



ECSDA Messaging Task Force

Main conclusions

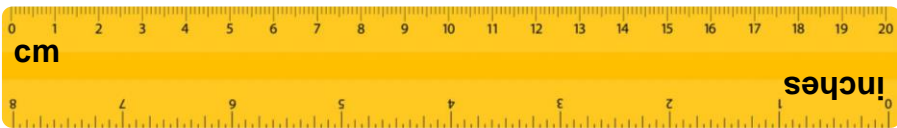
ECSDA Webinar

04/07/2023

AGENDA

- 🌐 Where do we stand?
- 🌐 Key challenges
- 🌐 Recommendations

Living in a multi standards world...



Living in a multi standards world...



ISO20022
ISO15022



What are our options ?



Co-existence

Or



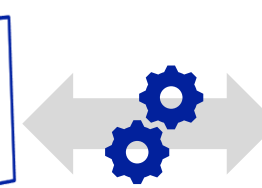
Full migration

What are our options ?



Co-existence

```
:25D::PROC//COMP
:16S:GENL
:16R:USECU
:35B:ISIN FR12345678901
/Societe xyz
:16R:FIA
```



```
<UndrlygScty>
<FinInstrmId>
<ISIN>FR12345678901</ISIN>
<Desc>Société xyz</Desc>
</FinInstrmId>
</UndrlygScty>
```

Or

?



Full migration



Why moving ?

Some good reasons to use ISO20022...

It makes sense

You have no other choice

It is highly recommended

It is future proof

Why moving ?

Some good reasons to use ISO20022...

It makes sense

Richer information & structure
(e.g. Payments, General Meetings)

You have no other choice

Regulatory requirements or imposed by market infrastructures
(e.g. SRDII) (e.g. T2S, ECMS and some CSDs)

It is highly recommended

Market standards
(e.g. SCoRE standards)

It is future proof

ISO20022 data dictionary can be used in future communication means
(e.g. API – Application Programming Interface)

Current situation for European CSDs

Main observations based on a questionnaire sent last year to ECSDA members

- **Asset servicing is on the move but does not want to stop ISO15022 too fast**
 - Main drivers: SRDII (General Meetings & Shareholder Identification) & SCoRE (other Corporate Actions)
 - Decommissioning of ISO15022 could be foreseen after sufficiently long transition
- **Settlement and reconciliation see limited business case to fully shift**
 - ISO20022 is already offered by T2S CSD
 - ISO15022 is still the dominant standard with low appetite from participants to fully migrate to ISO20022

Challenges of coexistence

Why is co-existence so complex ?

It does not work in all cases

It creates limitations

It is costly

It is risky

Challenges of coexistence

Why is co-existence so complex ?

- It does not work in all cases** Example: it is not possible to translate a General Meeting message from ISO15022 (mainly free text) to ISO20022 (structured information).
- It creates limitations** ISO20022 supports more characters than ISO15022.
The length of some fields differs between ISO15022 & ISO20022.
- It is costly** Develop and maintain two set of messages.
- It is risky** Risk of loosing information or rejecting instruction if co-existence rules are not applied correctly.



Recommendations

Recommendation #1

#1 Apply strong interoperability & co-existence rules.

Co-existence rules (examples):

- Use limited character set (ISO15022 limitation)
- Limit references to max 16 characters (ISO15022 limitation)
- Use max 11 digits to express a rate (ISO20022 limitation)
- ...

Interoperability rules (still apply after full migration to ISO20022)

- Use the same message version
- Avoid messages customisations

Recommendation #2

#2 Define ISO15022 decommissioning deadlines for domains with large ISO2002 adoption.



	Current situation	2024	2025	2026	2027	2028	2029	2030	
Corporate Actions	Mainly ISO15022	ECMS	SCoRE wave 2						Discontinue ISO15022 (SCoRE +5 years)
Market Claims	Mainly ISO15022								
General Meetings	ISO20022 SRDII scope		SCoRE wave 2	Discontinue ISO15022					
Shareholder identification	Mainly ISO20022								
Settlement & reconciliation	ISO15022 & ISO20022								No plan yet to discontinue ISO15022

Recommendation #3

#3 Use the ISO20022 data dictionary in any communication means (e.g. API).

Each (I)CSD developing API with its own data definitions would look like the pre-ISO times with proprietary messages.

Conclusions

#1 Apply strong interoperability & co-existence rules.



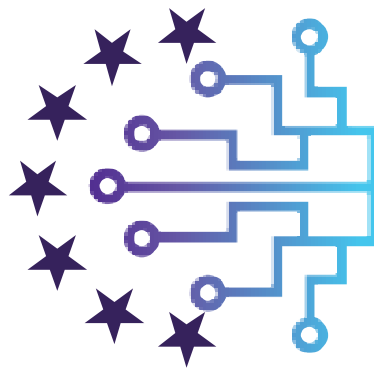
#2 Define ISO15022 decommissioning deadlines for domains with large ISO20022 adoption.



#3 Use the ISO20022 data dictionary in any communication means (e.g. API).



More details available in the ECSDA Messaging Task-Force paper !



ECSDA

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