volumes.

These concerns prompted a review of the use of camt.030 and camt.035 messages at a recent BOWG meeting. At this meeting, Members considered impacts and possible workarounds for alternative usage scenarios if both of these messages were descoped or made optional to align with CBPR+ usage.

The outcome of the discussion was unanimous –the removal of the camt.030 and camt.035 messages from the HVCS message set. To accommodate this, industry Participants have agreed:

- To compliment the use of camt.029 and camt.056 messages in E&I message flows with MT199 messages, in alignment with CBPR+; and
- That we will develop market practice guidance to support this change, and in particular, the communication of required Case IDs in E&I message flows.

Once these changes receive formal approval, we will provide updated market practice in Version 3 of the BORS document, due to be published in November 2021.



## FREQUENTLY ASKED QUESTIONS

### Do you have a defined Support and Change Request process, and can vendors submit change requests?

The Support and Change Request process has been developed to ensure any requests for support or changes in relation to the MUGs and BORS document are treated with consistency and rigor, are carefully reviewed, tracked and approved / actioned or rejected.

The purpose of the Change Control Board (CCB) is to coordinate, oversee and facilitate the execution of that process.

Changes to the MUGs and BORS document will be deemed to be major or minor. The CCB has the responsibility to approve minor changes and endorse major changes for Steering Committee consideration.

Support and Change Requests can be submitted using [this online form](#). Please contact us if you are having trouble accessing or using the TypeForm.

### How do you define 'major' and 'minor' changes?

Minor changes:

- MUGs: Descriptive changes only that do not impact market practice.
- BORS document: Additional clarification to existing content / topics that is consistent with existing content. New information with no mandatory behavioural impact

Major changes:

- MUGs: Descriptive changes that impact market practice. Changes to format, structure or requirements
- BORS document: Changes to existing content, or new information that has mandatory behavioural impact

## HANDY LINKS & RESOURCES

There are plenty of resources available for vendors, including:

- General information on [HVCS \(here too\)](#), including AusPayNet's [regulations](#) and [procedures](#);
- General information about [RITS](#) and its [framework and processes](#);
- Link to the RBA [consultation](#) [there's [two!](#)] and their [conclusions paper](#) – the original consultations that kicked off the Program in Australia and appointed AusPayNet as the central coordination authority; and
- General information about the [ISO 20022 standards](#), including [external code lists](#).



## Acronyms

|                |  |
|----------------|--|
| <b>AIF</b>     | RITS Automated Information Facility                    |
| <b>AML/CTF</b> | Anti-Money Laundering/Counter-Terrorism Funding        |
| <b>APC</b>     | Australian Payments Council                            |
| <b>ARWG</b>    | AUSTRAC Reporting Working Group                        |
| <b>ASX</b>     | Australian Stock Exchange                              |
| <b>BAH</b>     | Business Application Header                            |
| <b>BIC</b>     | Business Identification Code                           |
| <b>BOWG</b>    | Back Office (Requirements & Support) Working Group     |
| <b>BORS</b>    | Back Office Requirements & Support Document            |
| <b>CBPR+</b>   | Cross-Border Payment Reporting Plus                    |
| <b>CFI</b>     | Customer-to-FI / FI-to-Customer message set            |
| <b>CGI-MP</b>  | Common Global Implementation Market Practice           |
| <b>CUG</b>     | Closed User Group                                      |
| <b>DRWG</b>    | Design & Requirements Working Group                    |
| <b>E&amp;I</b> | Exceptions & Investigations                            |
| <b>FI</b>      | Financial Institution                                  |
| <b>GLWG</b>    | Governance & Legal Working Group                       |
| <b>GPI</b>     | SWIFT's Global Payment Initiative tracker              |
| <b>HVCS</b>    | High Value Clearing System                             |
| <b>HVPS+</b>   | High Value Payment Systems Plus                        |
| <b>IFTI</b>    | International Funds Transfer Instruction               |
| <b>IMSC</b>    | ISO 20022 Industry Migration Steering Committee        |
| <b>ITWG</b>    | Industry Testing Working Group                         |
| <b>LEI</b>     | Legal Entity Identifier                                |
| <b>MC4</b>     | Management Committee 4 (the HVCS Management Committee) |
| <b>MUG</b>     | Message Usage Guideline                                |
| <b>PDWG</b>    | Project Delivery Working Group                         |
| <b>PEXA</b>    | Property Exchange Australia                            |
| <b>PMPG</b>    | Payment Market Practice Group                          |
| <b>PMO</b>     | Program Management Office                              |
| <b>QA</b>      | Quality Assurance                                      |
| <b>RBA</b>     | Reserve Bank of Australia                              |
| <b>RFT</b>     | Request For Tender                                     |
| <b>RITS</b>    | Reserve Bank Information and Transfer System           |
| <b>SR2020</b>  | ISO 20022 Standards Release 2020                       |
| <b>TOR</b>     | Terms of Reference                                     |
| <b>XML</b>     | Extensible Markup Language                             |



## WHAT'S NEXT?

Later this month, we will be hosting a vendor information session. Join us on Wednesday, 25 August 2021 at 10am for a walkthrough and Q&A of the Message Usage Guidelines and the BORS Document, and discussion on how we may provide further support or information to vendors.

Registration is open to all vendors working with the HVCS community and organisations are welcome to register multiple attendees. Click [here](#) to register now.

Looking forward, we will finalise our work on the Industry Test Strategy and Transition to Live Plan, define how Coexistence will work in practise, and continue work on the Exceptions & Investigations use case scenarios. We will provide further information on these topics and more in the next Migration Monitor.

In the meantime, if you have any questions, or would like any further information, please feel free to contact the PMO via email to [iso20022@auspaynet.com.au](mailto:iso20022@auspaynet.com.au).

The PMO welcomes all feedback from Participants and Program Stakeholders to support our commitment to continuous improvement. We are particularly interested in what is working well, and what else you would like to see from the Program. Please use [this form](#) to submit your feedback.