

Blueprint (draft)



ISO 20022 for Eurozone High Value Payments with cross-border leg

November 2021 – end 2022

May 2020

Background

- In September 2018, SWIFT announced a plan to facilitate a community migration of cross-border payments traffic from the MT standard to ISO 20022, starting in November 2021 and running for four years, to 2025.
- The start date coincided with the 'big bang' migration of Eurozone high-value payment systems - TARGET2 and EURO1 - to full ISO 20022.
- At its March 2020 meeting the SWIFT Board supported a change to SWIFT's approach to ISO 20022 for cross-border payments, introducing a new platform concept that aims to reduce the cost and complexity of implementation for end-users and accelerate realization of the benefits of the standard.
- To allow time for the new platform to be implemented, the start of cross-border migration was postponed by one year, to end 2022 (although the overall end-date for migration remains 2025). SWIFT MT will remain the default standard for cross-border payments until end 2022.
- This change of timeline introduces a data truncation issue for Eurozone HVPS participants that operate as intermediaries in transactions with a cross-border 'leg out', during the period November 2021 to November 2022.
- Working closely with the European Central Bank and the Eurozone banking community, SWIFT plans a series of measures to ensure data compatibility between ISO 20022 and MT messages as Eurozone financial institutions migrate to the new standard.
- This Blueprint explains the measures and associated deliverables, timeline and customer impact.



Summary of measures

1. **Usage Guidelines**, for sending EUR payments originating in TARGET2 and EURO1 with a cross-border 'leg-out', that ensure data used to populate the payment can be transported using the MT standard without truncation.

Usage guidelines will be published alongside an on-line test portal that will enable users to test that messages comply.

2. **Validation software**, licensed free of charge for the period of coexistence before the new platform is available (November 2021 to end 2022) that can be used to check at runtime that an ISO 20022 message conforms to the guidelines described above.

3. **Translation software**, licensed free of charge for the period of coexistence before the new platform is available (November 2021 to end 2022) that can be used by intermediary EUR HVP participants to translate from ISO 20022 payment messages to MT for the cross-border leg of 'leg-out' payments.

4. **ISO 20022 network service**, to enable users that have agreed bilaterally to use ISO 20022 for payments and cash reporting to do so on an opt-in basis using the FINplus SWIFTNet InterAct Store & Forward service.



1. Market Practice Guidelines for EUR High-Value Payments with cross-border leg

November 2021-end 2022

A series of market practice guidelines for Eurozone HVP participants formulated by a working group representing six European banks, ECB, 4CB and EBA Clearing. The group is open to observers from the European banking community on an opt-in basis.

These guidelines will apply from November 2021 to end 2022.

The guidelines apply to EUR payments originating in or leaving TARGET2 and EURO1 that feature a cross-border leg. They ensure that data used to populate the transaction can be transported using the MT standard without truncation. Full details will be available on the MyStandards platform from 30th June 2020, alongside an online test portal to allow users to verify compliance with the guidelines:

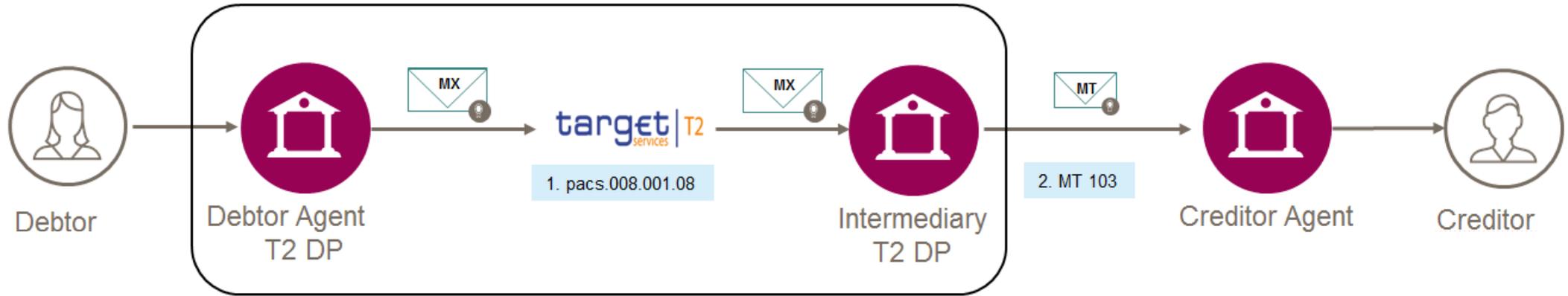
- A single set of Usage Guidelines will be delivered for both TARGET2 and EURO1 transactions;
- These guidelines will cover *leg-out* and *intra HVPS* payments;
- For completeness, *leg-in* transactions are also covered, although this requirement is not triggered by the delay in implementation of cross-border ISO 20022 (see Annex);
- Existing enriched TARGET2/EURO1 guidelines will not be impacted. The new guidelines will be subsets of guidelines published for TARGET2 and EURO1, which will apply from end 2022.

Scenarios in scope are illustrated in the following slides.



1. Market Practice Guidelines for EUR High-Value Payments with cross-border leg November 2021-end 2022

1.1 Leg-out pacs.008



Message Flow:

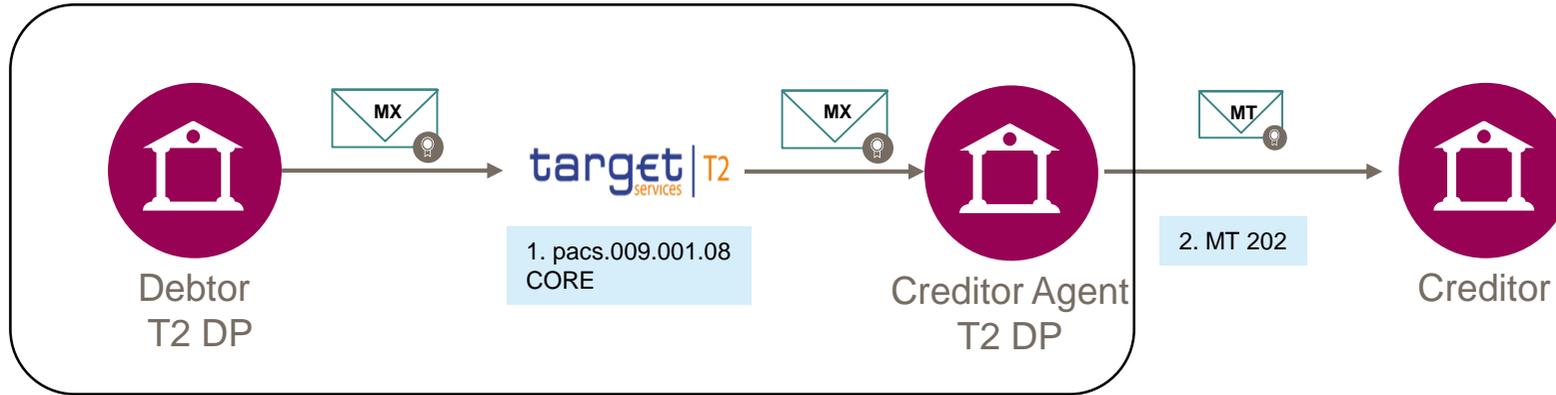
- The Debtor Agent (direct participant) submits a *restricted* pacs.008 to the Intermediary (direct participant) through TARGET2/EURO1
- The Intermediary translates the pacs.008 into an MT 103 and sends it to the Creditor Agent.

Deliverables:

- Usage guideline for the pacs.008
- Translation rules from the pacs.008 to MT 103

1. Market Practice Guidelines for EUR High-Value Payments with cross-border leg November 2021-end 2022

1.2 Leg-out pacs.009



Message Flow:

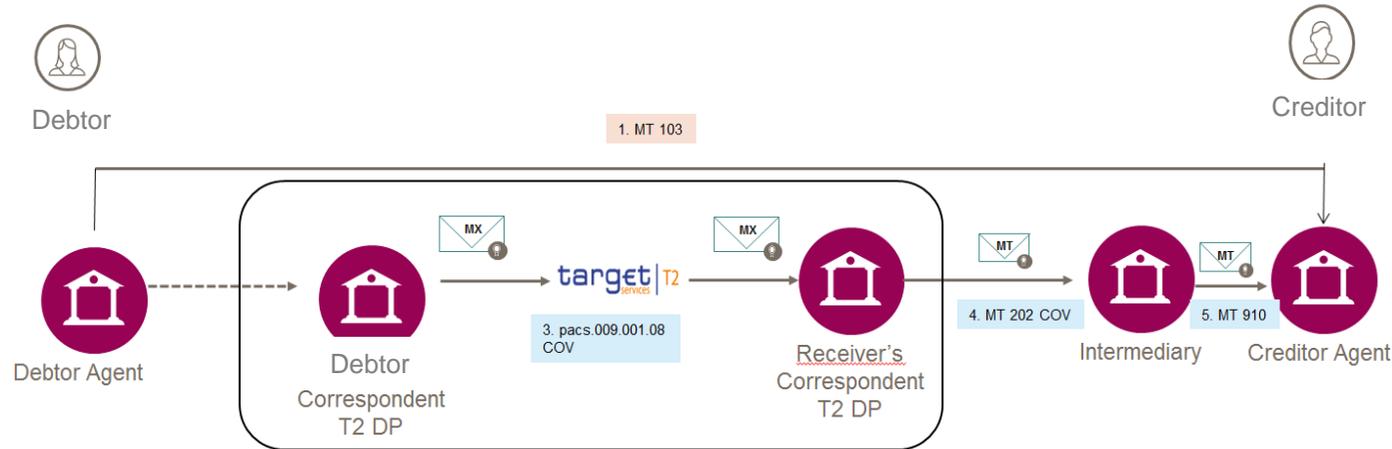
- The Debtor (direct participant) submits a *restricted* pacs.009 to the Creditor Agent (direct participant) through TARGET2/EURO1
- The Creditor Agent translates the pacs.009 into an MT 202 and sends it to the Creditor

Deliverables:

- Usage guideline for the pacs.009
- Translation rules from the pacs.009 to MT 202

1. Market Practice Guidelines for EUR High-Value Payments with cross-border leg November 2021-end 2022

1.3 Leg-out pacs.009 COV



Message Flow:

- The Debtor Agent sends an MT 103 to the Creditor Agent which needs to be covered through a pacs.009 COV;
- The Debtor Agents then initiates the cover through its Correspondent (direct participant)
- The Sender's Correspondent (direct participant) sends a pacs.009 COV to the Receiver's Correspondent through TARGET2/EURO1
- The Receiver's Correspondent translates the pacs.009 COV into an MT 202 COV and sends it to the Intermediary, for further processing to the Creditor Agent.

Deliverables:

- Usage guideline for the pacs.009 COV
- Translation rules from the pacs.009 COV to MT 202 COV.



1. Deliverables summary

Leg-Out

MX →	MT	Comment
pacs.008	MT 103	<ul style="list-style-type: none">• Usage Guideline for pacs.008• Translation rules from pacs.008 to MT 103
pacs.009	MT 202/MT 202 COV	<ul style="list-style-type: none">• Usage Guideline (covering COV and 'core' pacs.009)• Translation rules from pacs.009 to MT 202• Translation rules from pacs.009 COV to MT 202 COV

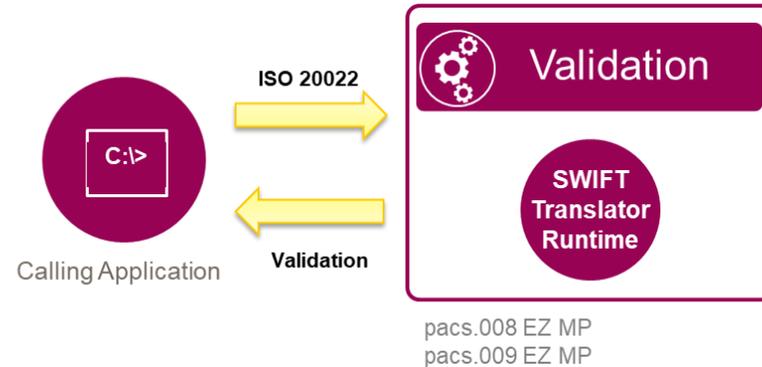


2. Validation of Market Practice Guidelines for EUR High-Value Payments with cross-border leg *November 2021-end 2022*

SWIFT will provide validation software (based on its Translator product) that can be used in a production environment to check that ISO 20022 messages conform to the guidelines described in [1].

A runtime license for this software will be available free of charge for the period between the November 2021 go-live of TARGET2 (and EURO1) and the availability of the new SWIFT platform end 2022.

Technically, the runtime software is a Java library that can be embedded in an application or exposed as a micro-service.



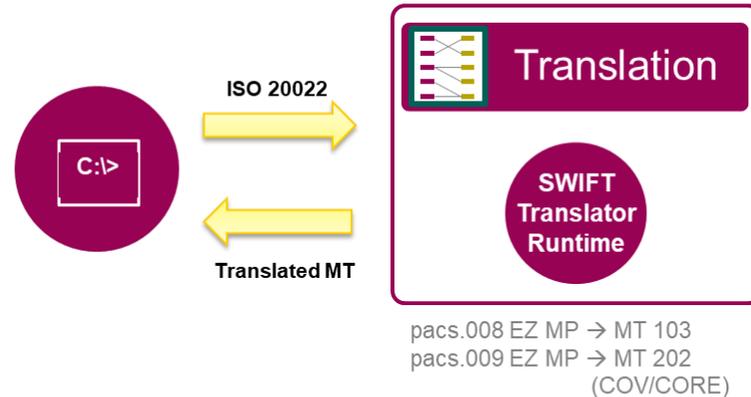
Call SWIFT Translator, providing the ISO 20022 message
Get back the validation based on pacs.008 / 9 Eurozone MP

3. Translation of ISO 20022 to MT for EUR High-Value Payments with cross-border leg *November 2021-end 2022*

SWIFT will provide translation software that can be used by HVP system members to translate from ISO 20022 payment messages to MT for *leg-out* payments

A runtime license for this software will be available free of charge for the period between the November 2021 go-live of TARGET2 (and EURO1) and the availability of the new SWIFT platform end 2022.

Technically, the runtime software is a Java library that can be embedded in an application or exposed as a micro-service.



Call SWIFT Translator, providing the ISO 20022 message
Get back the translated MT

4. ISO 20022 Network Service

November 2021-end 2022 (if clear demand from participants)

Enables users that have agreed bilaterally to use ISO 20022 for payments and cash reporting to do so on an opt-in basis using the FINplus SWIFTNet InterAct Store & Forward messaging service

Supports

- All CBPR+ usage guidelines published on [MyStandards](#)
- Message validation based on CBPR+ usage guidelines
- gpi tracking of pacs.008 / pacs.009 COV / pacs.009 CORE / pacs.002 / pacs.004 message types
- Universal gpi confirmation using new XML TRCK message types
- RMA

Does not provide in-flow translation services or replicate RMA from FIN

Pilot messaging service available Nov 2020, with gpi tracking of pacs.008 / pacs.009 COV early March 2021 & tracking of pacs.009 CORE / pacs.002 / pacs.004 July 2021

Live messaging service available Nov 2021

Supported by Alliance Access 7.4.50 & 7.5, and AMH 4.1



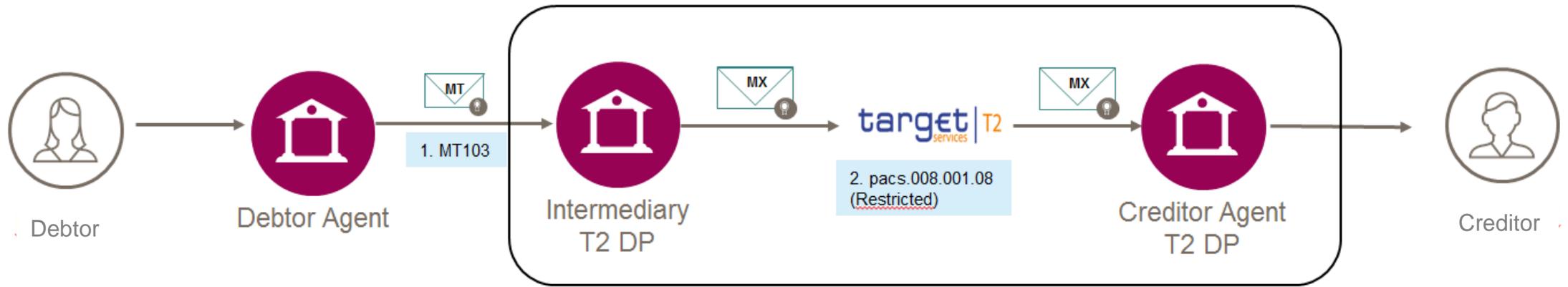
Annex

Leg-in scenarios



A. Market Practice Guidelines for EUR High-Value Payments with cross-border leg November 2021- end 2022

1.4 Leg-in MT 103



Message Flow:

- The Debtor Agent sends an MT 103 to the Intermediary (direct participant)
- The Intermediary (direct participant) translates the MT 103 into a *restricted* pacs.008 and sends it to TARGET2/EURO1 for further processing by the Creditor Agent (direct participant)

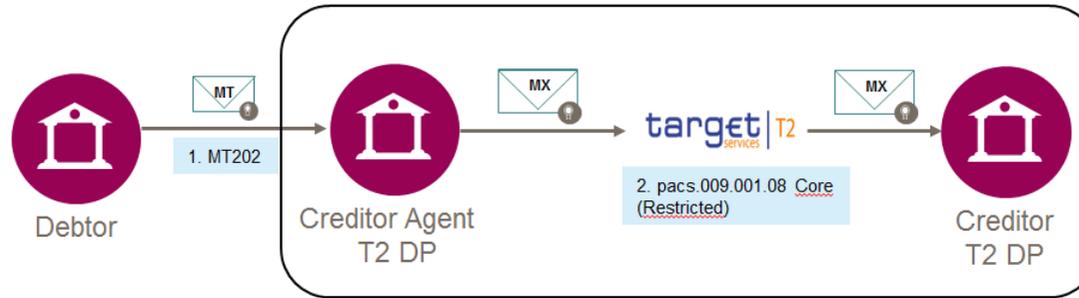
Deliverables:

- Usage guideline for pacs.008
- Translation rules from MT 103 to pacs.008



A. Market Practice Guidelines for EUR High-Value Payments with cross-border leg November 2021- end 2022

1.5 Leg-in MT 202



Message Flow:

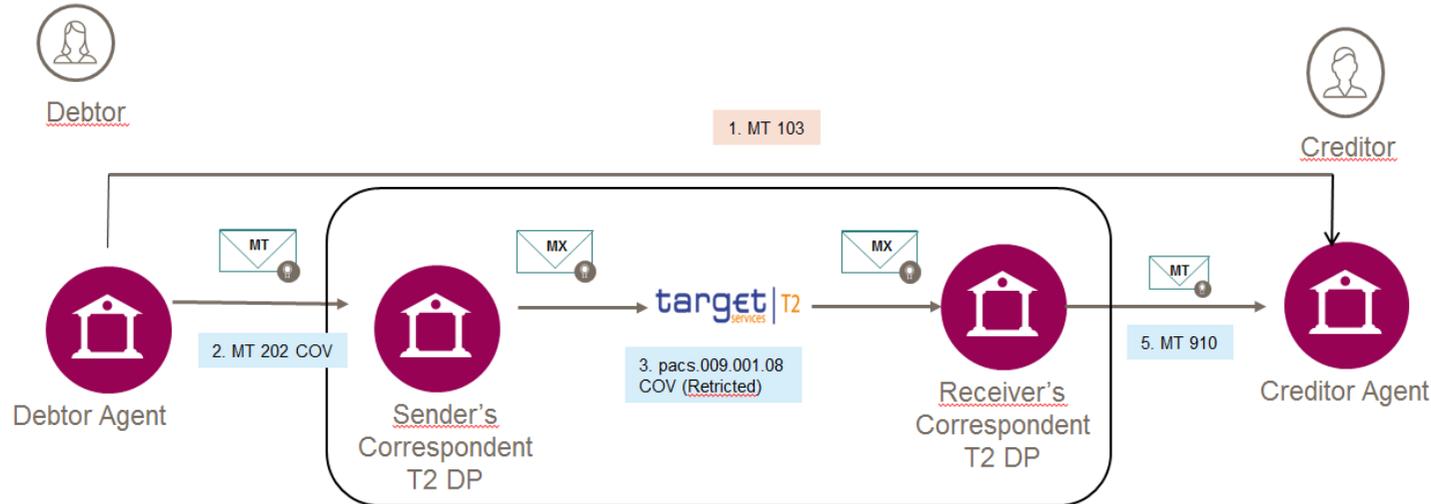
- The Debtor sends an MT 202 to the Creditor Agent (direct participant)
- The Creditor Agent translates the MT 202 into a *restricted* pacs.009 message and sends it to TARGET2/EURO1 for credit on the Creditor Account.

Deliverables:

- Usage guideline for the pacs.009
- Translation rules from MT 202 to pacs.009

A. Market Practice Guidelines for EUR High-Value Payments with cross-border leg November 2021- end 2022

1.6 Leg-in MT 202 COV:



Message Flow:

- The Debtor Agent sends an MT 103 to the Creditor Agent which needs to be covered through a pacs.009 COV
- The Debtor Agents sends an MT 202 COV to its correspondent (direct participant)
- The Sender's Correspondent translates the MT 202 COV into a restricted pacs.009 message and sends it to TARGET2/EURO1 for further processing through the Receiver's Correspondent (direct participant)

Deliverables:

- Usage guideline for the pacs.009
- Translation rules from MT 202 COV to pacs.009



A. Deliverables summary

November 2021- end 2022

Leg-In

MT →	MX	Comment
MT 103	pacs.008	<ul style="list-style-type: none">• Usage Guidelines for pacs.008• Translation rules from MT 103 to pacs.008
MT 202/MT 202 COV	pacs.009	<ul style="list-style-type: none">• Usage Guideline (covering COV and 'core' pacs.009)• Translation rules from pacs.009 to MT 202• Translation rules from pacs.009 COV to MT 202 COV

