



ISO/TC 68
Financial services
Background, structure and information

Final
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Background

ISO/TC 68 recognizes the need to stay optimally connected to market requirements in a changing business world and to that purpose has completed a Strategic Review during which the TC evaluated its structure, committees and groups to effectively develop and maintain the international standards for Financial Services.

This document provides details on the new structure of ISO/TC 68 as a result of the implementation of the recommendations of this Strategic Review and is meant to provide publicly available information to interested audiences until the Business Plan of ISO/TC 68 can be revised to reflect this information.

Background

Strategic Review: New Structure of ISO/TC 68 Committees and Groups

Reference Data SC (SC 8)	Information Exchange SC (SC 9)	FinTech Technical Advisory Group (FinTech TAG)	Communications	Standing Groups
<ul style="list-style-type: none"> Identifiers, Classifiers, and Codes Consistency of Data Records and Notations Interoperability of Concepts and Definitions Reference Data Models Data Dictionaries and Repositories Financial Instruments Structure and Processes (e. g.,BIAN) Payment Domain Support identification and classification of payments instruments 	<ul style="list-style-type: none"> Modelling Financial Messaging Formats/Syntax Protocols Application Program Interfaces (APIs) Application of Semantics/Ontologies Mobile Information Common Definitions and Meanings and re-use Principles Assessment of Process Reengineering on Opportunities for New Interchange Standards (example e-trade and supply chain finance) 	<ul style="list-style-type: none"> Emerging, Existing Technologies Modelling Message Syntax Languages Blockchain Technology Innovation Labs/Incubators Ontologies and Semantics 	<ul style="list-style-type: none"> Newsletter Brochures Webinars Speakers Education Stakeholder Engagement 	<p>Chairman's Advisory Group (CAG)</p> <ul style="list-style-type: none"> Standards Advisory Group (SAG) Strategic Review <hr/> <ul style="list-style-type: none"> ISO 20022 Registration Management Group (ISO 20022 RMG)
Security SC (SC 2)				
	<ul style="list-style-type: none"> -PKI -Encryption -Biometrics 	<ul style="list-style-type: none"> -Cryptography -PIN -Physical Security 	<ul style="list-style-type: none"> -ATM/POS -Firewalls/Internet Safety -Consumer Devices 	

Subcommittees of ISO/TC 68

SC 2, Security

Secretariat: BSI, UK

Chair: Kim Wagner (US)

Secretary: Sarah Horsfield (UK)

The mission of ISO/TC 68 SC 2 is standardization of information security for the financial services industry.

SC 2 serves an important role to the global financial services community. Specifically, SC 2 serves as an international forum for addressing the security needs of the global financial services community. SC 2 provides a collection of subject matter expertise that can represent the interests of the financial services community. SC2 develops and maintains standards for the protection of financial services transactions, systems and data. The SC is an important resource to ISO/TC68, providing security input on other TC 68 standards. Some countries adopt SC 2 standards in lieu of developing their own national standards, reflecting the value they place on the work of SC 2.

SC 2 maintains open engagement with ISO/IEC JTC 1, Information technology, and TC 292, Security and resilience, to consult on new work in the Security area and to determine whether foundational work is necessary or possible at a given time or whether work should be undertaken directly by SC 2 (example – tokenization). SC 2 also is monitoring the work of TC 307, Blockchain and Distributed Ledger Technology, to address the security aspects when DLTs are used in financial services.

Subcommittees of ISO/TC 68

Two new sub-committees were formed as a result of the strategic review. The new SCs were approved and created by ISO in April 2017 and held their initial plenary meetings in May 2017.

Once TC 68 has received confirmation from the management of SC 4, Securities and related financial instruments, and SC 7, Core Banking, that all projects, required documents and groups have been transferred to the new subcommittees, SC 8 and SC 9, TC 68 will take action to disband SC 4 and SC 7.

SC 8 Reference data for financial services

Secretariat: SNV, CH

Chair: Arno Wilhelm (Switzerland)

Secretary: Marie-Josée Fahrni (Switzerland)

Scope

- o Identifiers, classifiers and codes
 - o Entity – LEI, ELF, IBAN, BIC
 - o Transaction – Unique Transaction Identifier - UTI (potential)
 - o Instrument – ISIN, CFI, Currency, Unique Product Identifier – UPI (potential)
 - o Commodities
 - o Venue – MIC

Subcommittees of ISO/TC 68

- Consistency of Data Records and Notations – List of data attributes supporting identifiers, classifiers and codes
- Interoperability of concepts and definitions (metadata and semantics)
- Reference data models
- Data dictionaries and repositories – incorporating all reference data attributes in ISO 20022 Data Dictionary and Repository
- Financial instruments structure and processes, e. g., BIAN
- Payments domain support e.g. Identification of parties (payor, individual, corporate, financial institution, government, public authority)
- Identification and classification of payment instruments (cash, cards, e-money, digital currencies, cheques, credit transfer and direct debits)

Subcommittees of ISO/TC 68

The link to the SC catalog of standards:

<https://www.iso.org/committee/6534796/x/catalogue/p/1/u/0/w/0/d/0>

The link to the SC program of work:

<https://www.iso.org/committee/6534796/x/catalogue/p/0/u/1/w/0/d/0>

Working Groups and Study Groups formed for SC 8:

WG 1 ISO 10962 Classification of Financial Instruments (formerly SC 4/ WG 6)

WG 2 ISO 21586 Description of Banking Products (formerly SC 7/ WG 14)

WG 3 Second Tier Registry for Digital Currency Codes (formerly SC 7/ W 13)

SG 1 Technical Report for Identification of Financial Instruments (formerly SC 4/ SG 1)

SG 2 Use of the CFI as part of the Unique Product Identifier (UPI)

Subcommittees of ISO/TC 68

SC 9 Information exchange for financial services

Secretariat: AFNOR, FR

Chair: Patrice Hertzog (France)

Secretary: Caroline Deconde (France)

Scope

The coverage of the Information Exchange Financial Services Subcommittee, taking into account the domain areas in scope from the Strategic Review of ISO/TC 68's future direction, are:

- o Modelling
- o Financial Messaging
- o Formats/syntax
- o Protocols
- o Application Program Interfaces (APIs)
- o Application of semantics/ontologies
- o Mobile Information Exchange
- o Common definitions and meanings and re-use principles
- o Assessment of process reengineering on opportunities for new interchange standards, e.g., e-trade and supply chain finance building on the existing trade finance work of ISO/TC 68

Subcommittees of ISO/TC 68

The link to the SC catalog of standards:

<https://www.iso.org/committee/6534831/x/catalogue/p/1/u/0/w/0/d/0>

The link to the SC program of work:

<https://www.iso.org/committee/6534831/x/catalogue/p/0/u/1/w/0/d/0>

Working Group, Study Group and Technical Group formed for SC 9:

WG1 ISO 20022 Semantic Models (formerly TC 68 WG5)

TG 1Cards Standards Technical Group (formerly SC 7/TG 1)

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New ISO/TC 68 Groups Formed as Result of the Strategic Review

FinTech Technical Advisory Group (FinTech TAG)

The FinTech TAG acts as an advisory sounding board to support and engage with the Fintech community on standards requirements, for the effective and efficient use and development of standards to support FinTechs and the broader financial services industry, delivered using a cooperative relationship approach.

The FinTech TAG enables a proactive dialogue with FinTechs on financial services standards matters and acts as a portal in which the FinTechs community can discuss their standards needs. The FinTech TAG provides FinTechs a means to cooperate, exchange views and share information related to standards on a regular basis. As an ISO advisory group, the FinTech TAG does not develop standards.

Co-Convenors and Secretary:

Stephan Wolf (GLEIF) and Nick Cliff (Australia) – Co-Convenors; PJ DiGiammarino - Secretary

Communications Sub-group

A permanent Communications Sub-Group has been established for ISO/TC 68. In addition to managing communications, the approach to which will be detailed in a Communications Plan, the Sub-group will be responsible for stakeholder engagement activities for ISO/TC 68 engaging and attracting new/increased participation in all ISO/TC 68 committees and groups as well as retention of existing participants and experts.

Chair and Secretary:

Peter Potgieser, (Netherlands) Chair; Janet Busch (TC 68 Secretary, until a permanent Secretary is appointed for this Sub-group)

Standing Groups of ISO/TC 68

The following two groups remain as standing groups of ISO/TC 68.

Standards Advisory Group

The SAG 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 advisory group to ISO/TC 68.

Standing Groups of ISO/TC 68

ISO 20022 Registration Management Group

The ISO 20022 RMG is made of senior industry experts nominated by registered Member Entities. The RMG is the highest ISO 20022 registration body; the group oversees the overall registration process and reports to ISO/TC68.

The role of the RMG is to promote and support the involvement of financial service actors to facilitate the registration and maintenance of high quality globally relevant ISO 20022 compliant business models for exchange of information for financial services.

The RMG defines the scope of necessary Standard Evaluation Groups (currently Securities, Payment, Foreign Exchange, Trade Finance and Cards and Related Financial Services), approves business justifications for new messages and allocates them to one or more SEGs. The RMG also acts as a 'court of appeal' in case of conflicts between the ISO 20022 Registration Authority, the Technical Support Group (TSG), the Standards Evaluation Groups (SEGs) and the organizations that want to develop ISO 20022 messages (submitting organizations).

ISO/TC 68 Restructuring Benefits

If the financial services industry did not adhere to standards, we would soon notice. The industry would cease to function effectively without them. Standards make a great contribution to our industry—even though the contribution is often invisible, or taken for granted. ISO/TC68 needs to be best placed and best structured to deal with future standardization needs as the industry looks increasingly to standards to support advancement.

Why are standards important?

Industry standards are relied upon every day for the efficient and resilient operation of the financial services industry. As market participants communicate via a network, standards are vital to ensure the users of that network can interoperate and communicate in a common and understandable way. Interoperability is a vital part of the financial services industry and without standards this would be impossible. Industry standards establish agreed methods for participants and end users to interact in a safe, dependable and predictable manner.

Regulators and governments are increasingly looking at standards as a way of enabling innovation, competition, security and financial stability. As technical standards become more necessary to the national and global functions of the industry, more standardization will be relied upon to meet future business challenges and opportunities.

What role does ISO/TC 68 play?

ISO/TC 68 is one of ISO's 200+ technical committees developing global industry standards. TC68 is the only ISO technical committee with its sole mission being the creation of financial industry standards. Since 1972, members of the financial industry collaborated under the International Organization for Standardization (ISO) banner to develop technical standards for the financial services industry to use on a global basis. TC68 is currently made up of three subject matter subcommittees. TC68 has played a crucial role in developing standards used the financial services industry – from BIC and IBAN in payments to ISIN, CFI and MIC in securities as well as messaging standards such as ISO 20022 and ISO 8583, both heavily used by industry participants. ISO/TC 68 has also played an important role in directly answering global regulators standardization requests through the LEI and ELF standards, to support the

Global LEI Foundation. TC68 standards have been sighted in regulation such as IBAN and ISO 20022 in the European SEPA Regulation.

Participation in the ISO standards committees provides critical access to international standards development processes. Involvement in ISO/TC 68 standards committees allows for greater influence over the content of these standards that the industry relies on, to ensure domestic market needs are considered within an international setting.

ISO/TC 68 Committee Restructuring

At its plenary meeting in April 2016, ISO TC 68 agreed to move towards restructuring its committees, retaining SC2 *Security* but creating two new subcommittees, one to focus on Reference Data for Financial Services and the other on Information Exchange for Financial services to replace SC4 *Securities and Related Financial Instruments* and SC7 *Core Banking*. As the demands on standardization increases, ISO/TC 68 needs to be in a position to deal with this increase both proactively as well as reactively. The current structure, as evaluated by ISO/TC 68, was seen as too siloed. As financial services become more connected, there is a trend towards use of standards across business domains. This trend is seen both for codes and identifiers as well as messaging standards being used by various parts of the wider industry and not just within the financial business domains in which these standards originally were developed. Structuring ISO/TC 68 according to separate business domain categories was seen by ISO/TC 68 as no longer suitable and effective to deliver ISO/TC 68's work. The current structure hinders cross-fertilization of ideas and understanding on usage across the business domains in which the standard is used.

The new committee structure provides greater value in four main areas:

- **Allow for a more inclusive approach:** cross-industry experts can come together to give a deeper understanding of how particular standards are used and allow input from all sides of the industry on standards that are used by many parts.

- **Standards that are fit for purpose:** A more inclusive approach will ensure ISO/TC 68 produces standards that are fit for purpose for all stakeholders that will use the standards.

- **Promotes reuse:** Grouping standards together by type and function rather than by business domain will result in a more coordinated standards coverage, development and review. Data elements used in multiple standards, which now are documented with different notations and definitions, can be harmonized. It will also allow ISO/TC 68 to better assess new standards requests and what currently exists with the ISO/TC 68 library that can be reused.

- **Opens opportunity for new representation:** Reinforcing ISO/TC 68's establishment of the Communications sub-group which also will cover Stakeholder engagement, structuring the committees in this new way would be an opportunity to attract data officers, reference data specialists and messaging/modelling expertise in addition to industry sector expertise.

Risk mitigation

It is understood that this proposal is a shift in how ISO/TC 68 has operated in the past and therefore, rightly, there needs to be an assurance that none of the value that TC68 brings today will be lost. The expertise of ISO/TC 68 members is vital and this needs to be preserved.

- Much of the detailed work will continue to take place at the Working Group (WG) level, as exists today. However, the new structure will broaden the opportunity, when it is seen as beneficial, to attract additional expertise to standards development and maintenance, For example in the case of the recent BIC revision, had the new structure been in place, the WG may have comprised also of securities experts as that part of the industry also uses the BIC. However, in cases where the standard is specific to a particular industry sector e.g. CFI, then there is no expectation that payments experts would engage in this. Membership and representation in a WG is still the responsibility of National Standards Bodies (NSBs), but there should be a strong encouragement of cross-industry representation when necessary.

- At SC level, it would be advisable for a payments and securities expert to attend both new SC's, however again this is the responsibility of NSBs to decide. Such participation has a

greater opportunity to create even more harmonized industry standards environment.