Transition Working Group

18 July 2018

Attendees:

Bank of America	CLS	JP Morgan	RBS
Bank of China	Clydesdale Bank	LCH	Santander
Barclays	Deutsche Bank	Lloyds	Standard Chartered
BNP Paribas	EUI	NPSO	Bank of England
BNY Mellon	HSBC	PSR	

Overview

The Chair (Bank of England) welcomed Transition Working Group (TWG) members and advised that the purpose of the meeting was to seek feedback on the emerging RTGS Renewal transition approach.

The Chair outlined that industry views gathered through the transition questionnaire, TWG and through bi-lateral discussions had been a key input in to the development of the draft approach. The Chair advised that the draft approach was being shared now to gain further industry views and input before decision making bodies at the Bank review it. The approach should not be considered final and will be refined during the remainder of the Plan-Analyse-Design (P-A-D) phase and beyond as thinking develops and further information is provided from industry.

Background

The transition approach sets out how the Bank wishes to sequence the change. It will inform planning for the remainder of the Programme. The Chair stepped through the approach, inviting questions and comments. In the latter half of the session a number of group breakouts were held to allow participants to discuss key elements of the approach in further detail.

Summary of general discussion

Overall Members agreed with the draft approach and welcomed early sight of the Bank's thinking. Below is a summary of key discussion points:

Transition state inputs and principles

- Members queried whether the cutover of the core ledger will be "big bang"?
  Based on transition principles and the Settlement Finality Directive, the Bank proposes to perform a "big bang" cutover to the new core ledger. Where possible the Bank will seek to perform phased migration of other changes.

- Will introducing components required to send and receive ISO20022 compliant messages, prior to replacing the current RTGS core platform, result in short-term, temporary changes for participants?
  Development of components that will be short-term or non-enduring will be required, but will be kept to a minimum. The Bank will endeavour to utilise the integration layer where possible to support change.

Indicative Programme timelines

- When will participants receive updated timelines, particularly for key milestones such as participant testing and go-live?

  Industry feedback on the transition approach and responses to the Bank's consultation on ISO 20022 are a key input to planning the end-to-end Programme timeline. Updated timelines will be shared with industry towards the end of this year.

Transition state outcomes

- Members asked for further clarification around the use of translators for implementation of ISO 20022.
  The Bank advised that participants will have the option of using third-party translators to provide system flexibility. The migration from MT to MX will begin with the use of translators but will reach a point where translators will be switched off.

- There was some discussion around Message Network Agnostic Design (MNAD), the Bank advised that:
  As stated in the Blueprint, the Bank's intention is that the renewed RTGS will from the outset continue to use SWIFT as the provider of message services. Importantly, the Bank currently plans for the renewed service to be 'message network agnostic' i.e. 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 will 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 is being undertaken to evaluate the implications for wider sterling payments and the impact on Bank and participant costs.

Participant impact and changes

- Members noted the importance of considering a scenario whereby only one participant has issues with a release, in this instance members voiced a preference that not all participants should roll back. This is particularly applicable to network transition from the SWIFTnet FIN to SWIFT Interact.
  The Bank advised that scenarios, and appropriate action, will be documented as part of the readiness approach. Due to the associated risks, there is no intention of operating FIN and Interact in parallel.

Architecture overview

- Will MIRS continue as a third-site settlement platform to provide a contingency option?
  MIRS will provide contingency throughout as a third-site settlement platform, but will be adapted to support the renewed RTGS service.

Summary of breakout discussion

There were a number of key themes raised in the breakout sessions:

- The need for commitment from leaders of member organisations to key transition dates so firms are ready for the planned changes.
- The need for early visibility of detailed timelines and for close alignment with NPSO timelines as far as practicable.
- The UK's implementation on ISO 20022 to align with other global implementations.