DeNederlandscheBank
EUROSYSTEEM

Subject:
Readiness checklist TARGET2/T2S Consolidation per Focus Area

In this checklist you will find several points of attention in relation to the TARGET2/T2S Consolidation which are grouped per focus area. For every point of attention you are requested to indicate whether this will have an impact on your project and if it has an impact on the status of implementation. In addition to these points of attention, De Nederlandsche Bank N.V. would like to have a better understanding on the intended connectivity setup to the new platform by participants of TARGET2-NL.

This checklist has been prepared by the participants of the Dutch TARGET2 Consolidation Contact Group which consist of banks, ancillary systems, Dutch Payments Association and DNB.

I. **Prepare clients for the changes and opportunities introduced by the new RTGS/CLM**

1. Client impact in payment initiation

Payments and Market Infrastructures
Payments and Collateral Services

Date
17 March 2020

Reference
T013-1737911595-187

Item	Impact (Yes/No)	Status of implementation
Prepare for providing structured name/address information of beneficiaries		
Consider upgrading to the newest ISO 20022 message version supported by respective bank		
Ensure continuity with any non-ISO 20022 mode of payment initiation for cross-border transfer, such as local file format - to be able to provide minimum mandatory information		

2. Client impact in account information

Item	Impact (Yes/No)	Status of implementation
Anticipate changes to the payment details shown in current account statements		
Prepare ERP systems to support richer ISO 20022 payment information in the account statement and (auto-) reconciliation		

II. **Improve customer services and reconciliation**

DeNederlandscheBank
EUROSYSTEEM

3. Impact on client self service

Item	Impact (Yes/No)	Status of implementation
Enable working with ISO 20022 message elements across all retrieval and investigation screens		

4. Impact on exceptions and investigations

Item	Impact (Yes/No)	Status of implementation
Display ISO 20022 message elements across all investigation steps		
Support new ISO 20022 investigation messages		
Assess process changes resulting from a more granular message portfolio for investigations and exceptions, when compared to FIN messaging		
Identify alternatives to current practice of free format message usage (MTx99)		

III. **Adapt all impacted Payment applications (and other related systems) to ISO20022 and new/updated workflows (by Oct.2020)**

5. Impact on payment initiation channels

Item	Impact (Yes/No)	Status of implementation
Demand/enable capturing of structured party data for cross-border payments		
Enhance online banking/integration channels to support ultimate parties		
Consider support for structured remittance information capture		
Expect changes in the support of ISO 20022 pain instructions as per CGI standard		
Expect certain local instruction formats to be phased out as they do not support minimum		

standards of cross-border payments		
Enhance validation rules to consider HVPS+/CBPR+ minimum data requirements		

6.   Impact on routing & integration

Item	Impact (Yes/No)	Status of implementation
Ensure rich/complete data flow to downstream processing applications		
Support (as a minimum) the ISO 20022 business elements for internal messaging/APIs		
Review payment-relay scenarios (i.e. MT101 forwarding) for impact		

7.   Impact on payment status information

Item	Impact (Yes/No)	Status of implementation
Prepare online screens to present payment status feedback for payments processed in ISO 20022 messages		
Enhance legacy/bespoke feedback channels/formats to present meaningful status information for ISO 20022 payments		
Consider broad roll-out of ISO 20022 feedback message types		

8.   Impact on other products with payment needs

Item	Impact (Yes/No)	Status of implementation
Evaluate internal payment flows which qualify for MT->MX translation		
Make structured counterparty data (creditor name/address) available		

DeNederlandscheBank
EUROSYSTEEM

9. Impact on payment processing

Item	Impact (Yes/No)	Status of implementation
Qualification		
Enhance qualification rules to be able to handle new data structure of the respective ISO 20022 message (e.g. Field 72 split across <InstructionForCreditorAgent>, <InstructionForNextAgent>)		
Consider full ISO 20022 message content, incl. new agent fields		
Auto Repair (if applicable)		
Adjust auto-repair rules to work with ISO 20022 message elements, in addition to equivalent FIN elements		
Establish new auto-repair rules for new message elements		
Manual Repair		
Select/implement ISO 20022 elements to be in scope of manual repair		
Method of Payment Selection		
Develop ability to consider new ISO 20022 message elements to determine preferred/required method of payment		
Intermediary Bank Selection (if applicable)		
Adjust intermediary bank selection logic for additional agent fields		
Charging Process		
Manage complexity of co-existence of FIN & ISO 20022 charge bearer codes		
Adopt strict rules on charges information capture in pacs messages		

Controls		
Enhance embargo filtering to screen all enhanced payment details and additional parties and agents		
Ensure filtering systems can handle ISO 20022 and SWIFT FIN MT feeds in parallel, during the co-existence phase		
Enhance AML Transaction Monitoring utilising granular ISO 20022 data elements in data-feeds and in risk typologies		
Create Advice		
Generate pacs advice messages in line with CBPR+ usage guidelines, i.e. provide structured party information (Debtor/Creditor/Ultimate Parties)		
Booking		
Identify relevant/minimum payment information which needs to be carried on for booking and subsequent processing		

10.   Impact on nostro reconciliation

Item	Impact (Yes/No)	Status of implementation
Enable reconciliation engines to work with ISO 20022 camt account statements received from Nostro Agents, incl. additional data		
Work with Nostro banks on implementation approach for camt statements		

IV.   **ISO 20022 Standards impact assessment & deep understanding**

11.   Impact on financial messaging

Item	Impact (Yes/No)	Status of implementation

Consider implementation of translator functionality to accelerate move to ISO 20022 messages (pro-active MT->MX conversion) for outbound traffic still originating in MT		
Consider translator functionality to integrate remaining incoming MT messages into new ISO 20022 enabled processing		
Adopt DN (Distinguished Name) concept for addressing/routing (where applicable)		
Apply to changes in the SWIFT user test methodologies		
Prepare Financial Messaging technology to support fall-back/de-risking scenarios post the ISO 20022 go-live		

12.   Impact on account information/ statements

Item	Impact (Yes/No)	Status of implementation
Support transition/parallel phase of provisioning MT & ISO 20022 account statements to clients		
For (corporate) clients opting to stay on MT account statements, establish clear rules on what elements from an ISO 20022 payment should be presented in the statement (same for legacy formats/ paper statements)		
Develop solution to present extended payment details (where applicable)		
Prepare for mandatory use of ISO 20022 camt statements to be provided to correspondent banking clients		

V.   **Integrate your back office with the NSP gateway and protocol for the selected Eurosystem services (TIPS, RTGS/CLM, T2S) (by Oct.2020)**

13.   Impact on RTGS/ clearing connectivity

DeNederlandscheBank

EUROSYSTEEM

Item	Impact (Yes/No)	Status of implementation
Implement bespoke network technology, e.g. ESMIG, for infrastructures migrating to ISO 20022		
Support ISO 20022 pacs messaging strictly in line with the respective usage guidelines (HVPS+/UDFS, etc.)		
Consider complexity of non-co-existence		
Implement changes in central bank account structures		
For TARGET2 direct participants: Change in the message exchange mode (Y-copy with V-Shape topology); going forward the message exchange is between a participant bank and the central bank system		

VI. **Business impact assessment & strategy (more indirect clients)**

14. Impact on pricing & billing

Item	Impact (Yes/No)	Status of implementation
Re-work sender identification process for payments received by clearing in V-Shape topology		
Review the 'OUR'/"DEBT" claim processes for impact		

VII. **Adapt Treasury Management procedures and systems to ISO 20022, future RTGS/CLM functionalities, new account structure (by Oct.2020)**

15. Central Bank liquidity management impact

Item	Impact (Yes/No)	Status of implementation
Adopt new central bank account structures, adhering to national central bank's minimum reserve requirements		
Expect changes to funding processes		

DeNederlandscheBank
EUROSYSTEEM

Consider removing complexity by centralising liquidity management		
Prepare to support enhanced operating hours		

VIII. **Archiving/ Static Data**

16. Client static data

Item	Impact (Yes/No)	Status of implementation
Ensure client reference data is available to payment processing in a structured format, for population of Debtor information		

17. Impact on MIS/ archives

Item	Impact (Yes/No)	Status of implementation
Ensure archives can capture additional data structure and data volume		
Review retrieval processes for need to adopt ISO 20022 data elements as indexing/search criteria		
Payments executed as ISO 20022 have to seamlessly count into existing MIS reports		

IX. **Correspondent Banking Messaging**

18. Impact on correspondent banking messaging

Item	Impact (Yes/No)	Status of implementation
Support ISO 20022 pacs messaging strictly in line with CBPR+ usage guidelines		
Implement new dedicated SWIFT InterAct service		
Keep MT/FIN service up and running for the co-existence phase		
Consider translator technology to migrate MT flows into ISO		

20022 flows, strictly following CBPR+ translation rules		
Manage co-existence of FIN and InterAct RMA databases		

X.   **Intended connectivity setup**

Question	Answer
Do you intend to connect on A2A basis using backoffice software, either provided by third parties or based on internal software development or both, to send ISO20022 messages to the T2 component?	
If no, do you intend to connect on A2A basis using the manual input functionality only, provided by the NSPs?	
If no, do you intend to connect on U2A basis using the manual input functionality offered by the Target Services?	
If no, do you intend to be co-managed?	
Which accounts do you expect to use: CLM/MCA and RTGS/DCA or only CLM/MCA?	

Contact details
In the following the name of the TARGET2 participant and contact details of a person to be contacted in case further information is required should be provided.

Name of the TARGET2 participant	
Address	
BIC	
Contact person (name) (print)	
Contact person (telephone)	
Contact person (e-mail)	

Date

17 March 2020

Reference

T013-1737911595-187

Page

9 of 9