



EUROPEAN CENTRAL BANK

EUROSYSTEM

**Baseline findings and
action points
of the AMI-SeCo Task Force on
ISO 2022 migration strategy
(ISO 2022 migration TF)**

Presentation to AMI-SeCo

04/12/2024



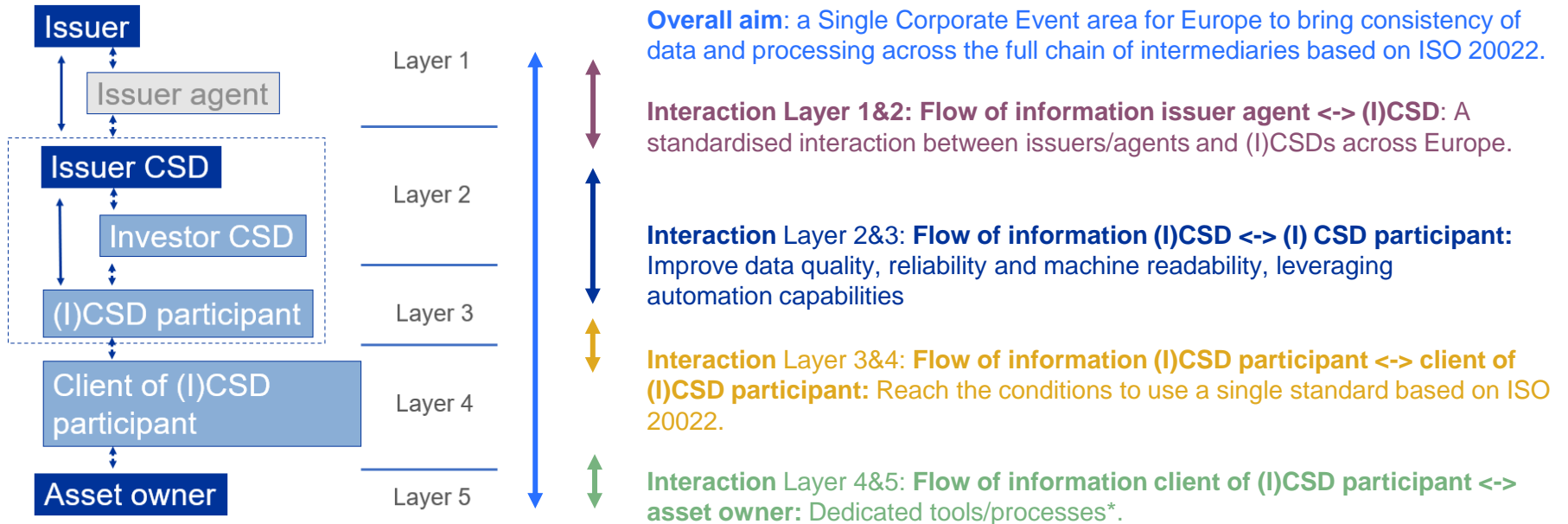
Jean-Paul Lambotte & Mario Recchia
Co-Chairs of the ISO2022 TF

Introduction

- The AMI-SeCo Task Force on ISO 20022 migration strategy (TF) was established in December 2023 “**to create a collaborative strategy for the migration to ISO 20022 for Corporate Actions and Triparty Collateral Management**” (see mandate in Annex). The AMI-SeCo has a harmonisation agenda to enhance cross-border use of collateral and the TF contributes towards this agenda.
- **The ISO 20022 TF is tasked by the AMI-SeCo to deliver a report by H2 2024** with proposed recommendations and a timeline for migration. The ISO 20022 TF has had 9 meetings since its inception, and additional ad hoc and focus meetings.
- The aim of this presentation is to introduce a baseline findings summarising the work done by the TF so far, followed by action points.
- The **AMI-SeCo is invited to take note of the recommendations and to provide guidance** on the next steps to be presented to the AMI-SeCo meeting on 4 and 5 December 2024.

I. Scope and current landscape

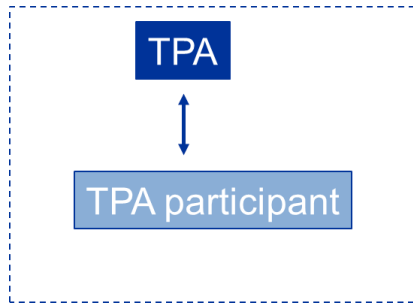
The ISO 20022 TF has identified four different layers for corporate events:



Footnote: *This interaction Layer 4&5 is governed by SLAs and in accordance with local law and is out of the scope of the ISO 20022 TF and SCoRE Standards

1. Scope and current landscape

The ISO 20022 TF has identified one layer for Triparty Collateral Management:



Layer 1

Overall aim: a Single Triparty Model for Europe to bring consistency of data and processes and formats across TPAs based on the ISO 20022.



Layer 2

Move towards a Single Triparty Model to stop cross-TPA variances in data, processes and messaging formats and specific configurations.

[Another dedicated session to be organised – TF harmonisation discussions will contribute]

It is recalled that the AMI-SeCo's long-term ambition is to foster harmonisation for all aspects of collateral management.

2. Baseline findings – Main elements of the migration strategy

1. SCoRE data requirements for Corporate Events in Europe

- What?
 - Data that meets SCORE requirements for corporate events should be used across the entire custody chain, aligning with with the current ISO 20022 Repository (i.e. the ISO 20022 Data Dictionary and the Business Process Catalogue). Data should be requested from Issuers in compliance with SCoRE to ensure consistent use of information throughout the custody chain.
- Why is it needed?
 - There is a lack of consistent use of data between Layer 1 and 2 (as no common data requirements are used). This inconsistency results in unreliable information being passed down the custody chain, particularly between the Layers 2 and 3 (leading to “garbage in – garbage out”). While the AMI-SeCo rulebook has concentrated on Layer 2 and 3, but more attention should be given on improving the interaction between Layer 1 and 2.
 - Enhancing the interaction between Layer 1 and 2 would be beneficial, as it could also create capacity to work on structural improvements (e.g. move to T+1 and eliminating remaining barriers).

2. Baseline findings – Main elements of the migration strategy

1. SCoRE data requirements for Corporate Events in Europe

- How/ what should be done?
 - Standardised Interfaces between Layer 1 and 2. CSDs should offer to issuers only ISO 20022 compatible interfaces, i.e. (i) human interface (U2A) and (ii) machine interface (A2A) to agents requesting machine interfaces (A2A). (I)CSDs should offer machine interfaces (A2A) in ISO 20022 to agents in a reasonable timeframe once requested by agent.
 - Common data requirements between Layer 1 and 2 (Operating rules and legal agreements). Should clearly define the requirements and liabilities of agents requesting machine interfaces (A2A) and (I)CSDs, i.e. the fields in ISO that should be populated (e.g. announcement without event type is not complete). It would allow (I)CSDs to communicate back to issuer agents where data is missing (at either initial issuance or during lifecycle).
 - European legislation should establish the data requirements to be fulfilled between Layer 1 and 2 both at issuance and for subsequent corporate events during an asset's lifecycle.
 - A monitoring process should be set up to monitor the progress of (I)CSDs with respect to offering ISO 20022 compliant interfaces to agents requesting machine interfaces (A2A) (not on compliance of data received).
 - Buy-in is needed from issuers community and agents.




Baseline findings – Main elements of the migration strategy

2. Availability and migration for ISO 20022 messaging

- What/ why?
 - A coordinated approach is necessary for the migration to ISO 20022 messaging to prevent the indefinite parallel use (co-existence) of both ISO 20022 and ISO 15022. The strategy should consider the readiness of (I)CSDs to provide ISO 20022 messages and corporate events they support. Aligning the availability of ISO 20022 compliant messaging will enhance the cross-border use of collateral and ensure data consistency throughout the custody chain. (ECSDA to provide views on asset classes).
- How? By when? See Roadmap on the next slide, which follows a staggered approach, allowing messages to coexistent until specific times are reached and keeping additional
 - By end 2026: (I)CSDs target to discontinue ISO 15022 for General Meetings messages.
 - By end 2030: (I)CSDs target to discontinue ISO 15022 for CA messages to their participants. The end date should be re-confirmed through ECSDA.
 - By end 2028: (I)CSD participants target to offer ISO 20022 messaging to their clients capable of using it (assuming that 2030 is re-confirmed as the decommissioning date for ISO 15022 by (I)CSDs).
 - The ISO TF could further detail these findings in a report and explain the rationale for the roadmap (i.e., in view of the ambition to enhance upstream interactions vis-a-vis the (I)CSDs, contributing to network effects and enabling waterfall effects/benefits also for other market initiatives). (I)CSD participants can choose to offer ISO 20022 messaging earlier on a voluntary basis starting in June 2025.
 - (I)CSDs and (I)CSD participants should collaborate on developing statistical monitoring tools to track adherence to the AMI SeCo SCoRE Standards both upstream and downstream.

Roadmap - for CA ISO 20022 messages

In pursuit of the AMI-SeCo's ambition of a unified European area for asset servicing, the proposed roadmap is outlined below. The roadmap details the critical steps and timelines necessary to reach this ambition.

	2025	2026	2027	2028	2029	2030
Issuers/ Agents						
	Issuers/Agents must be incited to comply with common data requirements (SCoRE standards)*.			CSDs must offer ISO 20022 messaging to agents (within a reasonable timeframe upon request from an agent)		
Issuer (I)CSDs						
	CSD must offer ISO 20022 messaging (but ISO 15022 can continue to be used)**.					ISO 15022 is no longer supported by CSDs***
CSDs participants						
	Can be offered if there is demand (commercial decision)			ISO 20022 messages must be offered (but ISO 15022/other can still be used)		
Clients of CSDs participants						




Footnotes:

*: The ISO TF to develop these actions/incentives in the coming months, together with relevant stakeholders (carrots and/or sticks). Legal advisors must be made aware of the significance of SCoRE data requirements (e.g. write letter), and legislation should support their adoption.

** : Outside of the scope of the ISO TF, CSDs in ECSDA will be invited to re-confirm the CSD approach for non-debt instruments.

***: ECSDA to re-confirm the earlier recommendation that the CSD target date for discontinuation ISO 15022 is the end of 2030.

Roadmap - for GM ISO 20022 messages

	2025	2026	2027	2028	2029	2030
Issuers/ Agents						
		Issuers/Agents must be incited to comply with SCoRE data.	CSDs must offer ISO 20022 messaging to agents (within a reasonable timeframe upon request from an agent).			
Issuer (I)CSDs						
		CSD must offer ISO 20022 messages (but ISO 15022 can still be used with interoperability workarounds)	ISO 15022 is no longer supported by CSDs			
CSDs participants						
		Can be offered if there is demand (commercial decision)	ISO 20022 messages must be offered (but ISO 15022/other can still be used)			
Clients of CSDs participants						

Baseline findings – Main elements of the migration strategy

3. Promotion of ISO 20022 and stock taking of initiatives

- (I)CSDs should continue to work at a domestic level on illustrating the benefits of using ISO 20022 within (I)CSD participants and other stakeholders (institutional investors, intermediaries and third-party vendor).
- AMI-SeCo should further analyse benefits, in particular for the medium term, in terms of data management, efficiency, reduction of operational risks and the future fitting of post trade applications (e.g. bridges to the DLT and Tokenized Assets space) etc. There should be additional guidance for migration/adoption to ISO 20022, such as guidelines and/or technical support.
- Entities looking to modernise their own internal systems over time should always foresee ISO 20022 capabilities.
- A stock-taking should be implemented to track ISO 20022 promoting initiatives at a domestic level (by NSGs): Create an overview of capabilities e.g. of (I)CSD participants with clients of (I)CSD participants to assess the need for awareness initiatives.

Baseline findings – Main elements of the migration strategy

4. Developing incentive/disincentive approach (including maintenance approach)

- Lessons learned: Based on earlier and current experiences, e.g. payments space, further analyse possible incentives/disincentives to be put in place to foster an industry movement to ISO 20022
- Further analyse maintenance approach – a mechanism should be articulated to understand and reduce the maintenance and administration burden on actors. Each (I)CSD and (I)CSD participant should assess their internal mechanisms (incl. cost) to foster the transition.
- The ISO maintenance process (e.g. CA, GM, Triparty co-maintenance, etc.) to be synchronised.
- Communication towards Layer 1. As part of the communication, it could be further explored if a label could be granted to issuers/agents complying with SCoRE data requirements (tentative name SCoRE+). A sample could be collected to assess the data quality on already announced events. A label shall be viewed as an incentive for issuers observing data requirements but will not be a requirement neither for issuance nor across the lifecycle of the asset. Final decision on a label should take into account a cost-benefit approach.

Action points – overview

The Action Points (AP) are described in the annex 1 (and will be further developed by the ISO 20022 migration TF).

The draft Action Points (AP) lay down a series of priorities aiming at supporting the migration strategy to ISO 20022

AP1: SCoRE data requirements should be received from issuers and agents, to ensure consistency on data exchange with (I)CSDs	Flow 1
AP2: (I)CSDs should develop ISO 20022 interfaces with issuer/agents for machine-to-machine processing in a reasonable timeframe	Flow 1
AP 3: Legislation should provide the foundation for promote SCoRE Standards for machine-to-machine processing in ISO 20022	Flow 1
AP4: All (I)CSDs/TPAs should document that ISO 20022 is a valid communication channel	
AP5: For corporate actions, ISO 20022 should be the single messaging standard offered by (I)CSDs by 2030, [to be validated by ECSDA]	Flow 2
AP6: For meetings, ISO 20022 should be the single messaging standard offered by (I)CSDs by end 2026	Flow 2
AP7: For triparty collateral management, ISO 20022 should be the single messaging standard offered by TPAs by 2030, with critical mass adoption by end 2027.* [to be confirmed by dedicated workshop]	Flow 1 (TPA)
AP8: (I)CSD participants should offer ISO 20022 messaging to their clients by 2028	Flow 3
AP9: Interoperability with SCoRE ISO 20022 standards should be ensured when new technologies are developed	Flow 3
AP10: (I)CSDs and adopters should collect information on the collective costs of co-maintenance and non-application of Standards and assess appropriate incentives to ensure delivery of the roadmap.	Flow 2 & 3
AP11: Enforceability of SCoRE Standards should be ensured throughout the custody chain	Overall aim

Way forward

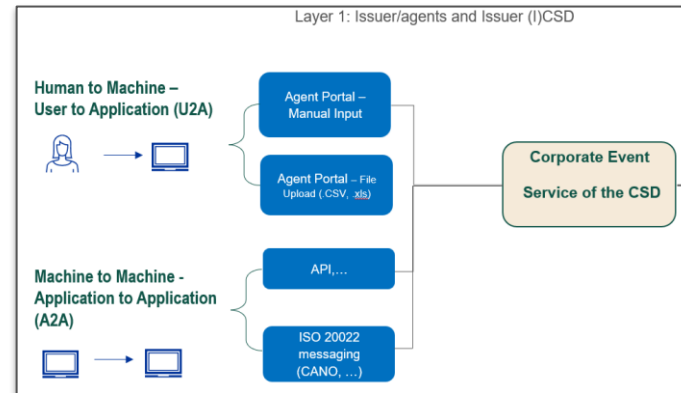
The AMI-SeCo is invited to take note and endorse the following conclusions :

- Collective action is needed to achieve harmonization, to align implementation efforts and create a cohesive and unified migration approach.
- The migration approach should bring clarity on the Scope, i.e. actors in the current landscape (layers), Baseline Recommendations, which provide the main elements of the migration strategy and Action Points, which lay down a series of priorities aiming at supporting the migration to ISO 20022.
- It is suggested that the mandate of the ISO 20022 TF is slightly prolonged, and the TF is tasked with the deliver of the final report covering the above points to AMI-SeCo by June 2025.

Annex 1: Action points (will be further developed by ISO 20022 TF)

Layer 1:

The Issuers/agents - Issuer (I)CSDs



AP 1. SCoRE data requirements should be received from issuers and agents, to ensure consistency on data exchange with (I)CSDs

- What: At national and European level, stakeholders should provide on data elements for Corporate events as described in section 3 and 4 of the SCoRE CA Rulebook, to streamline interactions across the Agent and Issuer community, (I)CSDs and participants
- Why: Common data elements based on ISO 20022 should improve data quality and automation for corporate events. The data is public in SCoRE rulebooks.

Annex 1: Action points

Layer 1: The Issuers/agents - Issuer (I)CSDs

AP 2. (I)CSDs should develop ISO 2022 interfaces with issuer/agents for machine-to-machine processing (in a reasonable timeframe)

- What: (I)CSD should develop ISO 2022 interface to agents requesting machine interfaces (A2A). Issuer/agents in a reasonable timeframe, as described the SCoRE CA Rulebook, to streamline interactions across the Agent and Issuer community, (I)CSDs and participants
- Why: Moving towards interfaces based on ISO 2022 will improve data quality and automation of data validation (machine readability with less data variance, less verification, less risk) for corporate events (thereby reducing agent mailboxes, proprietary formats and/or legacy standards). The data is public in SCoRE rulebooks. On SRD II, ESMA explained that many issuer/agents are still not releasing CE information in a standardised and timely manner

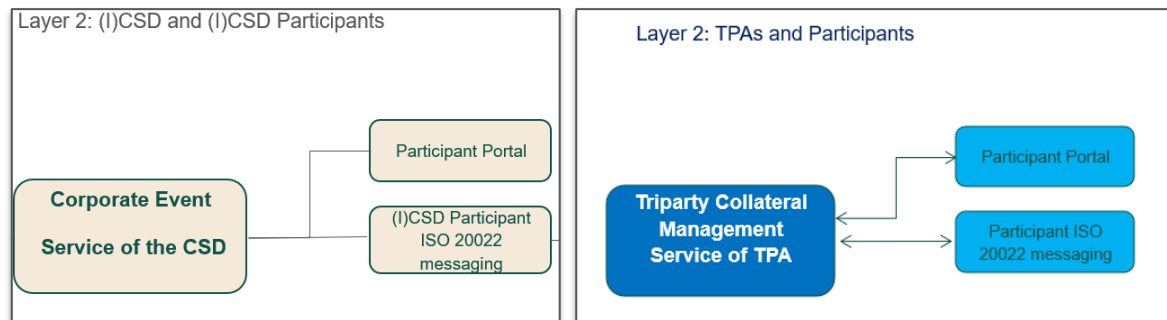
AP 3. Legislation should promote SCoRE Standards for machine-to-machine processing in ISO 2022

- What: Legislation should leverage processing in ISO 2022-compliant way, to streamline interactions across the Agent and Issuer community, (I)CSDs and participants
- Why: Legislations should promote standardisation based on SCoRE data requirements to improve data quality and automation for corporate events.
- Buy-in from legal advisors is needed in view of defining issuance prospectuses in a way that can be easily coded into SCoRE compliant machine-readable formats

Annex 1: Action points

Layer 2:

(I)CSDs and TPAs - Participants



AP 4. All (I)CSDs/TPAs* should document that ISO 2022 is a communication channel.

- What: (I)CSDs/TPAs* should document that ISO 2022 is the communication channel towards participants as part of the regular updated documentation.
- Why: Ensuring level playing field between CSDs/TPAs in Europe by updating documentation to include the common messaging based on ISO 2022, thereby improving data quality and automation. The SCoRE common data model and messaging based on ISO 2022 are the common basis.

*: Separate TPA workshop to be organised.

Annex 1: Action points

Layer 2: (I)CSDs and TPAs - Participants

AP 5. For corporate actions, ISO 20022 should be the single messaging standard offered by (I)CSDs by 2030, [to be validated by ECSDA].

- What: By June 2025, (I)CSDs should offer ISO 20022 messaging to participants for corporate actions: seev.031, seev.032, seev.033, seev.034, seev.035, seev.036, seev.037, seev.039, seev.040, seev.041, seev.042, seev.044. The aim/goal is to reach a critical mass, which means > 75% of (I)CSD participants to utilize ISO 20022 messaging from/to the (I)CSD. The cost of co-existences may become too “burdensome” at that point.
- Why: Common data elements as defined in SCORE should improve data quality and automation for corporate events.

AP 6. For meetings, ISO 20022 should be the single messaging standard offered by (I)CSDs by end 2026.

- What: By June 2025, (I)CSDs should offer ISO 20022 messaging to participants for meetings: seev.001, seev.002, seev.003, seev.004, seev.005, seev.006, seev.007, seev.008. (ISO 20022 is already used for meetings mainly for SRD II scope).
- Why: Common data elements as defined in SCORE should improve data quality and automation for corporate events.

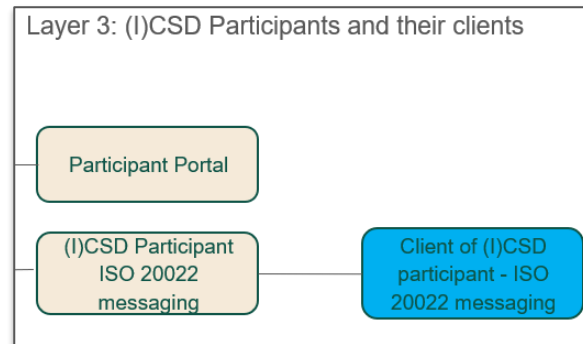
AP 7. For triparty collateral management, ISO 20022 should be the single messaging standard offered by TPAs by 2030, with critical mass adoption by end 2027.* [to be confirmed by dedicated workshop]

- What: By June 2025, TPAs should offer the single triparty model to participants for triparty collateral management: colr.005, colr.019, colr.020, colr.021, colr.022, colr.023, colr.024, reda.024, reda.025, reda.027, reda.028, reda.074, reda.075, reda.077, camt.036, head.001 and head.002.
- Why: Move towards a single triparty model based on ISO 20022 standardise and streamline interactions across the TPAs and users to stop cross-TPA variances in messaging formats and need for user specific system configurations (machine readability with less variance, less risk) for triparty collateral management. Move away from multiple differences in TPA requirements on messages/interactions, differing levels of optional fields that cause interruptions in messaging, different levels of details for accepting increase/decrease instructions, differing workflows for advice, statements and instructions, and offer XML interfaces. The single triparty model is public in SCoRE rulebooks

*:Separate TPA workshop to be organised

Annex 1: Action points

Layer 3: (I)CSD Participants – Client of (I)CSD participants



AP 8. (I)CSD participants should offer ISO 2022 messaging to their clients by 2028, recycling existing capabilities to accept ISO 2022 messaging (where relevant).

- What: (I)CSD participants should offer ISO 2022 XML to their client with common data elements, processes and ISO 2022 messaging, as described in section 3 and 4 of the SCoRE Rulebook on CA, to standardise and streamline interactions across Europe. (Those involved in collateral management as of June 2025 having already capability of ISO 2022, could leverage upon those investments, thereby “recycling” the work.)
- Why: ISO 2022 coupled with SCoRE data requirements will also benefit clients of (I)CSD participants. Based on their experience of interacting with the (I)CSDs in ISO 2022 messaging, (I)CSD participants should assess their capability and recycle their processes with client of participants. Possible regulatory/legislative drivers, industry consolidation and laboratory initiatives (early movers) should be also taken into account.

Annex 1: Action points

Layer 3: (I)CSD Participants – Client of (I)CSD participants

AP 9. Interoperability with SCoRE standards should be ensured when new technologies are developed

- What/why: To avoid fragmentation when future roll-outs and technologies are introduced and to ensure data certainty, interoperability with SCoRE standards should be ensured (e.g. API, DLT and Tokenized Assets space with the ISO 20022 messaging).

AP 10. (I)CSDs and adopters should collect information on the collective industry costs of co-maintenance and non-application of Standards and assess appropriate incentives to ensure delivery of the roadmap.

- What/why: Collect information on collective costs of co-maintenance and assess measures when approaching the timeline of (I)CSDs.

Annex 1: Action points

Overall aim

AP 11. Enforceability of SCoRE Standards should be ensured throughout the custody chain

- What/why: Misapplication of SCoRE standards causes troubles throughout the custody chain. Misapplication could manifest as missing data elements or as lack of adherence to common rules on the communication and further processing of an event. Implication is lack of key data and break of STP.
- This situation is inefficient and costly: manual intervention implies more labor cost, information coming late implies an inefficient decision-taking process, parties in the chain should rely on third-parties data providers (at a cost) to complete the missing information
- Adherence and compliance with SCoRE standards should be ensured

Annex 2 – The mandate of the ISO 20022 TF

Deliverables:

- The Task Force is established to create a collaborative strategy for the migration to ISO 20022 for Corporate Actions and Triparty Collateral Management. It should in particular address seven questions:

I. Scope and current landscape

1. What is the scope? What are the expected benefits for the different actors to migrate to ISO 20022 per type of message/actors (in view of the AMI-SeCo's overall objectives of building an integrated, single market for capital across the EU and the EU's ambition to achieve the scale required for investment needs)? Where should the industry be in 2030 (for Corporate Events and Triparty Collateral Management)?

II. Main elements of the migration strategy

2. What could help in the ISO 20022 transition? (Reviewing the elements/tools needed for migrating collectively and identifying the synergies/possibilities for added-value for the migration to the single messaging standard including defining what that single standard is and how to ensure consistency in implementations thereof?)
3. How to ensure market coordination across Europe and have global collaboration, and which bodies/organisations could usefully be involved?

Annex 2 – The mandate of the ISO 20022 TF

II. Main elements of the migration strategy (continuation)

4. What could be the incentives for different actors?
5. What are the lessons learned from other similar migrations which can be transposed here?
6. What could be the impact of operating two parallel messaging standards for different securities message types and what could be the problems associated with having different standards operating in parallel (limitations, governance, wider constraints etc.)?

III. Roadmap

7. What could be the migration roadmap, taking into account the implementation efforts and timing that would be needed per layer of intermediary, also considering the currently envisaged timelines for ongoing harmonisation efforts (e.g. SCoRE) and the expected benefits/challenges?

The deliverables should take the form of a report with proposed AMI-SeCo recommendations, which could then be shared with relevant financial market stakeholders.