

# 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 first issue, we will provide 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.



## BACKGROUND & INTRODUCTION

The [ISO 20022 Migration for the Australian Payments System – Conclusions Paper](#), published in February 2020, presents the final outcomes of two consultations conducted in March and October 2019 by the Reserve Bank of Australia (RBA) and the Australian Payments Council (APC).

It describes the way forward on scope, migration strategy, implementation approach and governance arrangements for the domestic migration program. The specified governance structure also describes Steering Committee composition, authority and reporting lines.

Since the publication of the Conclusions Paper, SWIFT have extended the timeline for the migration of cross border payments to ISO 20022 to coincide with a fundamental transformation of its digital infrastructure to an API-based platform – the Transaction Management Platform (TMP).

The Conclusions Paper also appoints AusPayNet as the program’s central coordination authority, with responsibility for establishing the ISO 20022 Industry Migration Steering Committee (IMSC). The IMSC comprises the RBA, major and regional Australian banks, and international banks, is chaired by Paul Lahiff [former chair of the NPP Steering Committee and NPP Australia Limited] and includes SWIFT, NPP and, our Quality Assurance Partner, PwC, as observers.

At its first meeting in May 2020, the IMSC formally appointed AusPayNet with responsibility for also establishing a Program Management Office (PMO), supported by an independent Quality Assurance (QA) function.

# PROGRAM SCOPE

The following 5 items make up the key elements of the program scope:

- Align the High Value Clearing System (HVCS) ISO 20022 guidelines with HVPS+, CBPR+, and, where possible, with NPP;
- Migrate all HVCS clearing and associated settlement messages to ISO 20022 and create usage guidelines compliant with regulatory requirements;
- Develop guidelines to support enhanced content and structured data;
- Develop HVCS ISO 20022-based reporting, investigation, and reconciliation messages; and
- Develop HVCS ISO 20022 guidelines for optional Customer-to-Financial Institution (FI) and FI-to-Customer messages.

These sets of message guidelines form the requirements for each Participant's system build specifications.

Beyond these specifications for messaging interfaces and supporting systems, a key component of the scope and deliverables is assessment and documentation of back office system requirements. Industry level process and system requirements, along with guidelines, will be also developed to help inform Participants' preparations.

As well as these document-based deliverables, the program scope also includes:

- The tasks of developing, managing and tracking industry testing;
- Creating a framework for participants' preparation and readiness tracking;
- Comprehensive industry stakeholder communications; and
- Development of the self-regulatory structure [regulations and procedures] to support participation in, and governance of, the new HVCS framework.

## Messaging Scope

The following list outlines the in scope MT messages and their ISO 20022 [also known as MX] equivalents.

### Messages exchanged between SWIFTNet Copy

#### Service and Banks:

- MT 103 / 103+ pacs.008
- MT 103 REJT pacs.004
- MT 103 RETN pacs.004
- MT 202 / 202 COV pacs.009 / pacs.009 COV
- MT 202 / 202 COV REJT pacs.004
- MT 202 / 202 COV RETN pacs.004
- MT 012 xsys.002
- MT 019 xsys.003

### Messages exchanged between SWIFTNet Copy

#### Service and HVCS:

- MT 096 xcop.001
- MT 097 xsys.001
- MT 015 NA

### Bank to Bank Messages:

- MT 192 / 292 camt.056
- MT 196 / 296 camt.029 / camt.030 / camt.035

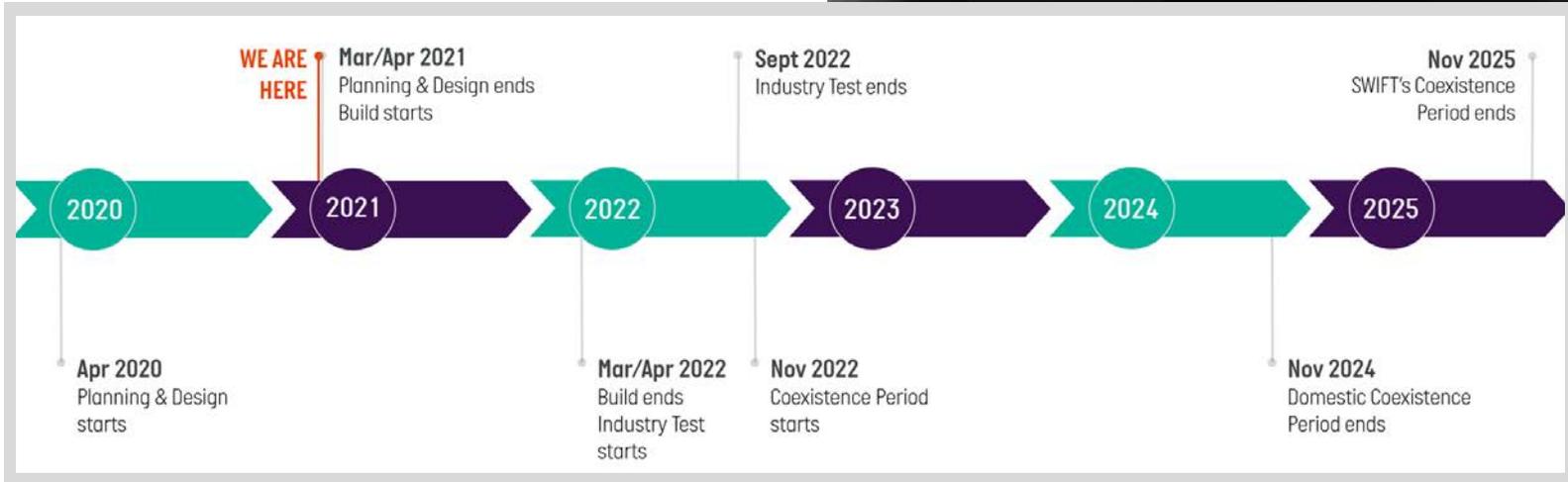
### Messages exchanged between SWIFT and Banks:

- MT 010 xsys.010
- MT 011 xsys.011

### Optional FI-to-Customer and Customer-to-FI messages

- MT 101 pain.001
- NA pain.002
- MT 192 camt.055
- MT 196 camt.029
- MT 141 / 142 camt.052
- MT 940 / 950 camt.053
- MT 900 / 910 camt.054

# 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 MT and ISO 20022 messages.

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

- Planning and Design;
- Build;
- Industry Testing; and
- Coexistence.

It is important to note that while not aligned with SWIFT's revised cross-border timeline, our Program timeline has been agreed to retain 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.



# MIGRATION APPROACH

## Participant Obligations

Our 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 messages 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.

## Testing

We are commencing work on developing a Transition Plan and Test Strategy and aim to have something ready for Participants early in Q3 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 are implementing all enhanced content from the beginning of Coexistence (there is no like-for-like step), 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 be 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.

## Vendor Engagement

We are considering hosting a vendor online information session to present a Program overview, answer questions and find out what further support or information vendors need. Please reach out to us if this is something you might be interested in joining.

## MyStandards and Readiness Portal

Our Participants are now familiar with MyStandards as the platform used to publish and maintain our MUGs. We will also make available Readiness Portal (a related product) in the second half of 2021, which can be used by Participants and their vendors to validate test messages against the new HVCS message specifications.

# PLANNING & DESIGN PHASE DELIVERABLES

The deliverables for the Planning and Design phase are now finalised and were signed off by the Industry Migration Steering Committee on 31 March 2021. Deliverables included technical specifications – Message Usage Guidelines (MUGs) – and the first version of the Back Office Requirements and Support document.

## 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.030 Notification of Case Assignment
- camt.029 Resolution of Investigation
- camt.035 Proprietary Format Investigation (including Model Form data.001)

In Q2 2021, SWIFT and the Program Working Groups will continue to develop the optional Customer-to-FI/FI-to-Customer message set (for example 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, specifically, their operations, back office staff and project teams that are responsible for the implementation and ongoing use of ISO 20022 for HVCS.



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.

## 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](#).

# FREQUENTLY ASKED QUESTIONS

## How is SWIFT supporting the Industry Migration Program?

SWIFT have been engaged by the PMO to support the HVCS migration to ISO 20022 in a number of ways, including to:

- Provide guidance and subject matter expertise to the PMO to properly scope the Program;
- Guide the Design & Requirements Working Group [DRWG] through the development of the new HVCS ISO 20022 Message Usage Guidelines and translation between these and the existing MT Message Set;
- Support the BOWG through assessing and addressing the impacts of the migration to Participants' back office systems, processes and procedures; and
- Providing the platform [MyStandards] and tools [SWIFTsmart, the ReadinessPortal] to support the transition to, and ongoing management of, the new HVCS ISO 20022 format.

SWIFT will also be working directly with all of their members to make sure each Participant fully understands their requirements and to provide the products and services needed to implement these changes.

## What are the main changes for Participants?

Overall, the main changes resulting from the introduction of ISO 20022 relate to the systems that feed into or receive messages from the InterAct service, via the upgraded SWIFT Alliance Access or Gateway. Of course, there will be many of those systems, so a key part of each HVCS Participants' internal project will be managing the operational and procedural impacts to their back office systems and operations.

## We understand that the RBA is introducing support for ISO 20022 – but what does that actually mean?

RITS [Reserve Bank Information and Transfer System] already has numerous feeds, such as HVCS via SWIFT FIN Y-Copy Service, CHESSE, PEXA, AusPayNet's Low Value Settlement Systems, and NPP into the Fast Settlement Service. As part of this Program, there will be a new, second HVCS feed into RITS using a new SWIFTNet partial Y-Copy service supporting ISO 20022.

The work that RBA needs to do to support our Program is similar to what they are already going to do to support the ASX CHESSE Replacement and that move to ISO 20022.

## Why is there a difference between the end of the domestic coexistence period [November 2024] compared with the cross-border coexistence period [November 2025]?

In June 2020, the IMSC considered the length of the domestic Coexistence period and whether to align with the cross-border Coexistence period, agreeing to retain the Coexistence end date at November 2024.

The key driver behind this decision was to provide some scheduling contingency in case individual Participant's migrations are delayed.

The IMSC agreed to review this decision in November 2020 once we are better equipped to consider Participant's plans and level of confidence.

## 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>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?

Looking forward, we expect to spend the next three months developing our Test and Transition Strategy, defining how Coexistence will work in practise, continuing work on the Exceptions & Investigations use case scenarios, and formalising our change control processes.

As mentioned earlier, we are considering hosting an online vendor information session to present a Program overview, answer questions and find out what further support or information vendors may need. Please reach out to us if this is something you might be interested in joining.

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.

