



September 4, 2018

Via Electronic Submission

Ann E. Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, DC 20551

Re: Docket No. OP-1613 - New Message Format for the Fedwire Funds Service

Dear Ms. Misback,

BNY Mellon appreciates the opportunity to provide comments on the proposal to adopt the ISO 20022 format for the Fedwire Funds Service. BNY Mellon has participated in various industry discussions on this topic and has actively provided input related to the proposal and the corresponding phased migration strategy.

The following are the questions raised for comment and our corresponding responses.

A. Potential Benefits and Drawbacks of Adopting ISO 20022

1. Would adopting ISO 20022 for the Fedwire Funds Service produce the benefits discussed above?

BNY Mellon supports the adoption of the ISO20022 in order to utilize a richer and more structured format that is interoperable across clearing systems on a global scale. BNY Mellon understands that the adoption of this format is undertaken with the expectation of benefits such as increased interoperability both domestically and internationally, improved scanning and screening opportunities and the potential enhancement of services provided to clients through the use of structured fields that contain additional and enhanced transaction details.

2. Would adopting ISO 20022 for the Fedwire Funds Service produce any other benefits?

In moving towards a more globally interoperable standard through the use of ISO20022 as a common framework, it is expected that a more streamlined approach could be taken to support mandatory format updates. This should ultimately result in a reduction of the operating costs currently required in order to ensure interoperability across various clearing systems formats as updates are introduced.



3. What drawbacks (if any) would adopting ISO 20022 for the Fedwire Funds Service entail and how might they be addressed?

Adoption of the ISO 20022 format will involve a large investment from each individual institution as it requires a significant amount of development work and corresponding testing before implementation. We believe that the long term benefits that will be realized from the adoption of ISO 20022 warrant the investment required.

B. Proposed Timeline for Adopting ISO 20022

1. Is the timeline that the Reserve Banks have proposed for adopting ISO 20022 for the Fedwire Funds Service (including the proposed timeframes for publishing final message format documents and testing changes in the Reserve Banks' DIT environment) reasonable?

Yes, the proposed timeline for the adoption of the ISO 20022 format is considered reasonable at this time. It will continue to be necessary to ensure that the timelines for each phase are synchronized with the timelines for other corresponding migration initiatives such as those involving CHIPS and SWIFT, where applicable, in order to ensure maximum interoperability and mitigate any possible risks.

2. Should the Reserve Banks delay the implementation date for phase 3 of the proposal if SWIFT has not yet implemented a solution on its network to support ISO 20022 for cross-border messages?

It is our opinion that the implementation date of phase 3 of the proposal should be fully contingent upon availability of a solution from SWIFT to support ISO 20022 for cross-border messages as there would otherwise be inherent risk of truncation of data.

3. Would the proposal to migrate to ISO 20022 in phases mitigate any risks associated with implementing ISO 20022?

While any implementation is always subject to a certain level of risk, we agree that the phased approach works to mitigate risks wherever possible. The phased approach to the migration to ISO 20022 format allows for a transition period or "like-for-like" phase in which both the legacy format and the ISO format will be supported. This flexibility supports reduction of risk from a resiliency perspective as not all participants would implement at the same time. It also allows for a certain time period to utilize and become familiar with the ISO 20022 formats before progressing to the fully enhanced ISO 20022 capabilities that are realized in Phase 3.



C. Impact on Fedwire Funds Service Participants and Service Providers

1. How does your institution access the Fedwire Funds Service? If your institution accesses the Fedwire Funds Service via the FedLine Direct solution or uses the import/export feature of FedPayments Manager–Funds over the FedLine Advantage solution, do you develop your own software or rely on a software vendor?

BNY Mellon accesses Fedline Direct for FED Funds processing through a partial vendor application, implemented within the BNY Mellon networks and managed by BNY Mellon application development and operational teams.

2. What costs would your institution incur if the Reserve Banks adopt ISO 20022 for the Fedwire Funds Service? If possible, please provide dollar estimates or ranges.

The adoption of ISO 20022 format for Fedwire Funds Service will likely require a significant amount of system changes in which costs related to business and technology impact analysis, technology development, testing and vendor support will be incurred.

3. Would the benefits of adopting ISO 20022 for the Fedwire Funds Service outweigh any associated costs for your institution?

BNY Mellon supports the adoption of the ISO20022 format for Fedwire Funds Service and it is our perspective that the expected long term benefits will justify any associated costs.

Sincerely,
Kara L. Widrig
Product Manager – USD High Value Payments
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