



## RTGS Renewal Transition Working Group - Minutes

Monday 23 April 2018

<b>Attendees</b>	Bank of England	Lloyds
	BACS	Northern Trust
	Barclays	NPSO
	CLS	Payments UK
	Clydesdale Bank	PSR
	Euroclear	RBS
	FPS	Santander
	HSBC	Standard Chartered
	JP Morgan	SWIFT

### Welcome

The Chair welcomed members to the Transition Working Group (TWG). Members were invited to raise questions throughout the session and to provide input on future engagement.

### Update on the programme

- The Chair advised that Victoria Cleland, currently Chief Cashier, would assume the role of Executive Director, Banking, Payments and Financial Resilience from June 2018 and as such would become the RTGS Renewal Programme sponsor.
- The Bank gave an update to members on the RTGS Renewal Programme. The Bank confirmed it had decided that the core settlement engine of the new RTGS system would be bespoke built rather than purchased 'off the shelf' – a significant number of choices remain on the selection of other architectural components and the role that 3<sup>rd</sup> parties will take in the delivery of the solution. There are a number of drivers behind this decision, including control over the future direction of the service, likely fit with requirements and resilience.

### Item 1: Transition questionnaire results

- The Bank set out high level findings from the transition questionnaire and asked members for views.

### Discussion

- ISO 20022 migration
  - ISO 20022 transition questionnaire results showed members were split equally in their preference for either a single step migration or a two-step migration. The split was across all types firms, not a particular subset.
  - Members queried whether the views received were weighted based on organisation size. The Bank advised that responses had not been weighted and that it is committed to gathering a wide range of views and preferences. The questionnaire results are one of many inputs in to transition planning. Based on these inputs the Bank would determine the optimal transition approach considering a number of factors such as safe delivery and value for money.
- Release preferences



- Respondents expressed a preference to migrate to the new RTGS service at different times, rather than all at once. Consideration would be given to the viability of this during the design of the transition approach.
- Operating hours
  - Members highlighted that if the Bank were to change the current RTGS operating hours, this would require significant notice. The Bank outlined that there had not been significant demand for change and advised that the intention is to go live with the current operating hours (12 hours a day, 5 days a week). If there was demand for extending operating hours, this would be considered alongside a wider assessment of the impact of this change.
- Wider industry change
  - The benefits of RTGS timelines aligning with those of the New Payments Architecture (NPA) was discussed by members. In particular, there would be architectural and security benefits. The Bank confirmed it was working closely with the New Payment System Operator (NPSO).
- Members split into groups to give more detailed feedback on the transition questionnaire.

## Item 2: Message network agnostic design (MNAD)

- As stated in the Blueprint, the Bank's intention is that the renewed RTGS would from the outset continue to use SWIFT as the provider of message services. Importantly, the renewed service would also be designed to be 'message network agnostic' ie capable of sending and receiving payment messages from multiple sources and interfacing with multiple messaging networks.
- To deliver this, the Bank's baseline programme scope position is that all existing CHAPS participants would migrate to a V-shaped message topology along with additional security infrastructure to ensure end-to-end message security. Whilst this is the programme's baseline scope position, further work would be undertaken to evaluate the implications for wider sterling payments and the impact on Bank and participant costs.

### Discussion:

- Members queried how the Bank planned to engage and gather input from industry on this topic. The Bank advised that a set of bilateral conversations were underway and that proposals were discussed at the April External Advisory Body. The Bank is also working with the NPA to determine what collaboration would be beneficial in this space.

## Item 3: ISO2022

- The Bank shared the latest thinking on the transition plan for migrating to ISO 2022. The Bank set out the underlying assumptions and asked members to comment on the approach.

### Discussion;

- Members advised that further clarity on timelines would be beneficial for the consultation. In particular on:
  - When enhancements would become mandatory for direct participants;
  - The point at which translator services would no longer be allowed; and
  - When the additional security required for a message network agnostic design would be implemented.The Bank confirmed that the consultation would set out an indicative timeline, with further detail to be provided after the next round of transition planning in the summer.
- The Bank advised that Wire Transfer Regulations had been considered and that the ISO 2022 Data Working Group had determined that there was no need to bring certain enhancements forward.



- The ISO 20022 consultation would be published in June 2018 and would be the principal mechanism for collecting wider feedback on transition plans for the new messaging standard. Members were encouraged to consider the wide range of stakeholders within their organisations that should input into their organisation’s response.

#### Item 4: Actions and Next Steps

- General discussion
  - Members reiterated that having early visibility of transition timelines, particularly in relation to ISO 20022, is important for planning required changes.
  - Members commented that the Bank should engage with vendors as well as participants.
  - It was suggested that the Bank consider extending engagement on technical matters to include a wider range of technical experts from member organisations.
- Next steps
  - In May, the Bank would send out a forward agenda containing information about future TWGs. **Action: send forward agenda to TWG members containing information about future TWGs.**

Action Ref	Date of TWG	Action agreed	Action Owner	Date due	Status	Update
1	23/4/18	Forward agenda to be sent to TWG members containing information about future engagement	Programme Team	May 18	Open	

#### Item 5: AOB

- After the meeting, Euroclear UK & Ireland expressed interest in joining the Bank & NPSO discussion on messaging networks and PKI, as this could extend the benefits even further. The Bank has agreed to include EUI in the discussion