



EUROPEAN CENTRAL BANK

EUROSYSTEM

Advisory Group on Market Infrastructures for Payments
Advisory Group on Market Infrastructures for Securities and Collateral

The Chair

iso20022study@swift.com

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SWIFT ISO 20022 Migration study – year 2018

Dear Sir, Madam,

I am writing to you in my capacity of chair of the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) and of the Advisory Group on Market Infrastructures for Payments (AMI-Pay), hereby responding to SWIFT's consultation on ISO 20022 Migration study.

AMI-SeCo and AMI-Pay facilitate an active dialogue with market participants and market infrastructures with a view to fostering European financial market integration. More specifically, AMI-SeCo advises the Eurosystem on matters related to the clearing and settlement of securities and collateral management and T2S. AMI-SeCo brings together representatives of banks active in the European Union in their role as market participants/T2S users, central securities depositories (CSDs), central counterparties (CCPs) and national central banks, as well as a number of relevant authorities and financial market stakeholder institutions and organisations. AMI-Pay advises on the provision and modification of Eurosystem payment-related services. AMI-Pay brings together representatives of banks active in the European Union and of national central banks.

I am pleased to inform SWIFT that both AMI-SeCo and AMI-Pay generally support the vision of a broader adoption of the ISO20022 standard for financial services and concur with the Migration Drivers. Adoption of the ISO 20022 standard contributes to overcoming existing differences in business processes, workflows and messaging and, thus, to increasing efficiency and effectiveness of financial market activity. New IT developments and regulatory changes are expected to naturally lead to a broad use of ISO20022.

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As regards the proposed Migration Strategy, we advise SWIFT to give careful consideration to the implications of the proposed three phase approach (i.e. Closed User Group Phase, Coexistence Phase, Full ISO 20022 Phase), in particular as regards the duration of each of the phases and the business domains which will be affected. It might also be useful for SWIFT to assess, if there are potential alternatives to the proposed three phase migration (e.g., a “big bang”) and what would be the implications of such alternatives compared to the proposed three phase strategy. In any case, coordinated technical implementation of ISO 20022, possibly with a binding end date, will be necessary to foster automation and straight-through processing (thereby containing operational risk), and will help to reduce costs for the financial industry in the medium term. AMI-SeCo and AMI-Pay consider and stress that there are also wider benefits of using ISO 20022, e.g., for internal reporting, risk management, decision-making and external (regulatory) reporting. The financial industry expects that ISO 20022 should form the basis for innovative payment and settlement solutions, covering all business needs.

Major financial market infrastructures in Europe, such as T2 and T2S, have already migrated or are about to migrate to ISO 20022. The use of ISO 20022 in the Target Instant Payment Settlement (TIPS), which is scheduled to go live in November 2018, is another case in point. ISO 20022 will also become the message standard for collateral management activities. As part of the December 2017 Report on Collateral Management Harmonisation (prepared by the AMI-SeCo HSG’s Collateral Management Harmonisation Task Force), the AMI-SeCo endorsed “*messaging based on latest international standards*” as one of the five guiding principles for collateral management harmonisation. The Eurosystem has already decided that it will base all processes related to the management of eligible collateral in Eurosystem credit operations (including triparty and corporate action processes) on the ISO 20022 standard. The launch of the Eurosystem Collateral Management System (ECMS) is planned for November 2022.

On behalf of AMI-SeCo and AMI-Pay, I would like to thank SWIFT for its initiative and for giving AMI-SeCo and AMI-Pay the opportunity to present their views on ISO 20022.

Yours sincerely,



Marc Bayle de Jessé

Chair of AMI-Pay and AMI-SeCo