ISO 20022 Technical Committee Meeting

Tuesday 22 August 2017

ASX

Agenda

Agenda overview

Minutes from last meeting, open actions

CHESS Replacement project update by ASX

ISO 20022 project update by ASX

Update from Business Committee (verbal)

Matters for Consideration:

    MyStandards Community – usage guideline feedback
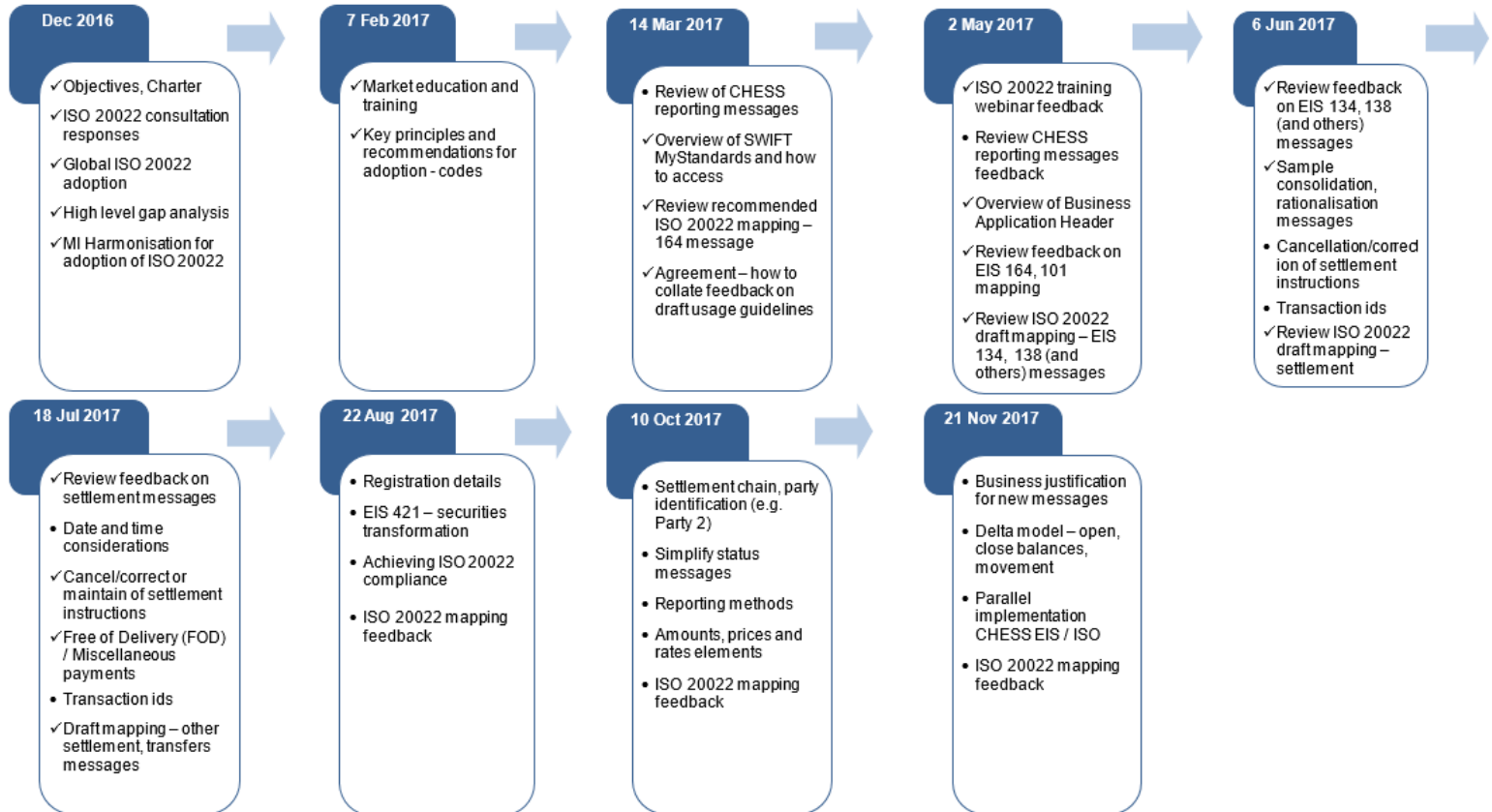
    Registration details

    CHESS EIS 421 – securities transformation

    Achieving ISO 20022 compliance

    Usage guidelines for review

Next meeting

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Forward agenda overview

Dec 2016
- ✓ Objectives, Charter
- ✓ ISO 20022 consultation responses
- ✓ Global ISO 20022 adoption
- ✓ High level gap analysis
- ✓ MI Harmonisation for adoption of ISO 20022

7 Feb 2017
- ✓ Market education and training
- ✓ Key principles and recommendations for adoption - codes

14 Mar 2017
- Review of CHESS reporting messages
- ✓ Overview of SWIFT MyStandards and how to access
- ✓ Review recommended ISO 20022 mapping – 164 message
- ✓ Agreement – how to collate feedback on draft usage guidelines

2 May 2017
- ✓ ISO 20022 training webinar feedback
- Review CHESS reporting messages feedback
- ✓ Overview of Business Application Header
- ✓ Review feedback on EIS 164, 101 mapping
- ✓ Review ISO 20022 draft mapping – EIS 134, 138 (and others) messages

6 Jun 2017
- ✓ Review feedback on EIS 134, 138 (and others) messages
- ✓ Sample consolidation, rationalisation messages
- Cancellation/correction of settlement instructions
- Transaction ids
- ✓ Review ISO 20022 draft mapping – settlement

18 Jul 2017
- ✓ Review feedback on settlement messages
- Date and time considerations
- ✓ Cancel/correct or maintain of settlement instructions
- ✓ Free of Delivery (FOD) / Miscellaneous payments
- Transaction ids
- ✓ Draft mapping – other settlement, transfers messages

22 Aug 2017
- Registration details
- EIS 421 – securities transformation
- Achieving ISO 20022 compliance
- ISO 20022 mapping feedback

10 Oct 2017
- Settlement chain, party identification (e.g. Party 2)
- Simplify status messages
- Reporting methods
- Amounts, prices and rates elements
- ISO 20022 mapping feedback

21 Nov 2017
- Business justification for new messages
- Delta model – open, close balances, movement
- Parallel implementation CHESS EIS / ISO
- ISO 20022 mapping feedback

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Minutes and actions

Minutes for 18 July 2017 meeting available on CHESS Replacement web page, including all open, closed action items.
Open action items:

No.	Meeting Date	Open Action Items	Owner	Due Date	Status
17	14 Mar 2017	Provide further information on party identification for issuers – UIC or BIC and proposed process.	ASX	22 Aug 2017	WIP
19	2 May 2017	Provide sample of demonstration of comparison between ISO 20022 and ISO 15022 messages.	Scott Oakland, JPM	On hold	On hold
20	2 May 2017	Provide details of a proposed plan including potential topics for the remaining training webinars for feedback, including identification of business vs. technical topics.	ASX	22 Aug 2017	Defer due date
23	2 May 2017	Further review of the ASX CHESS demand reporting summary and responses to questions contained in that summary. ASX to continue review of reports and provide further candidates for descope at meetings.	Members / ASX	22 Aug 2017	Refer to Matters for consideration
30	6 June 2017	Obtain international usage comparisons on the use of UTC time format. Members to provide input from international offices where possible.	Members / ASX	22 Aug 2017	Refer following slides
31	6 June 2017	Sample consolidated (EIS 138) and rationalised (EIS 138 and 134) messages published in the MyStandards community – in a separate collection "Sample Message Review". Members to review and provide further comments via MyStandards, email.	Members	22 Aug 2017	Closed

Minutes and actions
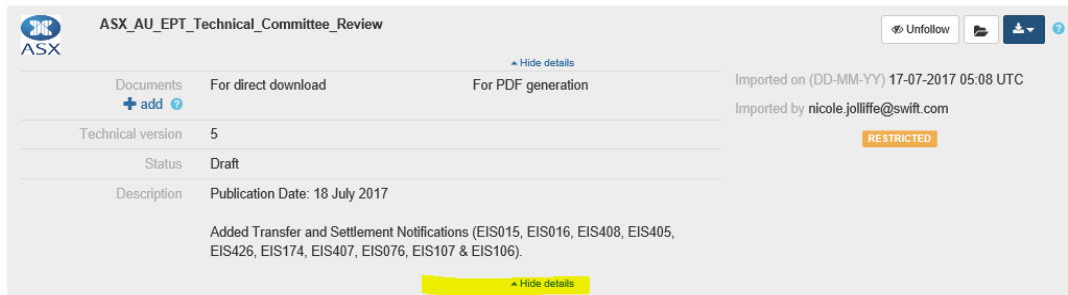
Open action items, cont'd:

No.	Meeting Date	Open Action Items	Owner	Due Date	Status
32	6 June 2017	For Cancel/Correct & Modify, ASX recommendation revised to only do cancel/correct for bilateral modifications (and not allow modify – removal of EIS 121). ASX to contact users of EIS 121, and action remains open until all members confirmed their agreement with the recommendation.	ASX, Members	22 Aug 2017	Feedback received
35	18 July 2017	ASX to publish all final draft usage guidelines in MyStandards and highlight to members those usage guidelines that need their review. SWIFT to advise if a flag is available in MyStandards to indicate particular review items.	ASX, SWIFT	22 Aug 2017	Refer following slide for approach
36	18 July 2017	Provide members with details of feature in MyStandards to affirm a comment.	ASX, SWIFT	22 Aug 2017	Refer following slide for approach
37	18 July 2017	Provide comparisons to other market implementations of transaction ids.	ASX, SWIFT	22 Aug 2017	Propose defer to Oct meeting

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Action item 35: highlighting usage guidelines for review

Highlighting usage guidelines for review in SWIFT MyStandards:

- Document in the description section which UGs are to be reviewed (already available)

- Review the date on the Version label for each UG (already available)

- Email from CHESS Replacement team

Action item 36: how to affirm a comment in MyStandards

Per advice provided to members on 7 August:

If you wish to agree with another member's comment, you can refer to it by making your own comment like "agree with comment #1". Each saved comment is referenced by a number. This approach proposes that you don't need to retype the comment in full, and it also provides ASX with further evidence of your review.

Action Item 30: Date and Time Impacts

Global comparisons:

Case	Type of MI	Description
Case 1	NPP (time difference in the community of the users)	ISO UTC format: YYYY-MM-DDTHH:MM:SS.SSSZ In payload for Creation date/time, Acceptance date/time, etc
Case 2	T2S	Trade date is used with date only and settlement date with date and time in the instruction and confirmation messages. In reporting message date only is used for TD and SD. For reporting period information local date and time is used. The system accepts local, zulu and offset times.
Case 3	Securities MI (JASDEC, PSMS non-resident transaction messages)	Date for settlement date, trade date, etc. Date and time for statement date and time (not clear form the information in MS, if it is local time or UTC, however, I would assume that it is local time)
Case 4	Securities MI	Date in the settlement messages, date/time (local) in the statements
Case 5	Securities MI (LCH)	Date used (not date and time) for collateral management messages
Case 6	SMPG	Trade date is used, recommending date for settlement date

- Mixed member feedback

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Action Item 30: Date and Time Impacts

BP12 Date fields: Minimal impact from adding hyphens

- EIS: A valid date in the format YYYYMMDD, e.g. 19961027.
- ISO: Remains logical business date in format YYYY-MM-DD

31 variants of the field definition in EIS

BP87 Timestamp fields: UTC Value and Zulu format

- EIS: Contains Business Date (YYYYMMDD) and
  Processing Data and Time (YYYYMMDDHHMMSS)
- ISO: Business date in Business Application Header BizMsgIdr as //YYMMDD
  Processing date and time in Zulu format & UTC value i.e. YYYY-MM-DDThh:mm:ss(.sss)Z
  Note: decimal fractions of seconds (.sss) optional and possible usage will be discussed in future meeting

10 variants of the field definition in EIS

ISO Date and Time fields: Present on EIS164 ONLY

- EIS: Trade Date (YYYYMMDD) is separate from Trade Execution Time (HHMMSS)
- ISO: consolidate into single element in format YYYY-MM-DDThh:mm:ss Values as provided by AMO so remain local.

2 field definitions in EIS

Example: EIS146 Effected Net Settlement Movement

EIS	1. BP21 Processing Timestamp **YYYYMMDDHHMMSS**	2. BP88 Effected Timestamp **YYYYMMDDHHMMSS**
ISO	**BAH** 1a. BizMsgIdr//BusinessDate **//YYMMDD** 1b. CreationDate **YYYY-MM-DDThh:mm:ssZ**	**Document** 2b. Business Date/PrcgDtTm/Date **//YYMMDD** 2a. Effective SettlementDate/Date/DateTime **YYYY-MM-DDThh:mm:ssZ**

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CHESS Replacement Project Update
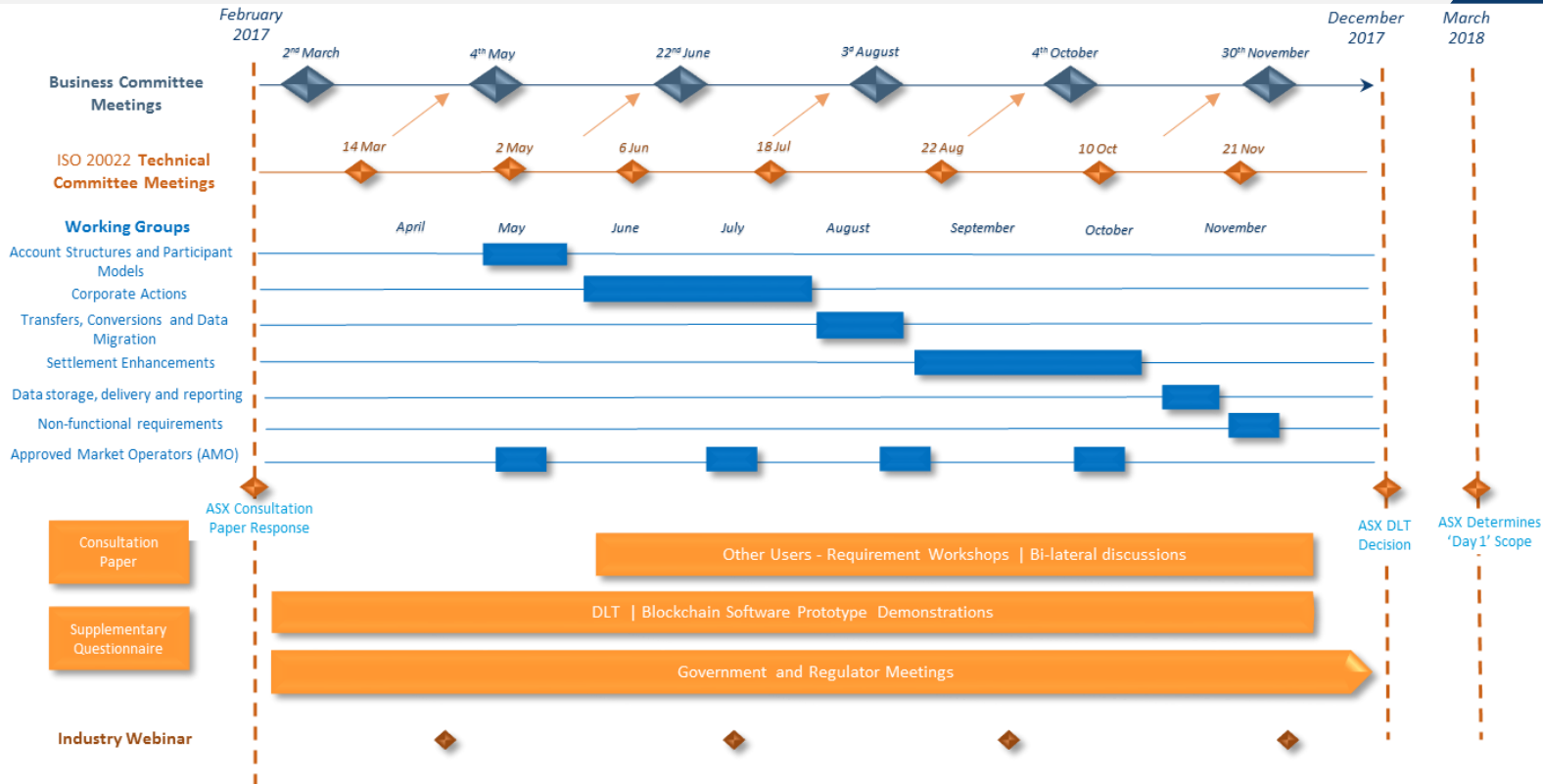
ISO 20022 project update by ASX

SWIFT standards consultants continue detailed mapping of CHESS EIS messages to ISO 20022 usage guidelines

ASX/SWIFT 7 day workshop July/August – key topics:

- Review of 1st half mapping, checks for consistency at message and field level

- ISO 20022 best practice

- View of ISO 20022 documentation from other markets

- Review of transaction id model

- Review change request profile – registered messages, T2S messages

- Review new message candidates and modelling

- Review scope and planning for 2H 2017 detailed mapping

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Update from Business Committee

Matters for consideration

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MyStandards community – usage guideline feedback

Technical committee comments since July:

- Comments by 4 firms on latest usage guidelines published – vendor, registry, participants

July review:	
EIS 015	EIS 016
EIS 174	EIS 076
EIS 405	
EIS 407	EIS 107
EIS 408	EIS 106
EIS 426	

- No comments on sample consolidate 138, rationalise 134

ASX_AU_EPT_Sample_Message_Review
Technical version:1
0 attached document(s)

Overview | Technical Versions

Usage Guidelines
Consolidate EIS138_R1_secl_010_001_03
Rationalise EIS134_R1_secl_010_001_03

MyStandards community – usage guideline feedback
Themes and response

Safekeeping Account for Transfers

    Receiving and Delivering in respect to Units, not Transfer request message EIS015/EIS408

    Request from Participant to move to CHESS HIN.

    Receiving party safekeeping is HIN, Delivering party is Issuer/Registry and safekeeping is SRN

Securities Movement Type

    EIS015 Delivery/Receipt convention. EIS101 perspective of Participant.

    EIS015 convention DELI only reflecting delivery of units into CHESS (which is Issuer/Registry perspective)

    Mandatory fixed value. Can be made RECE so messaging consistently in perspective of Participant.

Business Service Codes

    Format of values not list of codes.

    Convention still to be developed. Minimum is EISxxx. Likely in shape of EISxxx_R1_BAHyyy_R1 …

Other feedback covered in this pack: Structure Registration Details

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Standards per s5.2 and s5.3 of ASX Settlement Procedure Guidelines

Holder's Registration Details contains both NAME and ADDRESS in upper case and separated by a comma

Six lines of 30 characters = 180 characters for both names (of up to 3 joint holders) and holder address

Overseas Country Names on 6th line, Postcodes from 23rd position.

Special character punctuation: Designations (<>), Joint Holders (+), no backslash (\)

Themes from Transfers & Conversion Working Group

***Increased validation
Remove current limitations***

```
MR GEORGE FREDERICK JONES + MRS
MARGARET LINDA JONES
< NO 2 ACCOUNT >,
500 BOURKE STREET
MELBOURNE VIC
              3000
```

Adopting ISO Name & Address component

1. Separate Address and Name elements
2. Name length expanded to max of 350 characters
3. Post Code and Country elements (2 char) within address
4. Validation against ISO and Australia Post standards
5. XML special characters (<>) need replacing in Name
6. Potential for further separation and validations e.g. Street
7. Cleansing and Standardisation to be discussed with SRA etc.

ASX recommendation: adopt ISO Name & Address elements

Name And Address	<NmAndAdr>	[1..1]		
Name	<Nm>	[1..1]	text{1,350}	
Address	<Adr>	[0..1]		[1..1]
Address Line	<AdrLine>	[0..5]	text{1,70}	[1..5]
Post Code	<PstCd>	[0..1]	text{1,16}	[1..1]
Country	<Ctry>	[1..1]	text [A-Z]{2,2}	

Address	<Adr>	[0..1]		[1..1]
Address Type	<AdrTp>	[0..1]	text	X
Street Name	<StrtNm>	[0..1]	text{1,70}	X
Building Number	<BldgNb>	[0..1]	text{1,16}	X
Town Name	<TwnNm>	[0..1]	text{1,35}	X
Country Sub Division	<CtrySubDvsn>	[0..1]	text{1,35}	X

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CHESS EIS 421 – securities transformation
Two EIS425 Holding Adjustments instead of single On & Off transformation

Used to adjust holding balance during Corporate Action.

Reduces holding in security code and increase in another

Transformation method not 'compliant' with ISO Business model as two financial instruments affected by same transaction

Bit Position	Field Name	Format		Mandatory/ Optional
2	Reducing Security Code	12	Character	M
10	Increasing Security Code	12	Character	M
16	HIN	10	Numeric	M
33	Reason	3	Character	M
34	Registry Reference	16	Character	O
48	Transaction Id	16	Character	M
52	Reducing Unit Quantity	11	Numeric	M
53	Increasing Unit Quantity	11	Numeric	M

Alternative for Issuer/Registry to use EIS425 Holding Adjustment

1. EIS425 to reduce Unit Quantity in Security Code A and
2. EIS425 to increase Unit Quantity in Security Code B

- EIS425 method already used by some Issuer/Registries instead of EIS421

- ISO Messages can be linked using Related BAH for traceability and state management

5.2.14. Securities Transformation
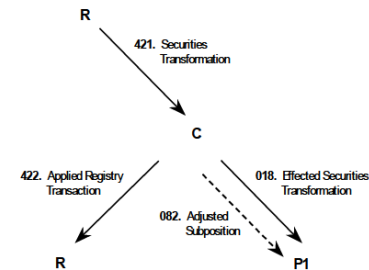
5.2.15. Holding Adjustment
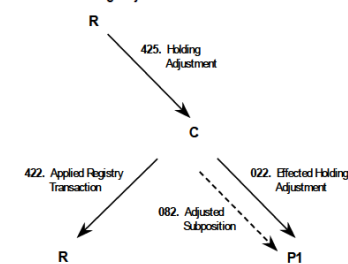
ASX recommendation: withdrawal of EIS421 functionality in CHESS Replacement. EIS018 would also be descoped.

Achieving ISO 20022 compliance
Working definition and impacts for messaging design

ISO20022 includes guidance for best-practice compliance. CHESS replacement is adopting each of these aspects as:

⇧ recommended business transactions between Participants (in activity and sequence diagrams in MDR Part1)
⇧ use of registered message definitions published in the ISO20022 catalogue
⇧ messages must be valid against xml schemas. Communities of users can publish restricted versions for their use
⇧ messages must respect the ISO20022 constraints, for example common Identifiers and Codes
⇔messages must use registered code values: Internal, External or Proprietary code sets
⇧ use of Business Application Header for all (ISO mandates for Securities or optional for Cash Payments)
⇔ use of Supplementary Data extensions without changing the scope of the message

The ISO standard has intended flexibility to avoid a forced adoption of a single model in every case and allow transition.
Hence Market Infrastructures* have developed ISO20022-based platforms with UNREGISTERED messages and according to their LOCAL market practices.

Specifically on Supplementary Data, ISO compliance is considered as met when used:
a) as an interim measure when awaiting an ISO 20022 Change Request, and/or
b) to extend the base message for local market practice that are not candidates for Change Request.

CHESS Replacement's use of Supplementary Data has been reviewed for ISO compliance and this analysis follows

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ISO 20022 compliance
ASX ISO 20022 supplementary data usage

Message status overview – H1 2017 scope (130 CHESS EIS messages)

	Descope	New message candidates	No Supp. mapping	CR - Change Request candidates			mapped EIS messages
EIS			0 element	1 element	2 elements	more>= 3	
CR T2S				3	1	3	
CR ISO				17	8	3	
Total EIS	5	20	70	20	9	6	105
Total EIS %	5%	19%	67%	19%	9%	6%	100%

Descope – as reviewed in Technical Committee
– bilateral change request (EIS121 & related)

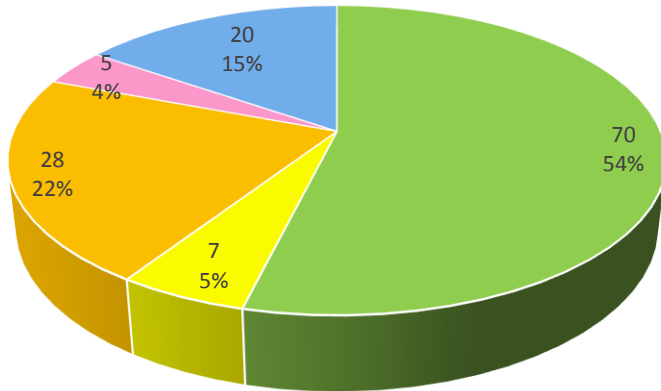New messages candidates - for ISO business areas:
- Payment provider (e.g. EIS 310, 311, 312, 313)
- Investor static information (e.g. TFN)

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ISO 20022 compliance
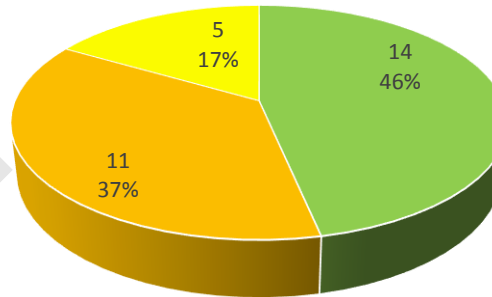## ASX ISO 20022 supplementary data usage

H1 2017 scope (130 CHESS EIS messages)

EIS equivalent ISO 20022 usage guidelines

30 unique ISO 20022 Messages

No Supplementary Data
sese.020.001.05
sese.027.001.05
sese.031.001.07
admi.002.001.01
admi.004.001.02
semt.018.001.08
camt.029.001.07
camt.052.001.06
camt.054.001.06
camt.056.001.06
DRAFT4camt.067.001.01
DRAFT5reda.012.001.01
DRAFT4reda.016.001.01
DRAFT6reda.023.001.01

14

CR ISO candidates
sese.023.001.07
sese.024.001.07
sese.025.001.07
sese.028.001.06
sese.030.001.06
sese.032.001.07
acmt.014.001.02
semt.002.001.09
semt.017.001.07
secl.010.001.03
setr.044.001.02

11

CR T2S candidates
DRAFT3admi.007.001.01
DRAFT4reda.009.001.01
DRAFT6reda.018.001.01
DRAFT6reda.020.001.01
DRAFT4reda.022.001.01

5

Guidance for Supplementary Data includes use without future Change Request

- Purely local data requirements would not be approved by Securities Evaluation Group for inclusion
- No registration of supplementary data extension for ISO compliance PROVIDED **message purpose remains true …**

ISO20022 Business Model separates transactions from reporting i.e. instructions from balances

Many CHESS messages contain <u>both quantity and balance</u>. **ISO base messages contain one .OR. other**

    Option 1: Add balance details as Supplementary Data in Instruction message

    Option2: Split EIS transaction into ISO instruction message and ISO balance message

For EIS mapping **WITH/OUT Supplementary Data**

e.g. EIS022 Effected Holding Adjustment

.EITHER.

Opt1. | sese.023 including mandatory data from EIS425 and SuppData

.OR.

Opt2. | sese.023 including mandatory instruction data from EIS425
.AND.
sese.yyy including mandatory balance data from EIS425 & linkage

Results in 1:n with need to **link multiple messages and manage state**

Bit Position	Field Name	
2	Security Code	12
16	HIN	10
21	Processing Timestamp	22
33	Reason	3
34	Registry Reference	16
38	Basis of Movement 1	2
43	Increase or Decrease	1
48	Transaction Id	16
52	Unit Quantity	11
53	New Holding Balance	11
62	Origin Transaction Id	16
88	Effected Timestamp	22
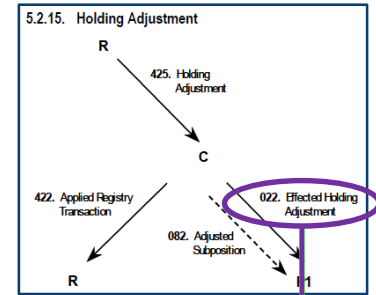
.EITHER.

.OR.

.AND.

ASX recommendation: Option 1, implementation considerations

Achieving ISO 20022 compliance
Designing for ISO best practice – remove redundant EIS fields?

In very limited cases, CHESS provides notification of both previous and revised in same message as a 'delta' update

e.g. EIS128 Adjusted Settlement Instruction in CA event
    EIS192 Part-settled settlement instruction

ISO base message purpose covers only revised values
Supplementary data needed to create an equivalent EIS message

Bit Position	Field Name	Bit Position	Field Name	Bit Position	Field Name
21	Processing Timestamp	2	Previous Security Code	27	Revised Status
49	Target Transaction Id	10	Revised Security Code	30	Previous Status
62	Origin Transaction Id	3	Previous Settlement Amount	38	Previous Override Basis of Move 1
81	Diary Adjustment Type	4	Revised Settlement Amount	130	Revised Override Basis of Move 1
109	Adjustment Reason	11	Previous Transaction Basis	52	Previous Unit Quantity
		139	Revised Transaction Basis	53	Revised Unit Quantity
		12	Previous Settlement Date	90	Matching Transaction Id
		13	Revised Settlement Date	92	Updating Transaction Id
				176	Previous Guaranteed Foreign Indicator
				177	Revised Guaranteed Foreign Indicator

ISO best-practice would NOT use Supplementary Data

Option 1: Add previous values to notification message extension
       - changes base message purpose

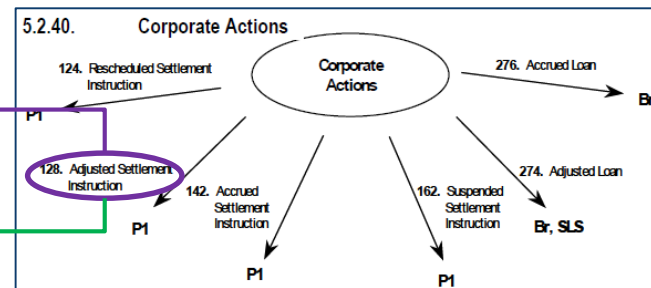.EITHER.

Option2: Do not map all EIS field to equivalent ISO message

.OR.

.AND. Derive previous values from BAH.related SI

.AND.

5.2.40.   **Corporate Actions**

124. Rescheduled Settlement Instruction
276. Accrued Loan
Corporate Actions
128. Adjusted Settlement Instruction
142. Accrued Settlement Instruction
162. Suspended Settlement Instruction
274. Adjusted Loan
P1
Br
Br, SLS
P1
P1

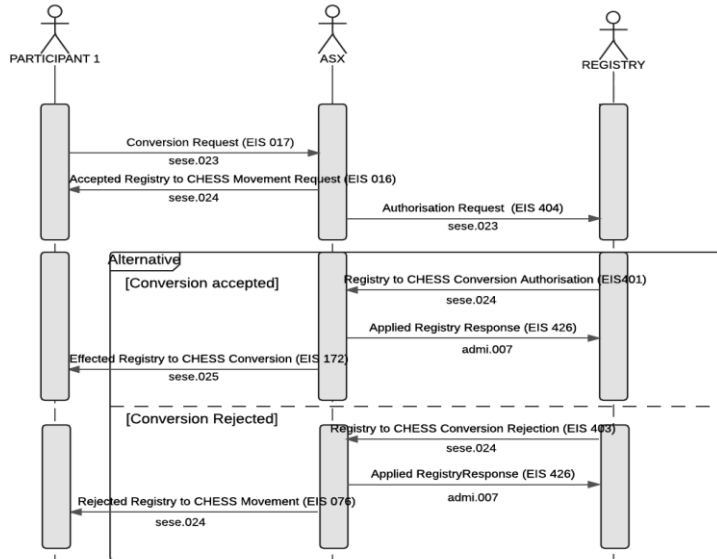**ASX recommendation: Option 1, implementation considerations**

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Usage guidelines for review
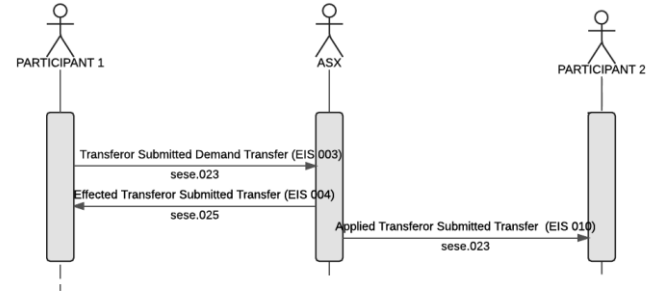
Draft ISO 20022 Usage Guidelines available for:

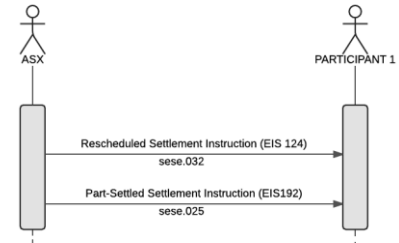## Issuer Sponsored to CHESS Conversion

New Usage Guidelines for	
EIS 017	EIS 003
EIS 404	EIS 004
EIS 401	EIS 010
EIS 172	EIS 124
EIS 403	EIS 192

Transferor Submitted Demand Transfer

Settlement

Review and provide comments in MyStandards by 03 October, ahead of next Technical Committee on 10 October.

Closing

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Next meeting

- Noted actions from this meeting
    - Member review of messages – EIS 017, 404, 401, 172, 403, 003, 004, 010, 124, 192

- Draft minutes from this meeting will be distributed for review

- Next meeting to be held on Tuesday 10 October 2017, 3pm (2 hours) - Sydney:

    Matters for consideration:

    > Review ISO 20022 usage guideline feedback
    > Settlement chain, party identification
    > Simplify status messages
    > Reporting methods
    > Amounts, prices, rates elements

- More information on CHESS Replacement & Technical Committee documents:

http://www.asx.com.au/services/chess-replacement.htm

    Or email ASX project team: CHESSReplacement@asx.com.au

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Thank you.

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