



International Organization for Standardization
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Международная организация по стандартизации

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ISO/TC 68/AG2 - Standards Advisory Group

11 December 2018

To: Board of Governors of the Federal Reserve System
Attention: Ann Misback, Secretary (regs.comments@federalreserve.gov)
Re: Docket No. OP-1625

Dear Madam,

We write to you in our capacity as co-chairs of the Standards Advisory Group (SAG) of Technical Committee 68 of the International Organization for Standardization (ISO) TC 68/AG2.

ISO is an independent, non-governmental international organization with a membership of 163 national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant International Standards that support innovation and provide solutions to global challenges.

ISO/TC68 is the Technical Committee within ISO tasked with developing and maintaining international standards covering the areas of banking, securities, and other financial services.

The Standards Advisory Group (SAG) as an Advisory Group of ISO/TC 68 acts as an advisory sounding board to support and engage with regulators on financial services standards requirements, for the effective and efficient use and development of financial services standards, delivered using a cooperative relationship approach. The SAG enables a proactive dialogue with regulators on financial services standards matters.

The SAG's objectives are:

- Provide a forum for mutual assistance between the global regulatory community and ISO in carrying out their respective authorities and responsibilities with respect to financial services standards;
- Aid the adoption and promotion of consistent standards, where possible;
- Effectively deal with common issues collectively and consistently; and
- Encourage strong and open communication within the regulatory community and with the industry concerning financial services standards.

The SAG's response represents a collective view of its membership and draws upon its knowledge as an expert standards setting body with practitioner-led experience in the development and use of standards.

With respect to the recent consultation paper, referenced above, we offer the following response, specifically to Question 3g,

"If Reserve Banks develop a 24x7x365 RTGS settlement service, how critical is interoperability between RTGS services for faster payments to achieving ubiquity?"

The SAG champions the use of standards to achieve interoperability, and in the case of RTGS, specifically the use of the ISO 20022, the Universal Financial Industry Message Scheme standard, which facilitates domestic and international

(cross-border) financial communication between financial institutions, their clients and the domestic or international 'market infrastructures' involved in the processing of financial transactions.

The Fed itself recently consulted on the implementation of messages developed and maintained according to the ISO Standard 20022, for use in Fedwire Funds Service. ISO 20022 would help to automate payment data flows by using structured message information, and avoiding proprietary formats. This makes processes more efficient, reduces application development times, optimizes the interfaces required, and enhances security. All of these benefits should have a positive effect on the efficiency, flexibility, speed and integrity of the US and international payments system. The SAG also strongly encourages the use of the ISO 17442:2012 standard, which specifies the elements of an unambiguous legal entity identifier (LEI) scheme to identify the legal entities relevant to any financial transaction. This standard can be used as an identifier within the ISO 20022 messages.

As example, the Fed has awareness of the recent decision of Bank of England and Pay.UK.

In November 2018, Bank of England published the "[ISO 20022 consultation response paper: a global standard to modernize UK payments](#)". The response paper indicates that the transformation of UK RTGS messages into ISO 20022 was fully supported and the use of LEI (ISO 17442) was agreed by 86% of the consultation respondents. This is an important step to ensuring that benefits from using global standards start to take hold in the payments ecosystem. UK RTGS therefore put in place a Standard Advisory Panel to advise the industry on the use of ISO standard 20022 format from 2021Q1. The use of ISO Standard 17442 for the UK payments will be made mandatory by 2023.

At the ISO 20022 conference at Bank of England on 6 December, Dave Ramsen, Deputy Governor for Market and Banking, endorsed the adoption of ISO 20022 and 17442 standards in the implementation of the new UK RTGS.

Further, we would welcome an ongoing dialogue with the Federal Reserve, so that relevant regulatory requirements, such as those relating to this consultation, might inform the direction of the standards work as needed.

We stay at your disposal to address any questions or concerns you might have related to ISO standards in the field of competence of ISO TC 68. Such requests should be directed to Christine Jozet, Secretary of the ISO/TC 68/AG2 (christine.jozet@ecb.europa.eu).

We hope these comments can be taken into consideration and be useful for the progress of your work.

Thank you and regards,

Allie Harris
Co-Chair of the ISO/TC 68/AG2

François Laurent
Co-Chair of the ISO/TC 68/AG2