



RTGS Renewal Programme – External Advisory Body

Tuesday 9 April 2019

Attendees: **Bank of England**
Atom Bank
Bank of New York Mellon
Barclays
Citi
EUI
Lloyds Banking Group
Pay.UK
Paysafe
Worldpay

Chair of CHAPS Strategic Advisory Forum & Independent Challenge

Apologies: **PSR**

Welcome and introductions

1. The Chair welcomed EAB members to the meeting.
2. The Chair introduced the Bank's new Programme Transition Lead.
3. The Chair noted that the EUI representative would be retiring in the summer and a replacement member would be considered. Apologies had been received from the PSR.
4. The Chair asked if there was any potential conflict of interest. No members declared any conflict of interest.
5. The record of the previous meeting had been agreed and published on the Bank's website.

Item 1: Review of actions from previous meetings

6. There were no open actions to be discussed.

Item 2: RTGS Renewal Programme Update

7. An update on the Programme was provided. The Programme was in the 'Design, Enable and Procure' phase and was on track against the published plan. An update was provided on the two core elements of this phase: Procurement and Transition State One / Enablers.
8. **Procurement:** the first stage of the procurement process to contract with a Technology Delivery Partner started in February 2019 when the Bank published an Official Journal of the European Union (OJEU) notice for expressions of interest. Bids have now been received and are under assessment. The Bank is satisfied with the number of bids received. The next formal stage of the procurement process is 'Invitation to Participate', scheduled for June, at which point the Bank will provide descriptions of the new RTGS service to shortlisted bidders. The successful bidder is expected to be appointed by May 2020.
9. As part of developing requirements to share with bidders, the Bank recently held workshops on APIs and Synchronisation. Both workshops were attended by a diverse range of firms and provided valuable input



to inform the Bank's approach – a full summary of the workshops will be published on the Bank's website in the summer. There was a discussion about the importance of balancing the 'openness' of APIs with security risk. The Bank agreed, stating that security considerations were paramount in our approach, and clarified that it was considering APIs between the Bank and Direct Participants, rather than bilaterally between Direct Participants. It was suggested that the Bank engage with Open Banking to further understand their approach.

10. **Transition State One / Enablers:** will initiate projects which enable early delivery of benefits for either the Bank or Direct Participants or deliver foundational change to facilitate later delivery stages. With the exception of in-flight change (the timelines for which are being communicated via normal BAU channels), the Bank is not expecting this phase to result in any technical change for Direct Participants. There may be some limited process change and the Bank is committed to providing sufficient notice for this.

Item 3: Pay.UK update

11. Pay.UK provided an update on the New Payments Architecture (NPA) Programme. The first stage of the procurement process was complete with bidders shortlisted. The next stage of procurement 'Request for Information' was due to start at the end of April. Transition options for both FPS and Bacs migrations were in development.
12. It was noted that both the RTGS Renewal and NPA Programmes will impact many of the same stakeholders. Both the Bank and Pay.UK noted the value and importance of ongoing collaboration between teams.

Item 4: Approach to monitoring and assuring participant readiness

13. In September 2018, the Bank sought EAB's views on the approach to transitioning to the new RTGS service. The Bank was now seeking more detailed input from EAB, specifically on the level of assurance and monitoring the Bank should complete on readiness of external parties. The Bank noted that as CHAPS PSO, it has an obligation to ensure the readiness process for Direct Participants is fit for purpose and does not introduce risk into the CHAPS system.
14. There was a wide ranging discussion on this topic, key points made by EAB included:
 - Some delivery events will require all CHAPS Direct Participants, and a wider range of firms, to be "ready" at the same time. If a problem arose during a delivery event, this has the potential to impact the financial system. Given this, there was a strong view that the Bank should take an active approach to assessing readiness and that this would be helpful and welcomed. This was particularly driven by: recent experiences of ICS migration; the breadth of firms that are now CHAPS Direct Participants and that it would help firms get the right traction and oversight of the Programme within their own organisations.
 - Accountability for readiness rests firmly with Direct Participants and their customers. While the Bank must have appropriate oversight, it should not be (either in reality or perception) accountable for readiness of external parties. However, there is a need for collective responsibility and co-ordination and the Bank has a role in incentivising firms to deliver the change safely.
 - A clear readiness and reporting framework should be developed – for example the current framework for on-boarding to CHAPS is robust and drives a consistent approach. While a structured approach is needed, there must be the opportunity to apply judgement.



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- The approach taken should be proportionate to the risks faced which will vary across different delivery events. For example for some delivery events, the Bank should consider the systemic importance of firms where a lower risk tolerance might be applied.
 - Transparency would be vital – both from the Bank and participants. The Bank needs to create a culture of early escalation of issues and there must be an obligation for firms to escalate.
 - Existence of the Senior Managers Regime should be used to drive ownership and accountability. It would be important to agree and work with those individuals with SMR responsibility.
 - Industry-wide governance was an important consideration – both Bank and industry-wide governance would need to be agile.
 - There must be a clear view on whether change introduced through the Programme is optional or mandatory for firms to adopt.
 - Clear, agreed go-live criteria would be important as would sight of the Bank's detailed transition playbook which would then drive participants' own planning.
 - Understanding the level of testing and assurance delivered by the Bank's Technology Delivery Partner would be an important consideration for firms when developing their own approach.
 - The Bank should work closely with supervisors - both to drive the importance of effectively managing the change across organisations and minimising duplicative assurance / information requests.
 - Assurance for a migration event must be proportionate to the risk and represent value for money.
15. Following input from EAB, next steps would be to take the approach through the Bank's governance. The agreed approach would be factored into detailed transition and readiness planning and firms would have early sight of actions required.

Item 5: ISO 20022

16. An update on ISO 20022 was provided. Publication of the CHAPS technical specifications and 'like for like' market guidance remained on track to be published by the end of 2019.
17. The Standards Advisory Panel (SAP) had its first meeting. The Chair of SAP noted it was a diverse and engaged group which would have a positive impact and drive wider external engagement. The first meeting had agreed the scope, purpose and forward agenda for SAP, it will meet again at the end of April.
18. In April, the Bank ran an ISO 20022 schema workshop to validate draft schemas with representatives from Direct Participants. This provided valuable input and further workshops will be held in the summer.
19. The Bank noted an upcoming meeting with a range of peer central banks to review draft schemas in more detail – this reflected the Bank's ongoing focus on harmonising messaging standards as far as practicable.

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20. The Bank informed members the next EAB will include an initial discussion on RTGS tariff recovery principles. Members were asked to notify the Bank if there are further items they would like to include in the agenda and to confirm attendance at the meeting.