



ISO 2022 consultation: questions and clarifications

Last updated: 07 August 2018

Date submitted	Clarification request	Question no. (if applicable)	Bank of England response
07/06/2018	Query on the precise wording of question 11 and the purpose of the question.	11	<p>Correction: The question should read “<i>Will the costs of implementing the CCM be <u>shared</u> across wider work required to implement ISO 2022 functionality</i>”.</p> <p>The purpose of the question is to understand whether, for your organisation, there are additional business cases for the investment decision to move to ISO 2022. For example;</p> <ul style="list-style-type: none"> • Have changes already been made for SEPA? • Were plans already in place to adopt ISO 2022 due to migrations in other RTGS systems? • Are changes expected for SWIFT migrating cross-border payments to ISO 2022?
19/06/2018	<p>a) Would we need to suppress the use of extended remittance data for domestic payments between two UK account holders?</p> <p>b) Would we also have to allow outward payments with extended remittance information to non-UK beneficiaries?</p> <p>c) The assumption is that we would have to support extended remittance information on the inbound flow.</p>	27	<p>a) Yes, the proposal would mean that a reduced/ suppressed remittance length would be used in the CCM relative to implementations in other MIs</p> <p>b) Potentially this would be dependent on the requirements set overseas.</p> <p>c) Yes, that is correct, and we have proposed use of the <i>remt</i> message in these circumstances.</p>
19/06/2018	<p>a) A single cut over weekend – what does that look like?</p> <p>b) Our assumption would be moving to V-Copy first, followed by a phased implementation, is that correct??</p>	37	<p>a) A single cutover weekend assumes that on Friday all CHAPS direct participants are sending and receiving MT format payments via the SWIFT FIN network and Monday morning all CHAPS direct participants are sending and receiving ISO20022 messages using the SWIFT InterAct Network.</p> <p>b) Our current plan is that ISO 2022 be introduced before the move to an enhanced-V network. Early industry engagement has indicated demand for ISO 2022 to be delivered as one of the first parts of the project; the strategy we have proposed delivers this. The ISO20022 format also supports the additional signatures required for the enhanced-V more easily than the MT format message. This assumption is subject to change based on feedback from the consultation.</p>



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19/06/2018	Has there been mapping of existing legacy CHAPS, Bacs and Faster Payments Messages into the CCM?		Existing Bacs, FPS and CHAPS messages have been mapped into the messages. These were shared at our Interoperability Working Group and can be shared upon request.
19/06/2018	Has the CCM been formally approved or can changes still be made? If no, what will the governance be for approving the CCM?		<p>No. The purpose of the consultation is to seek feedback on the CCM before it is approved.</p> <p>The Bank and NPSO are looking to deliver a shared message as this would bring significant interoperability and efficiency improvements. This approach received universal support from the Bank's ISO 20022 working groups. If firms see drawbacks to this approach then we are keen to understand these views through your consultation response.</p> <p>Feedback from the consultation will be assessed and feed in to decision making. The final decision on the CCM for CHAPS will be made by the Bank and for Bacs and FPS/NPA by the NPSO.</p>
19/06/2018	<p>On page 44 statement 38, Can the Bank confirm that this statement is seeking to only introduce the transmission of Non Latin character set data in selected fields if all counterparties in the payment chain have a bilateral agreement in place?</p> <p>If so should the word "except" be added to the statement "The Bank recognises that non-Latin alphabets could pose significant challenges to payments providers if implemented; and hence the CHAPS scheme rules will only permit the Latin alphabet except where there is bilateral agreement between counterparties."</p>		<p>Correction: The clarification containing the word 'except' is correct.</p> <p>The proposal is to start with Latin alphabets only, and to consult industry on non-Latin alphabets at later date. At this stage the Bank recommends that central payment engines are capable of transmitting both Latin and non-Latin characters.</p>



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20/06/2018	<ul style="list-style-type: none"> a) Will the LEI replace BICs? If yes, please advise on the advantages, as the BIC11 can be used as a party identifier also. b) If LEI is an additional identifier along with BIC, please advise why there needs to be both of these identifiers? c) LEIs would be advantageous if they became the single identifier globally. Are there plans to evolve it globally? d) The ISO 20022 Data Working Group minutes suggested that the LEI repository needs to be cleaned up; can you please advise if RTGS will be working with FSB? What are the timelines? 	17-21	<ul style="list-style-type: none"> a) For the foreseeable future, it is proposed that BICs remain the sole identifier for routing purposes in CHAPS. LEIs are not yet mature enough to be used for routing. The Bank believes that in the longer term LEIs have the potential to replace BICs for routing purposes, but we have not proposed this in this consultation. This would depend on global uptake and usage in payment systems. b) BICs identify PSPs whereas LEIs have a much broader scope, for example, corporates and SMEs. The Bank has proposed that LEIs should be mandatory in pacs.009 messages (and for FI: FI transactions in pacs.008) as a catalyst to drive proliferation of LEIs across the payments landscape, as well as for the benefits this will deliver to financial institutions. To this end, it is the Banks view that the inclusion of LEIs in pacs.009 messages would be a logical starting point as PSPs, as owing to regulations (e.g. MiFID II) many already have LEIs in place. c) The Bank agrees that the benefits of LEIs increase exponentially as global adoption increases. The Bank is working closely with GLEIF to consider how further adoption can be driven. LEIs have already evolved since their inception, for instance through the inclusion of Level II group structure data, and it is fully expected that the process of enriching LEI data will continue. d) In the ISO 20022 Data Working Group, the Bank heard some concerns about the quality of LEI data. Following further bilateral engagement, the Bank found that these concerns involved the quality of LEI data in the immediate period following the introduction of LEIs. The Bank has been reassured by advances in the global quality of LEI data since the introduction of LEIs, but we will continue to monitor this moving forward. For more information, please see GLEIF's data quality reports, accessible at: https://www.gleif.org/en/lei-data/gleif-data-quality-management/about-the-data-quality-reports. Additionally the Bank has relayed these concerns to GLEIF. <p>Please note: GLEIF is the foundation responsible for the operation of the global LEI system. The Bank has worked closely with the Regulatory Oversight Committee of GLEIF.</p>



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19/06/2018	Is the Bank aware that there is a high possibility that the SWIFT Standards Release in 2020 to add additional structure to certain Name and Address fields is likely to be postponed with potentially no clear understanding how structured addressing will be introduced on the SWIFT network? This may delay any migration for UK banks that have SWIFT agency/indirect participants as it could lead to incorrectly structure name and address details in the ISO20022 message. Would the Bank be seeking to influence SWIFT to mandate the structure of these fields or will the Bank mandate indirect participants to send structured data in the MT messages?		The Bank is aware that this is being discussed by SWIFT. The Bank's view is that removing the unstructured fields in the 2020 MT Standards Release is helpful and will help facilitate the migration to ISO 20022. Any changes to the 2020 Standards Release will be factored in to our ISO 20022 transition plans.
26/06/18	What responses are you looking from organisations that are not in the financial sector?		<p>The Bank are looking for responses in 4 areas:</p> <ol style="list-style-type: none"> 1. Views on whether aligning messaging domestically and internationally would be beneficial for your organisation. 2. Views on message design and whether it meets your needs. 3. Whether you recognise the benefits we describe in the consultation, what specific elements of our proposals you think would deliver these and how can we make sure these benefits are realised. 4. Scale of impact/cost for your organisation, recognising that this is in some ways dependent on how your bank implements change.
26/06/18	Can the current message specifications/sample messages be published, including those for CHAPS, BACS and FPS?		The Bank agrees that this would be useful and is discussing with the NPSO. Once agreed the specifications will be published on the Bank's website.



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26/06/18	What is the current work that has been done with respect to HVPS+?		<p>The CCM uses guidance for international implementations of ISO 20022 provided by HVPS+¹. In practice, this means agreeing which fields will be used to transmit specific pieces of information. It is important to note that there is no expectation that every implementation will use all available fields. The resulting HVPS+ guidelines will be adopted by many major global high-value payment systems, such as Fedwire (US Dollar) and Target 2 (Euro), and it is also being proposed by SWIFT as the basis for cross border transactions across its network.</p>
26/6/18	How do we get access to the published message design?		<p>The Bank has published a draft schema for the full pacs.008 CCM (this is the equivalent of the MT103 message in CHAPS today) for review and comment. This can be accessed via the following links:</p> <ul style="list-style-type: none"> • Standards Source - This is a standards repository operated by the NPSO. Users can register for a free account here: https://npsostandardslibrary.org/. • MyStandards - This is a global repository for standards operated by SWIFT. Users must first register for a free account with SWIFT, and then request to join the Bank of England's community. MyStandards can be found on the SWIFT website. <p>Please email ISO20022@bankofengland.co.uk with any comments on the draft schema. Comments may be provided (on the schema only) until the end of August 2018.</p>
26/06/18	What is the current work done by BoE/NPSO with respect to RTPG?		<p>The NPSO is an active member of the RTPG (Real Time Payments Group) and the RTPG has been made aware and periodically consulted on the work that is being done by the Bank and NPSO with respect to the CCM. For further information on the RTPG, please refer to: https://www.iso20022.org/payments_rtpg.page</p>

¹ HVPS+ is a task force formed by SWIFT, along with major global banks and market infrastructures (including the Bank), to define and refine global implementation standards for high-value payments.



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26/06/18	Who will be responsible for ongoing message maintenance?		This responsibility will be shared across NPSO and the Bank. A governance approach will be agreed.
29/06/18	What specific information are you looking for from technology providers?		<p>The Bank is looking for responses in 5 areas:</p> <ol style="list-style-type: none"> 1. An understanding of readiness (including whether your products are already ISO compatible) and the cost and impact of the changes required. 2. Any additional information that you think would be valuable in the CCM. 3. Identifying specific costs related to CHAPS implementation. 4. Separating costs of UK implementation of ISO20022 from any other global implementations you are involved in. 5. Any further support required from the Bank and NPSO to make the implementation of ISO 20022 successful.
29/06/18	What is the driver for making LEIs mandatory?	18	<p>In the first instance the Bank plans to make it mandatory to provide LEIs for transactions between financial institutions in CHAPS. In the longer term, the Bank would like to expand use of LEIs in payment transactions, but wider uptake of LEIs will be needed before this can be implemented.</p> <p>Given that LEIs are unique for each legal entity, they can help PSPs and users to better identify the exact participants in the payments chain and therefore to manage risks around these payments better (e.g. ensuring that the payments are consistent with the business/purpose of that legal entity, facilitating easier reconciliation to the invoices issued to that legal entity) They will also help the Bank to better understand transactions flowing through CHAPS and manage systemic risk. More generally this could be a catalyst for wider adoption of LEIs across the economy, and adoption of a unique reference number which can be used in many different scenarios, and would be beneficial for the UK.</p>



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29/06/18	The wording of some of questions to Technology Providers sounds as though you are looking for a pitch? Can you clarify if this is the case or not?		The Bank is looking to understand the level of readiness in the technology industry – it is not seeking sales proposals. However if there is a product that you think is relevant to the migration path of direct participants of CHAPS, please include this in your response.
29/06/18	Are you looking to support IBAN, Mobile number etc. besides SCAN for account identification?		The CCM is capable of carrying all of these different pieces of information. It is expected that CHAPS will go-live using the existing routing information – BIC (which can be mapped through the ISCD to sort code and account number). The Bank plans to do further work with the NPSO to think about longer term routing of information and whether there is scope for consolidation. In the meantime, the other fields can be carried, though will be optional to complete.
03/07/18	<p>2.8 Purpose Codes - Use case 1: Authorised Push Payment scams (p28) – We can see how this could enable payments being made to fraudsters' account to be detected but won't this have the unintended consequence of delaying the receipt of legitimate (but exceptional) payments onto customers' accounts, e.g. where a business has sold a premises or received a loan or investment?</p> <p>Does the Bank see Confirmation of Payee as a more effective method of tackling Authorised Push Payments scams?</p>		<p>We are not proposing purpose codes as a direct alternative or replacement to the existing Confirmation of Payee work that is currently underway. But rather it is another tool that can be used alongside the forthcoming Confirmation of Payee tool to enhance detection and mitigation of payment fraud in the future. It will be for individual PSPs to determine how to implement and use this within their fraud detection processes. As with all fraud-detection tools, there is a trade-off between a higher detection rate and a higher number of false positives. It is possible that this tool may be more useful for monitoring trends, as much as individual transactions e.g. detecting areas of concentrated fraud risk, where the PSP may want to implement additional controls.</p> <p>Overall, the Bank sees that purpose codes provide additional information for PSPs to include in customer and payment due diligence. We believe purpose codes and confirmation of payee are complimentary initiatives that can work together.</p>



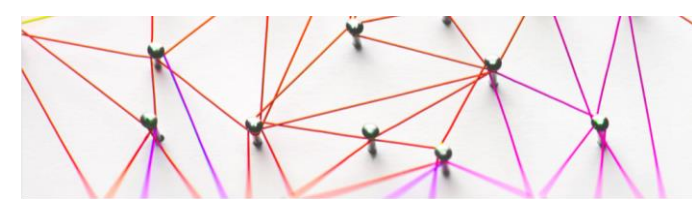
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03/07/18	3.2 clause 16 (page 39) – can the Bank confirm that by “sending party” they mean the payer and not the payer’s PSP or any intermediary?		The Bank will not be validating information. It will be for PSPs to ensure that the information is included in line with wire transfer regulations.
03/07/18	3.2 clause 23 (page 40) – can the Bank confirm that they do not expect the payer’s PSP, the beneficiary’s PSP or any intermediary to check the validity of the content of these fields?		The Bank will not be checking this information. More generally, the Bank expects that these fields will only be applicable in a small number of use cases, and does not expect wide uptake of these fields.
03/07/18	What does the Bank mean by an “end-to-end” implementation of ISO 20022?		This means an implementation of ISO 20022 by all participants in the payment chain. This includes; end-users, intermediary PSPs and direct participants in payment systems.
03/07/18	Does the use of translation tools apply to CHAPS or all payments?		Use of translation tools will be required across all schemes initially, with the need for this then subsiding. The NPSO will confirm transition plans for the retail schemes in due course. For the period where the schemes’ ISO messages do not require more information than at present, it will be possible to use translation tools for these.
03/07/18	Are indirect CHAPS participants required to complete the questionnaire		The consultation is not mandatory. The Bank would value responses from indirect CHAPS Participants, including those who might be direct participants in other schemes, as it is keen to understand the costs and benefits across the whole of the payments industry.
03/07/18	When will ISO 20022 be implemented and is there a global alignment with other RTGS schemes in the world e.g. FEDWIRE ACH etc.		<p>Starting no earlier than 2021, like-for like ISO 20022 messaging will commence in CHAPS, enhanced messaging will be available for participants on an optional basis. At a later date, (at least 12 months later) enhanced messaging will be adopted by all users.</p> <p>HVPS+ (which the Bank participates in) has designed an international harmonisation framework and the CCM is compatible with this. The timing of implementation of the ISO 20022 in the UK is broadly aligned with other RTGS schemes. For example, the ECB plans to move to ISO 20022 in late 2021 and the FED in a phased approach from 2020-2024. It also aligns with the planned SWIFT migration which will start in 2021/22.</p> <p>The Bank will be defining more precise timelines, and as part of this it will take into account other RTGS/HVPS’ schemes own plans for adoption of ISO 20022.</p>



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03/07/18	What is the “responsibility” of Direct Participants to their indirects on ISO 2022 Implementation		The Bank is still assessing how ISO 2022 implementation will be managed for indirect participants. The expectation is that indirect participants will move to ISO 2022 at a later point in time, with the likelihood that there will be some responsibility for Direct Participants of CHAPS to help support this transition.
03/07/18	Are we looking at a Big Bang release or phased approach to implementation?		<p>There will be a combination. The switch from SWIFT FIN to SWIFT InterAct has to be in a single release, which will happen over a weekend.</p> <p>The switch to enhance messaging for participants will then be phased, and will be driven based on when Direct Participants of CHAPS are ready for the switch over.</p> <p>Indirect participants in payment systems should speak to their banks in due course to understand how transition will be supported.</p>
03/07/18	Is the proposed ISO 2022 system still delivered via SWIFT?		<p>Yes. At the point of go-live the Bank will be using SWIFT, though moving from the FIN network to the InterAct network.</p> <p>The Bank has committed to delivery of a message network agnostic design of new RTGS system and it is possible that additional networks may be available after ISO 2022 has gone live.</p>
03/07/18	Is there a plan for an “introduction” to ISO 2022?		The Bank recognises the significant outreach required to achieve industry wide education and readiness. The Bank will develop plans for how best to achieve this.
23/07/18	One of the objectives of the migration to ISO 2022 is international harmonisation as indicated in your document and in the HVPS+ documents. Does this mean that the different RTGS schemes aim to achieve interoperability (understood as being fully compatible at schema level)?	Page 14	Our ambition is to provide schemas which are as compatible as possible – and that where they are carrying the same information, it is carried in a format that is identical. We do however expect that there may be some additional fields at a national level which are specific to the operating models for the national HVPS system.



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23/07/18	<p>Is the ultimate objective of the NPA to merge BACS and FPS? What will be the final schema? Will a working group be created to define this new scheme?</p>	<p>Page 5, point 2</p>	<p>During 2018, the New Payment System Operator (NPSO) consolidated the existing retail Payment System Operators; Bacs, Faster Payments and Cheque and Credit Clearing Company under one roof, becoming the home of payments strategy and innovation for UK retail payments.</p> <p>The vision for the New Payments Architecture (NPA), a key programme of delivery for the NPSO, is to go beyond the current service provision to enable simpler access, ongoing stability and resilience, greater innovation and competition and increased adaptability and better security which will meet the needs of current and future generations of Payment Service Users. The NPA is a new conceptual model for the next phase of world class payments and will consolidate the current services provided by Bacs, Faster Payments and Cheque and Credit Clearing Company, which is responsible for delivery of the UK's new ICS.</p> <p>Broadly, the NPA it is made up of three critical components:</p> <ol style="list-style-type: none"> 1. NPA Core: the foundation which supports the processing, clearing and settlement of ISO20222 payments in real time and will be competitively procured and deployed by NPSO. 2. Service propositions: end to end payment services e.g. single immediate payments. 3. Overlay services: used to support the delivery of service propositions e.g. a redirection service (which can be used by Bacs or Faster Payments) Confirmation of Payee and Request to Pay. <p>The NPSO will ensure that participation is reliant on Standards which enable interoperability, alignment and fairness so that payment providers, businesses and individuals can provide payment solutions, apps and facilities to help people in the UK have more control and more benefits from making payments.</p> <p>The NPSO approaches external engagement in a co-ordinated, efficient and effective way and most importantly, ensures that engagement is done in a way that is right for the stakeholders and does not inadvertently exclude any stakeholder. There is a variety of different engagement taking place across the NPA programme to ensure that we keep our stakeholders informed and that decisions are made in a fair and transparent manner. If you are interested in getting involved or finding out more about the NPSO, please contact enquiries@newpsso.uk.</p>



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23/07/18	Mature Phase. Is there a plan to harmonise the regular changes in the mature phase with other RTGS schemes worldwide?	Mature Phase	Yes – this is the purpose of the HVPS+ work and speaks to the importance of ensuring that there is effective and co-ordinated governance of these messages in future.
23/07/18	Online CHAPS. With the new schema. Is there a plan to enable customers to generate CHAPS online? Will CHAPS be open to PISPs (as defined by PSD2)?		<p>We have committed to provide APIs for direct participants in CHAPS. We are currently defining the scope of these, including whether it would be possible to allow transactions to be initiated in this way. The use cases for initiating payments via an API are still undefined and may or may not be open to PISPs.</p> <p>Ensuring security and resilience of the system will be of utmost consideration in extending access channels.</p> <p>CHAPS is already open to non-bank payment service providers. Please see the Bank's press release for more information.</p>
23/07/18	Is the proposal to ISO for making building name optional but building number still mandatory or will be mandatory having either building name or building number?	Page 17, point 21	Both are expected to be optional fields – but we would expect that at least one would be included in most cases!
23/07/18	Once the use of LEIs is fully extended and is used by all the Legal Entities, what will be the point to enable “other organisational identifiers”? Entities will be uniquely identified by their LEI	Page 18, point 23	In some cases it may be useful to include other reference numbers such as tax reference numbers. The use cases for these are still to be defined.



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23/07/18	The purpose codes for SEPA payments are quite detailed and comprehensive. Is the HVPS+ list compatible with the SEPA list?	Page 21, section 2.3 Page 41, point 29	<p>The HVPS+ list is currently not appropriate for UK needs. As said in the consultation, the Bank plans further work in this space. This could include compatibility with the SEPA list if appropriate.</p> <p>In order to try to address these issues the Bank, together with the NPSO, has committed to a number of actions:</p> <ul style="list-style-type: none"> • Improving the HVPS+ code list, which include internationally agreed lists of purpose codes. The Bank, with the NPSO, is engaging with HVPS+ to draw up a streamlined list for effective use in the United Kingdom. • The Bank and NPSO plan to work with stakeholder groups, such as UK Finance, to develop guidance on which codes to use in various scenarios. In particular there will be clear guidance on whether the expectation will be on the PSP or the user of the payment systems to input the purpose code in a given use case.
23/07/18	Structured remittance information. Is there a plan to have a single structure or rather having different sets of structured remittance information to be used for different payment purposes?	Page 43, point 33	The plan is to have a single structure, but we plan to work with industry to develop detailed guidance on how to use these fields, and this may be involve different fields being completed in specific use cases.



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23/07/18	<p>ISO 20022 adoption by indirect participants (PSPs). Is the BofE planning any enforcement for banks acting as indirect participants to migrate to ISO 20022?</p>		<p>As said in the consultation:</p> <p>The success of the introduction of ISO 20022 in achieving these outcomes is dependent on the universal and uniform adoption of the standard. ISO 20022 will need to be adopted widely across the United Kingdom – by payment systems, PSPs (both direct and indirect participants within payment systems), end-users, and those supplying payments software. It will also be important to ensure that the adoption is common and uniform across all these parties so that data can flow freely, driving delivery of many of the expected benefits.</p> <p>The Bank and NPSO, as payment system operators, and the PSR, as economic regulator of payment systems, are therefore committed to pursuing an effective UK wide adoption of ISO 20022, and will use all of the tools at their disposal to ensure that this is achieved. The Bank and NPSO will engage with a wide and diverse range of affected stakeholders to ensure that the introduction of ISO 20022 is successful for the United Kingdom. The PSR is also committed to reducing barriers to the effective use of data in payments.</p>