**Business Justification**

**for the development of new ISO 20022 financial repository items**

1. **Name of the request:**

Correspondence message

1. **Submitting organisation(s):**

Swift

Avenue Adele 1 – 1310 La Hulpe – Belgium

Standards Department

on behalf the CBPR plus community.

1. **Scope of the new development:**

In the context of the Swift migration of the payment messages MT category 1, 2 and 9 to ISO 20022 messages, the group of experts collectively known as the CBPRplus working group have identified several business scenarios where a form of correspondence information is sent by one party to another commonly known as MT199, MT299 for payments only.

Having analysed existing ISO20022 base messages, the submitting organisation has identified existing ISO messages that support the existing business use cases (camt.018, camt.019, camt.020, camt.021, reda.065 and reda.064), but those are specific to Market Infrastructures and their participant (then sent a broadcast message). The CBPRplus group propose to develop a new correspondence message that will re-use existing components present in the aforementioned ISO messages.

The scope of the new message would address the ability to exchange ad hoc correspondence data as an information only exchange i.e. a reply message is not necessary. This is a one way communication message.

The message would be designed to support a variety of business use cases represented by an external code set. Provided below is a list of specific examples use cases:

* Currency Holiday notifications
* Notification of change of address, personnel changes etc
* Notification of process suspension due to system issue
* Terms and Condition updates, changes / termination notifications

The new message will use the ISO 20022 Business Application Header (BAH).

The submitting organisation wants to deploy the future message in the default ISO 20022 XML syntax only.

The submitting organisation expects to develop one message for Correspondence message

The proposed business area for the message is “admi”.

Based on the scope, the submitting organisation proposes to assign the Payment Standards Evaluation Group(s) (SEG) for the evaluation of the candidate ISO 20022 message, once developed.

1. **Purpose of the new development:**

The purpose of the development of “Correspondence” message is to replace the legacy Swift MT messages used to exchange correspondence information.

1. **Community of users and benefits:**

The community of users for the new messages are financial institutions such as banks or market infrastructures.

The justification will identify the categories of parties/actors that would use/benefit from the new message(s), and **for each category of users**:

1. Benefits/savings: The proposed messages will improve the efficiency of the data to be exchanged. It will increase the processing of those data and will allow SWIFT to retire their free format messages
2. Adoption scenario: The adoption of the new message will take place, following the implementation of the Correspondence message on Q4 2024
3. Volumes: To gage success the legacy Swift MT message volume - approximatively 200 million a month of MT199 and MT299 on the Swift network. However only a “small” (estimated less than 2%) portion of these free format messages relates to this correspondence BJ - which supports the current business activity will reduce to a level where the legacy message can be retired.
4. Sponsors and adopters: The CBPR plus community is both sponsor and adopter of the new message.
5. **Timing and development:**

The submitting organisation expect to have the Correspondence message by Q3 2023.

1. **Commitments of the submitting organisation:**

The submitting organisation must confirm that it can and will:

* undertake the development of the candidate ISO 20022 business and message models that it will submit to the RA for compliance review and evaluation. The submission must be compliant with the [ISO 20022 Master Rules](http://www.iso20022.org/documents/general/ISO20022_MasterRules.ZIP) and include a draft Part 1 of the Message Definition Report (MDR) compliant with the [template for MDR part 1](http://www.iso20022.org/documents/general/ISO20022_MasterRules.ZIP) provided by the RA, the [ISO 20022 Message Transport Mode](http://www.iso20022.org/documents/general/MessageTransportModes.xls) (MTM) that the submitting organization recommends to consider with the submitted message set, and, optionally, examples of valid and invalid instances of each candidate message. The submission may also include a Message User Guide (MUG) to complement the MDR and describe in further details how to use the different possibilities/options of the proposed candidate messages;
* address any queries related to the description of the models and messages as published by the RA on the ISO 20022 website.

The submitting organisation confirms that:

* it will inform the RA about any changes or more accurate information about the scope of the candidate message and the timing of their submission to the RA. If the submitting organisation does not submit the candidate messages within the timing announced in section F and does not inform the RA beforehand, the business justification may lapse and require re-submission of a new business justification for approval by the RMG.
* it does not intend to organize any testing of the candidate messages once they have been reviewed and qualified by the RA and before their submission to the SEG(s) for approval.
* it is committed to undertake the future message maintenance.

The submitting organisation confirms its knowledge and acceptance of the ISO 20022 Intellectual Property Rights policy for contributing organisations, as follows.

*“Organizations that contribute information to be incorporated into the ISO 20022 Repository shall keep any Intellectual Property Rights (IPR) they have on this information. A contributing organization warrants that it has sufficient rights on the contributed information to have it published in the ISO 20022 Repository through the ISO 20022 Registration Authority in accordance with the rules set in ISO 20022. To ascertain a widespread, public and uniform use of the ISO 20022 Repository information, the contributing organization grants third parties a non-exclusive, royalty-free licence to use the published information”.*

1. **Contact persons:**

Neil Buchan: neil.buchan@swift.com

Evelyne Piron: Evelyne.piron@swift.com

1. **Comments from the RMG members and relevant SEG(s) or SubSEG(s) and disposition of comments by the submitting organisation:**

This section will include the comments received from RMG members and the SEG(s) or SubSEG(s), if any, and the response given to each of these comments by the submitting organisation.

**Comments submitted by the Swiss RMG delegation**

Correspondence message
**Submitter of comments:** Rainer Vogelgesang (head of Swiss RMG delegation)

**Date:** 31 August 2023

**Commentary**

The Swiss Association for SWIFT and Financial Standards (SASFS) is the representative organisation for financial standardisation in the financial centre of Switzerland and Liechtenstein.

The SASFS welcomes the initiative of Swift to submit this business justification which proposes to develop an additional ISO 20022 message to be applied in the context of the CBPR+ migration from MT messages to ISO 20022 cross-border payments messages.

Although the SASFS supports the intent of the BJ, there are a number of details for which we recommend further clarification as follows:

1. In the second paragraph of chapter C, there is an incomplete message identifier ‘camt.01’. This should be corrected. We assume that ‘camt.019’ is the intended message identifier.
2. Response to SASFS: BJ updated in chapter CThe document contains a DRAFT watermark. It should be verified whether the BJ submitted is the final version and, if so, the watermark should be removed.

Response to SASFS: Watermark removed

1. In the first paragraph of chapter C, instead of referring in general to ‘MT category 1, 2 and 9’, the applicable message types should be listed.

Response to SASFS: BJ updated in chapter C

1. In addition to point 3 above, we assume that the migration of MT payment messages to an ISO 20022 correspondence message only applies to a cross-border payments use case and not to other use cases such as trade finance. If our understanding is correct, it should be clarified accordingly so that it is clear that MT payment messages applied in other business domains (such as trade finance) are not part of the migration to their future ISO 20022 equivalent and remain available (i.e. will not be retired), even though they are mentioned in the BJ. However, if our assumption were wrong and, for instance, trade finance is intended to be in scope of the BJ, then the trade finance SEG should review the BJ as well.

Response to SASFS: Clarification in BJ in chapter C

1. In ordr to be able to judge whether the BJ is justified, we would appreciate an estimate of the message volumes.

Response to SASFS: BJ updated in chapter D

1. The BJ states that the future ISO 20022 message will not contain any duplicated BAH elements and can therefore only be implemented with the BAH. As the correspondence message may also be applicable to other communities that may not yet support the BAH, the submitting organisation (SO) should evaluate with the CBPR+ community, for instance during the SEG evaluation of the BJ, whether there is sufficient demand for an initial version of the correspondence message that contains duplicated BAH elements. This approach would avoid situations where such communities may be forced to submit a CR, requesting duplication of BAH elements in the message, immediately after publication of the initial version of the correspondence message.

Response to SASFS: BJ updated in chapter C

1. The BJ proposes to assign the correspondence message to the business area ‘camt’. As the purpose of the correspondence message is rather broadly defined, the SO should verify whether a different business area could be employed in order better to reflect the relatively wide scope of the correspondence message.

Response to SASFS: BJ updated in chapter C

We look forward to the responses of the SO to the points raised above and remain available for further considerations in relation to this BJ.

**Comments submitted by the ISO 20022 Securities SEG**

This BJ is to replace the current MT199, 299 and 999 as the payment industry is migrating to ISO 20022. I would like to highlight that the MT n99 are also used in other business areas such as treasury, commodities and securities (399, 699 and 599). Those messages could also be used to transmit similar information as described in the BJ under specific examples use cases. Therefore, it could be wise to use a generic business domain such as “admi” or “reda” instead of the “camt” as mentioned in the BJ. The business domain “camt” (cash management) seems too restrictive and could lead to another BJ in the future to cover the needs for treasury or securities.

Response to Securities SEG: BJ updated in chapter C (business area proposed is “admi”)